



Best Practices for Public Private Partnerships

*North Carolina House Select Committee on Public-
Private Partnerships
Christopher D. Lloyd
January 10, 2012*

Why Create a Statutory Framework?

- Creates a consistent, repeatable, predictable process for alternative project delivery
- Ensures transparency and accountability to the public
- Increases competition and value delivery
- Signals legislative support for the process
- Checks and balances to reduce project delivery problems
- Spur innovation and creative project approaches
- Separate acts for transportation and social infrastructure is desirable because of differences in project scope, cost, delivery and approvals

PPP: Dispelling the Myths

- Not a panacea
- Not free money
- Not a finance tool
- Not secret negotiations
- Not privatization
- Not the sole purview of “big business” and “mega-contractors”

Why Use the P3 Delivery Method?

- Seeking “best in class” project concepts and delivery
- Limit state financial participation
- Risk transfer
- Single point of responsibility/turnkey delivery
- Staff augmentation without additional bureaucracy
- Integrate alternative funding sources and methods

Policy Issues Related to P3

- Amount of legislative oversight
- Creation of a P3 Office
- Interface with Local Government Commission

Oversight – Striking the Balance

- Strict controls over accountability, transparency and conflicts should be maintained by the executive branch
- Legislative involvement should come later in the process once the project is more well developed
- Legislative involvement should relate to consultation (perhaps through a standing committee or special commission) and identification of issues that could impact long-term debt/commitments of the state
- Legislature retains ultimate power through appropriations process

Ensuring Accountability – A P3 Office

- Establishment of a P3 office can level the playing field in negotiations – need to be seen as an “equal” in negotiations
- P3 office should act as an unbiased advocate for the P3 process and work to speed project delivery through state and local bureaucracies
- Help to set priorities among projects
- Not act as a barrier to innovative and creative project development and delivery
- Should be separated from, but linked to, executive branch agencies with regulatory and implementation responsibility

Role of the Local Government Commission

- Additional hurdle unique to North Carolina
- Can help advise local governments on complex financial transactions
- May want to consider expedited process for certain financial transactions

Keys To Success

- Internal champion for project and process
- Fair and balanced contracts
- Skilled negotiators willing to say “yes” but also willing to resist political pressure and protect the state
- Tangible state participation (financial, land, etc.)
- Inclusive of public and other key stakeholders

State Policy Developments

- Virginia – seen as the leader (1995 and 2002 acts)
- Texas – new law took effect September 1, 2011
- Maryland – under consideration for 2012 session
- Georgia – adopted in 2011 for water projects
- Florida – legislation under consideration for 2012
- Utah – adopted for IT only
- California – Long Beach Courthouse deal seen as bringing the Canadian model to the US

Virginia PPP Success Stories

- Utilities – HRSD, Prince William, Augusta, Fredericksburg
- Public Safety – Fredericksburg, Frederick, Stafford
- Courts/Municipal Office – Spotsylvania, Chesapeake, Manassas Park, Fredericksburg
- K-12 – Northumberland, Stafford, Falls Church
- Corrections – State and regional facilities
- Transportation – VDOT mega-projects, local road maintenance and construction
- Parking – Winchester, Roanoke City, Fairfax, Fredericksburg

THANK YOU

Business Expansion | Federal Public Affairs | Strategic Communications & Grassroots Mobilization
State & Local Government Affairs | Emerging European Markets

Atlanta • Charlotte • Charlottesville • Chicago • Columbia • Norfolk • Raleigh • Richmond
Springfield • Tyson's Corner • Washington, D.C. | Bucharest, Romania

www.mcguirewoodsconsulting.com