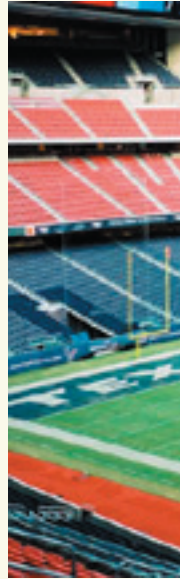


A Resource on Public-Private

Partnerships



Press Kit for The National Council
for Public-Private Partnerships



TOP TEN FACTS ABOUT PUBLIC-PRIVATE PARTNERSHIPS

1 Public-private partnerships are just what the name implies.

Public-private partnerships (PPPs) are a contractual arrangement between public and private entities where the resources, risks and rewards are shared to provide greater efficiency, better access to capital and improved compliance with a range of government regulations regarding the environment and workplace. The public's interests are fully assured through provisions in the contracts that provide for on-going monitoring and oversight of the operation of a service or development of a facility. In this way, everyone wins — the government entity, the private company and the general public.

2 Public-private partnerships are more common than you may think.

Public-Private Partnerships have been in use in the United States for over 200 years and thousands are operating today. These contractual arrangements between government entities and private companies for the delivery of services or facilities is used for water/wastewater, transportation, urban development, and delivery of social services, to name only a few areas of application. Today, the average American city works with private partners to perform 23 out of 65 basic municipal services. The use of partnerships is increasing because they provide an effective tool in meeting public needs, maintaining a high levels of public control, improving the quality of services, and are more cost effective than traditional delivery methods.

3 They are an essential tool in challenging economic times.

Even in the best of times, governments at all levels are challenged to keep pace with the demands of their constituencies. During periods of slow growth, government revenues are frequently not sufficient to meet spending demands, necessitating painful spending cuts or tax increases. Partnerships can provide a continued or improved level of service, at reduced costs. And equally important, partnerships can also provide the capital needed for construction of major facilities. By developing partnerships with private-sector entities, governments can maintain quality services despite budget limitations.

4 Successful partnerships can lead to happy employees.

In many partnerships created today, public employees are retained and usually at equal or improved benefits. One of the greatest areas of improvement for employees is with opportunities for career growth — private companies spend two to three times more on training and personnel development than their public-sector counterparts, as a way of gaining the maximum efficiency out of every person, and the maximum amount of job satisfaction.

5 Successful partnerships can lead to better public safety.

From Los Angeles to the District of Columbia, local governments have formed creative partnerships with private companies to enhance the safety of its streets and its citizens. By turning over the operation of parking meters or the processing of crime reports to private-sector partners, police officers can spend more time on the streets doing the jobs for which they are trained. This is particularly important as Home Land Security has risen as a concern for many.

6 Partnerships give many children better educational opportunities.

In Virginia, public-private partnerships were instrumental in constructing over 30 new school buildings. By working with a private real estate development company, city and county school systems were able to build state-of-the-art facilities with a modern computer lab, gym and library. Often, allowing the private sector to utilize publicly owned underutilized assets for commercial activities provides a major portion of the funding for these projects. Today, a number of other states are now following this example, driven by the need to address the problem of many aging education infrastructures.

7 Drivers appreciate public-private partnerships.

These are not easy times for America's roads and highways. Increasing numbers of vehicles means more roadway wear and tear and increasing traffic congestion. In states like California, Texas and Virginia, private-sector companies are working with state and local governments to build roads, making it possible to finance construction and upkeep without having to impose general tax increases. While tolling is one means of generating the revenue to cover the investment, in a number of cases Transportation Oriented Development (TOD) of adjacent properties can provide a significant portion of the revenue stream.

8 Clean, safe water is achieved through public-private partnerships.

The stringent health and environmental standards of the Safe Drinking Water Act and Clean Water Act have caused problems for some local governments without the budget flexibility to make major capital improvements in water and wastewater facilities. Public-private partnerships have enabled the construction of state-of-the-art water management facilities, while using efficient operations to hold down costs to ratepayers and provide a way of meeting those "un-funded mandates" from the federal government.

