7 Keys to Success

ncppp.org/ppp-basics/7-keys/

Public-Private Partnerships Defined

A public-private partnership (P3) is a contractual arrangement 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.

7 Keys to Successful P3s

The following are to be considered "best practices" in the development of public-private partnerships (P3s). It is recognized that the methodology for implementation of P3s can vary, depending on the nature of a given project and local concerns. Given this, it is the position of the NCPPP that these are "best practices":

1) PUBLIC SECTOR CHAMPION:

Recognized public figures should serve as the spokespersons and advocates for the project and the use of a P3. Well-informed champions can play a critical role in minimizing misperceptions about the value to the public of an effectively developed P3.

2) STATUTORY ENVIRONMENT:

There should be a statutory foundation for the implementation of each partnership. Transparency and a competitive proposal process should be delineated in this statute. However, unsolicited proposals can be a positive catalyst for initiating creative, innovative approaches to addressing specific public sector needs.

3) PUBLIC SECTOR'S ORGANIZED STRUCTURE:

The public sector should have a dedicated team for P3 projects or programs. This unit should be involved from conceptualization to negotiation, through final monitoring of the execution of the partnership. This unit should ~~develop Requests For Proposals (RFPs) that include performance goals, not design specifications.~~ Consideration of proposals should be based on best value, not lowest prices. Thorough, inclusive value for money (VFM) calculations provide a powerful tool for evaluating overall economic value.

4) DETAILED CONTRACT (BUSINESS PLAN):

A P3 is a contractual relationship between the public and private sectors for the execution of a project or service. This contract should include a detailed description of the responsibilities, risks and benefits of both the public and private partners. Such an agreement will increase the probability of success of the partnership. Realizing that all contingencies cannot be foreseen, a good contract will include a clearly defined method of dispute resolution.

5) CLEARLY DEFINED REVENUE STREAM:

While the private partner may provide a portion or all of the funding for capital improvements, there must be an identifiable revenue stream sufficient to retire this investment and provide an acceptable rate of return over the term of the partnership. The income stream can be generated by a variety and combination of sources (fees, tolls, availability payments, shadow tolls, tax increment financing, commercial use of underutilized assets or a wide range of additional options), but must be reasonably assured for the length of the partnership's investment period.

Research & Information

ncppp.org/resources/research-information/

This page is an amalgamation of resources intended to help public and private sector partners pursue successful partnerships. This includes links to pertinent state level legislation that may affect projects and procurement, papers and speeches on best practices and examples, white papers that demonstrate the value and advocate the use of public-private partnerships, and links to other partners and organizations involved in the public-private partnership arena. Additionally, there is a myriad of case studies with new ones being added regularly. Please use this information to promote successful public-private partnerships.

State Legislation

Papers & Speeches

White Papers

Useful Links

Case Studies