

FUNDAMENTALS OF PUBLIC-PRIVATE PARTNERSHIPS



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Facing New Challenges

- * **Aging Infrastructure**
- * **Shrinking Budgets**
- * **Constituent Demands**
 - General Citizenry**
 - Business**
 - Special interests**

One Approach

PUBLIC-PRIVATE PARTNERSHIPS

“Joint Ventures”

“Collaborative Enterprise”

What is NCPPP?

Membership

- * Public and Private

Partnerships range from:

- * Outsourcing
- * Public-Private Partnerships
- * Privatization

Philosophy of Government in the 20th Century

**Increased dependence on the public sector
AND
Increased distrust of the private sector**

“Failure to Communicate”

- Pogo

“We Don’t Speak the Same Language”

*** “BUSINESS SPEAK”**

- Customer Satisfaction, ROI,**
- Risk/Reward Evaluation**

-VS-

*** “PUBLIC SPEAK”**

- Responsibility, Accountability, Risk Avoidance**

Organized Opposition

- * **Focused Leadership**
- * **Philosophical Basis**
- * **Grass Roots Organization**
- * **Disruptive Tactics**
- * **Effective Misrepresentation**
- * **Well Funded**

A Response

***Critical Choices:
The Debate Over Public-Private
Partnerships and What it Means for
America's Future***

Private Sector Strengths

The Result of Market Competition

- * **Management Efficiency**
- * **Newer Technologies**
- * **Workplace Efficiencies**
- * **Cash Flow Management**
- * **Personnel Development**
- * **Shared Resources (Money?)**

Public Sector Strengths

- * **Protection of Procurement Policies**
- * **Personnel -- dedicated but constrained**
- * **Underutilized assets**

Successful Partnerships

**The Secret is to
Balance the Strengths
of Both Sectors**

Partnerships at Work

- * **Transportation**
- * **Water/Wastewater**
- * **Financial Management (Welfare & Taxes)**
- * **Urban Development**
- * **Public Safety**
- * **Social Programs**
- * **Education**

Areas of Partnerships

Concepts apply to:

INFRASTRUCTURE

(water, transportation, schools, etc.)

or

SERVICES

(social programs, public safety, etc.)

Advantages of PPPs

- * Maximizes the use of each sector's strength
- * Reduced development risk
- * Reduced public capital Investment
- * Mobilizes excess or underutilized assets
- * Improved Efficiencies / quicker completion

The Common Factors

- * Better Compliance with Environmental and worker safety objectives**
- * Improved Service to the Community**
- * Improved Cost Effectiveness**

The Common Factors



- * Shared Resources
- * Shared Risks
- * Mutual Rewards

Keys to Leadership

- * **Statutory and Political Leadership**
- * **Organizational Structure**
- * **Detail Business Plan**
- * **Stakeholder Support**
- * **Pick Your Partner Carefully**

The Example of Union Station

- * Owned by US DOT – an underutilized asset
- * \$170 million expense from private sources
- * From negative to positive cash flow
- * 70,000 people served each day

Managing for Success

**Component #1:
Statutory Basis & Political Leadership
Must be in Place**

**First -- Political Leadership
“The Will to Change the System”**

Managing for Success

Component #1: STATUTORY AUTHORITY

- Impediments/restrictions against PPPs
- Contract law
- Procurement regulations
- Agency work procedures to improve timeliness

Managing for Success

Component #2:

Organization Structure --
Someone has to be Responsible
Streamlined organization

Managing for Success

Component #2:

- **Dedicated group (tied to the purpose of the partnership)**
- **Dedicated and TRAINED personnel to monitor implementation**
- **Allow the private sector to do its job**

Managing for Success

Component #3:

**Detail Business Plan –
(a.k.a. an Enforceable Contract)
Performance Goals Oriented
(allow for innovative plans)**

Managing for Success

Component #3:

Contract / Plan should include:

- **Specific milestones and goals**
- **Reporting of metrics and frequency**
- **Dispute resolution procedures**

Managing for Success

Component #4:

Stakeholder Support:

- Public Sector Employees
- Private Sector
- Labor Unions
- End Users
- Competing Interests

Managing for Success

Component #4:

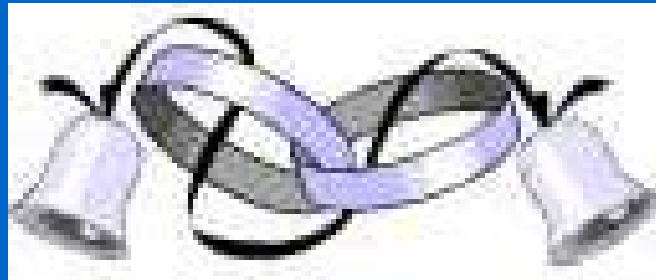
Stakeholder Support Requires

- Open and Frank Discussion Sector
- Knowing the FACTS (no myths)
- Translating each other's language

Managing for Success

Component #5:

Pick your partner carefully
This is a marriage



Managing for Success

Component #5:

- **Verify experience (technical capability)**
- **Verify financial capability**
- **Select “Best Value”**
(may not be the lowest cost)

Managing for Success

Component #5:

- * Remember what motivates the private sector
- * A reasonable assurance of a return on the investment
- * Timely execution of the project

Managing for Success

**But the Most Critical is
Component #1:**

LEADERSHIP
**can make all the other factors
come together**

Fighting the Fear of Change

Requires leadership

Requires knowledge

Need Help?

WWW.NCPPP.ORG

Case Studies, Fundamentals of Partnerships,
Issue Papers, Publications



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