



Public Private Partnerships – How They Work for Community Colleges

Council for Resource Development

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What is a Public Private Partnership?

- A procurement vehicle that allows for the public owner and the private entity to use competitive negotiations to develop needed infrastructure or to provide services
- Includes elements of shared risk, guaranteed maximum price, guaranteed schedule, leverage of public assets
- Encourages innovative approaches in the provision of needed services, project management, construction, and on-going operations and maintenance
- Could provide opportunity for private financing

Higher Education PPP Examples



George Mason Inn and Conference Center – Fairfax, Virginia

- Balfour Beatty/Aramark/Concord
Eastridge/Gensler team
- \$53.5 million guaranteed cost with
shared savings clause
- 20% DBE/SWAM target
- 100% public finance
- LEED Silver

Higher Education PPP Examples



Virginia Tech-Carillion School of Medicine

- Skanska/AECOM team
- \$59 million project cost
- Land acquired and consolidated by local housing and redevelopment authority
- 100% public finance for School of Medicine, Carillion paid for Research Institute

Community College PPP Examples



Tidewater Community College – Portsmouth, VA Campus

- Not a PPEA, but has similar aspects
- Local developer assembled land in partnership with city
- Campus buildings were publicly funded, private developer takes risk for mixed – use aspects
- VDOT-Developer partnership on road infrastructure
- Former campus site to be sold for development (waterfront)

Community College PPP Examples

Kirkwood Community College – Cedar Rapids, Iowa

- Shared facility for data center and IT training with AEGON
- AEGON provided funding for construction and Kirkwood provided land
- Diamond V Mills partnered on Animal Health Technologies Center – 1st shared research center between a private ag company and a community college



Why use a PPP law?

- Predictable and repeatable process
- Reduces uncertainty and contingencies
- Enhances transparency and accountability
- Promotes a level playing field among competitors

Virginia's PPEA

- Law passed in 2002
- Allows for both solicited and unsolicited proposals for development and/or operation of “qualifying projects”
- Public entity must adopt guidelines to consider project proposals
- 2 phase process – conceptual and detailed
- Results in a de facto design-build procurement
- Nearly 100 projects completed or underway statewide

PPEA: Dispelling the Myths

- Not a panacea
- Not free money
- Not a finance tool
- Not secret negotiations
- Not necessarily cheaper
- Not privatization

PPEA: Process

- Public entity solicits for proposals or accepts unsolicited proposals
- Minimum of 45 day open competition period for unsolicited proposals
- FOIA protections for confidential information are negotiated
- Conceptual proposal outlines team qualifications, proposed scope, proposed scope and public benefits
- Public entity may levy a proposal review fee on both solicited and unsolicited proposals
- Proposal review fee is used to cover procurement costs

PPEA: Process

- All competing proposals are reviewed, followed by a downselect
- Detailed proposals are requested – often relies on recommendations of outside/inside advisors
- Detailed proposals start to lock in project scope, costs, schedule
- Leads to an interim or comprehensive agreement with one firm
- Significant requirements for public notification and hearings

PPEA: Pros

- Many of the same benefits as design-build
- PPEA has a certain “cachet” with state regulatory and funding bodies
- No non-local approvals necessary
- Public entity retains right to reject, modify, expand, or amend proposals at any time
- Project review costs can be covered by proposers
- Staff augmentation and single point responsibility

PPEA: Cons

- Project scope and cost may not be defined until late in the negotiation process
- Learning curve for public officials and public
- Suspicions about “competitive negotiations”
- Did I get the best possible price?
- Negotiations can be lengthy and complex

Mitigating PPEA Risks

- Use of strong outside advisors with PPEA experience
- Two step solicitation process
- Establishing clear goals, particularly related to price
- Use of interim agreement process
- Circulate proposed comprehensive agreement at detailed review phase
- Prepare contingency budgets and plans that share risk and rewards

Emerging Higher Education PPP Projects

- Northern Virginia Community College housing complex
- Community college student centers
- Parking
- Health Education/Nursing initiatives

THE END

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