NCSL
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Do Your National Infrastructure Systems Make the Grade?
Rick Norment, NCPPP
What is NCPPP?

- **Membership**
  - Public and Private

- **Partnerships range from:**
  - Outsourcing
  - Public-Private Partnerships

- **OUR FOCUS = Public-Private Partnerships**
  - “Joint Ventures”
  - “Collaborative Enterprise”

- **NOT “Privatization”**
  - Difference = **The level of public control & oversight**
The Rising Demand for PPPs
A national trend

- Deficits at all levels of government
- States often have requirement for a “Balanced Budget” and/or debt limits
- Infrastructure and service needs escalating
  - Postponed maintenance
  - Political decisions
  - Population growth
- Cuts in services and government programs
- Improving public understanding
  - Learning from examples that have worked
  - Resulting in increasing legislative actions
The biggest challenge – Institutional Inertia

This creates the need for educating the public sector
Objective

To provide a framework to illustrate that Public-Private Partnerships (PPPs):

– **Are not revolutionary**
  - Used in a number of infrastructure sectors
  - Over 300 years of experience in the US
    - First ones for transportation and water
  - More widely used in other countries
    - Europe, Asia, Latin America, etc.

– **Don’t answer all challenges**

– **Do provide a valuable tool**
What is a PPP?

A Public-Private Partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.

source: www.ncppp.org
Sectors Where PPPs Have Been Used

THE EXPERIENCE IS TRANSFERABLE
“Lessons learned from one . . .”

- Transportation
- Water/Wastewater
- Urban Development
- Energy
- Financial Management
- Social Services
Advantages of PPPs

- Maximizes the use of each sector’s strength
- Reduces development risk
- Reduces public capital investment
- Mobilizes excess or underutilized assets
- Improves efficiencies/quicker completion
- Better environmental compliance
- Improves service to the community
- Improves cost effectiveness
- Shares resources
- Shares/allocates risks
- Mutual rewards
Risk Sharing

DELIVERY METHOD

Complete Government Production and Delivery
Design Bid Build
Design Build
P3 w/Availability Payment
Full P3 With Traffic Risk

Private Risk
Public Risk
Seven Keys to Successful PPPs

- Public Sector Champion
- Statutory Environment
- Organized Structure
- Detailed Business Plan
- Clearly Defined Revenue Stream
- Stakeholder Support
- Pick Your Partner Carefully
Seven Keys to Successful PPPs

Focus on the two most relevant to you

- Statutory Environment
- Organized Structure
Managing for Success – Seven Keys

Component Two:
Statutory Environment

- Statutory authority and regulations
  - Necessary for enforcement of the contract
- Rapid evolution underway at State levels
- Existing Federal authority for some agencies
  - DOD, VA vs. GSA and DOE
My Favorite Quote

“If you have seen one public-private partnership, you seen ONE public-private partnership.”

A Former Administrator, Federal Transit Administration

The point: No two are the same, so you need a “dedicated unit”
Managing for Success – Seven Keys

Component Three: Organized Structure

- A public sector “Dedicated Unit” (tied to the purpose, management, and oversight of the partnership)
- Dedicated and TRAINED personnel to monitor implementation (consultants and public employees)
- Per RFP process
  - Market evaluations of underutilized assets
  - Public sector comparator and Value for Money
- Best Value vs. Lowest Price
  - Full life cycle cost analysis
- Need for Good Governance
  - To assure an open and fair procurement process
Managing for Success – Seven Keys

Component Three: Organized Structure (continued)

Understanding the Value for Money Process

NCPPP White Paper
“Testing Tradition: Assessing the Added Value of Public-Private Partnerships”

at www.ncppp.org
Conclusions

PPPs Not Easy, but . . .

- Need for Public sector education to overcome “institutional inertia”
- Can be a valuable option
  - Sometimes, the only way it can be done
- A means of cost effective, accelerated delivery
- Requires a genuine partnership and open communications between sectors
Two Upcoming Educational Workshops

Denver
Implementing Partnerships for Colorado
May 22
Embassy Suites Denver – Downtown Convention Center

Maryland
Building Maryland Through Public-Private Partnerships:
New Legislation, New Opportunities
June 27
Hilton Baltimore BWI Airport
Need Help?

www.ncppp.org
Case Studies, Fundamentals of Partnerships, Issue Papers, Publications, Resources

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