9 Partnerships make the information revolution accessible to more Americans.

This is the age of information technologies, but there can be a hefty cost of getting a system operating. Through public-private partnerships, many governments are now able to fully participate in "E-government" with their constituents, or effectively coordinate government activities and budgets. Better service, improved tools and saving money are exactly what public-private partnerships are all about.

10 Governments themselves are the biggest supporters of public-private partnerships.

While there can be substantial misperceptions about the value of partnerships, a look at who endorses them should clarify the picture. Federal agencies like the Environmental Protection Agency and Departments of Defense and Veterans Affairs all use partnerships. The number of state and local governments using this tool is even greater. For example, the U.S. Conference of Mayors is enthusiastically working with private-sector providers to discuss ways to make partnerships more effective. Numerous surveys indicate why — governments traditionally realize cost savings of 20 to 50 percent when the private-sector is involved in providing services.

QUESTIONS – AND – ANSWERS

Why should governments turn to the private-sector to help perform services they have traditionally handled themselves?

Actually, public-private partnerships have been in existence since long before the Revolutionary War. In 1793, Pennsylvania entered into a partnership to build the country's first turnpike between Lancaster and Philadelphia. Today, creative government leaders develop partnerships with private contractors to provide essential services to meet environmental compliance requirements and improve operations, without having to increase taxes upon their constituencies. Also, governments realize that the combined capital and intellectual resources of the public- and private-sectors can result in better, more efficient services.

Aren't private companies less accountable than governments to the public?

Actually, private companies involved in public-private partnerships have an even higher level of public accountability. They must answer to the government agencies that hire them, to various regulators, to the Securities and Exchange Commission, to Congressional oversight committees and, in very visible partnerships, to the media. A private contractor that hopes to succeed and establish a reputation for quality service must be accountable to its government partners and to the public at large.

When services are contracted out to private companies, doesn't that mean that public employees lose jobs?

The Department of Labor examined that very question and found that public workers don't lose jobs because of public-private partnerships. Examining partnerships in 34 cities and counties, the Labor Department found that virtually all affected public employees were either hired by private contractors or transferred to other government positions. In fact, the most productive partnerships have been those in which government employees (and sometimes their unions) are actively involved in the partnership planning process.

Isn't there a danger of the public losing control over services when operated by a private company?

The only way private contractors can achieve long-term success in partnering with governments is to provide quality, value and dependability. As mentioned earlier, private companies have high levels of accountability with the public, media and regulators at various levels. In addition, the contract engaging the private company usually includes strong provisions for public agency oversight and monitoring of quality. In addition, regulatory agencies tend to enforce regulations more tightly with private contractors than they do with government agencies, realizing that ordering government entities to comply with regulatory requirements can increase budget challenges.

Don't private companies take short cuts in providing services in order to increase profits?

The reason governments are increasing their participation in partnerships with private contractors is because their constituencies approve of the high quality of services being provided without a commensurate increase in taxes. By reducing the quality of service, a company can reduce the possibility of repeat and/or new business. The profits made by the private-sector in these partnerships come from increased efficiencies, economies of scale and long-term financing that may not be available to the public-sector, and not from cuts in the quality of service.

When the private sector is involved, doesn't that mean that citizens will eventually have to pay more for services?

There is more than ample evidence to show that public-private partnerships result in a higher quality of services while holding the line on costs. Private-sector partners are able to practice cost efficiencies to hold down expenditures, while also taking advantage of additional revenue streams. In cases where there have been rate or tax increases, it came as a result of upgrading or expanding systems — and under the terms of the contract signed between the public and private partners. Often, major projects can be undertaken at little or no cost to the public. For example, in the public-private partnership that rebuilt Washington, D.C.'s landmark Union Station, the \$160 million improvements were completed without using a dime of taxpayer money. In part, the private contractor is recouping costs from rents paid by retail shops in the facility.

Will the need for public-private partnerships increase, or will we see fewer of them as the economy improves and governments become less revenue-strapped?

First, public infrastructure and service needs far exceed the capability of government budgets to meet them. In education, for example, the American Society of Civil Engineers has said that 75 percent of America's school buildings are inadequate to meet student needs. To close this schoolhouse gap would require a capital investment of \$3,800 for every student in the United States. Even in better times, school districts won't have the funding to meet this need. This is true in virtually every area of public life, from highways to waterworks. Public-private partnerships enhance the resources and the capability to address pressing public needs.

Second, public-private partnerships aren't just about budgetary issues. Governments are turning to partnerships because they see that merging the resources of the public- and private-sectors makes it possible to improve the quality of services provided to citizenries. The U.S. military, for example, has developed partnerships to build housing for enlisted personnel, resulting in higher-quality living quarters without a large impact on the defense budget.

KEYS TO SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIPS

POLITICAL LEADERSHIP

A successful partnership can result only if there is commitment from “the top”. The most senior public officials must be willing to be actively involved in supporting the concept of PPPs and taking a leadership role in the development of each given partnership. A well-informed political leader can play a critical role in minimizing misperceptions about the value to the public of an effectively developed partnership. Equally important, there should be a statutory foundation for the implementation of each partnership.

PUBLIC SECTOR INVOLVEMENT

Once a partnership has been established, the public-sector must remain actively involved in the project or program. On-going monitoring of the performance of the partnership is important in assuring its success. This monitoring should be done on a daily, weekly, monthly or quarterly basis for different aspects of each partnership (the frequency is often defined in the business plan and/or contract).

A WELL THOUGHT-OUT PLAN

You must know what you expect of the partnership before hand. A carefully developed plan (often done with the assistance of an outside expert in this field) will substantially increase the probability of success of the partnership. This plan most often will take the form of an extensive, detailed contract, clearly describing the responsibilities of both the public and private partners. In addition to attempting to foresee areas of respective responsibilities, a good plan or contract will include a clearly defined method of dispute resolution (because not all contingencies can be foreseen).

A DEDICATED INCOME STREAM

While the private partner may provide the initial funding for capital improvements, there must be a means of repayment of this investment over the long term of the partnership. The income stream can be generated by a variety and combination of sources (fees, tolls, shadow tolls, tax increment financing, or a wide range of additional options), but must be assured for the length of the partnership.

COMMUNICATIONS WITH STAKEHOLDERS

More people will be affected by a partnership than just the public officials and the private-sector partner. Affected employees, the portions of the public receiving the service, the press, appropriate labor unions and relevant interest groups will all have opinions, and frequently significant misconceptions about a partnership and its value to all the public. It is important to communicate openly and candidly with these stakeholders to minimize potential resistance to establishing a partnership.

SELECTING THE RIGHT PARTNER

The “lowest bid” is not always the best choice for selecting a partner. The “best value” in a partner is critical in a long-term relationship that is central to a successful partnership. A candidate’s experience in the specific area of partnership being considered is an important factor in identifying the right partner. The listing of NCPMP members (provided under Council Members on this site) provides a logical starting point for the identification of potential partners or services that might be required in the development of a partnership.

Public-Private Partnership

A contractual agreement between a public agency (federal, state or local) and a for-profit 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.

NCPMP FACT SHEET

About NCPMP

The National Council for Public-Private Partnerships is a non-profit, non-partisan organization founded in 1985. The Council is a forum for the brightest ideas and innovators in the partnership arena. Membership is comprised of organizations and individuals from both the public and private sectors, with over 40 percent representing public agencies at all levels of government. These members have experience in a wide variety of public-private arrangements, and serve as a vital core resource in the NCPMP's diverse training and public education programs. The Council's members bring an unmatched dedication to providing the most productive and cost-effective public services.

Every activity of the Council is geared to enhancing the partnership process from networking events, such as conferences and issue forums, to sharply focused opportunities, such as Committees, Institutes, the Speakers' Bureau and the Web Site. The benefits of the Council membership are bounded only by the energy of its members, which is vast.

The Council works with numerous public agencies and academia to further educate the public and private sectors about the benefits and best practices for public-private partnerships. Many of the workshops conducted by the Council are officially cosponsored by federal, state or local agencies. The NCPMP also has performed contracts for U.S. Department of Transportation, the U.S. Environmental Protection Agency and the United Nations Development Programme.

Across the country, governments are being challenged to operate more efficiently and cost-effectively and are turning to an accepted tool for serving public needs. In addition to the resources available to its members, the Council has access to expert consultants providing accurate, timely information to the general public. It advocates partnering, where appropriate, at the federal, state and local levels through formal and informal presentations.

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