



Implementation of Public-Private Partnerships for Transit

WHAT DOES IT ALL MEAN?

*Putting The Pieces Together For
Transit Project and Program Delivery*

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PUTTING THE PIECES TOGETHER

- Defining changes in the environment for PPP's
- Shaping the pieces
- Refining federal/state /local policy to support PPP's
- Improving the project delivery process to enhance partnerships



THE CHANGING ENVIRONMENT

- **Factors affecting increased interest in public private partnerships**
 - ◆ *National economic and energy crises*
 - ◆ *Shortfalls in public funding*
 - ◆ *Voter-approved local funding to deliver key projects and programs*
 - ◆ *Changes in public and private sector capacity for risk*

- **Putting PPP's in perspective:**
 - ◆ *Shift from privatization to partnerships*
 - ◆ *Focus on continuum of approaches*



THE CHANGING ENVIRONMENT

- **Broadening of applications for PPP's**
 - ◆ *Project delivery*
 - ◆ *Program delivery*
 - ◆ *System preservation / State of Good Repair*
 - ◆ *Operation and maintenance*

- **Information dissemination**
 - ◆ *Removing the barrier between "innovative" and traditional financing and project delivery*



SHAPING THE PIECES

- Clarify goals, objectives, expectations
- Identify potential projects and programs
 - ◆ *Capital expansion*
 - ◆ *Operation, maintenance*
 - ◆ *System preservation/SOGR*
- Define evaluation criteria
 - ◆ *Project-level*
 - ◆ *System-wide level (performance, compatibility)*



PUBLIC SECTOR OBJECTIVES

- Accelerate project and program delivery to enhance mobility
- Reduce costs through contracting and construction methods
- Develop projects integrated with existing transit/highway infrastructure
- Allocate risk to reflect public and private sector capacity



PUBLIC SECTOR OBJECTIVES

- **Increase financial capacity by:**
 - ◆ *Activating potential new private sources of funding and financing*
 - ◆ *Maximizing leverage*
 - ◆ *Facilitating use of flexible and fungible revenue sources to minimize "color of money" constraints*



PUBLIC SECTOR OBJECTIVES

- **Improve cost-effectiveness of services delivered**
- **Expand level and quality of transit service**
- **Introduce new technology**
- **Increase technical and managerial expertise**
- **Supplement staff resources**



PRIVATE SECTOR OBJECTIVES

- **Secure financial / investment opportunities that provide acceptable rates of return with respect to level and timing of payments**
- **Provide technical, managerial, and financial expertise and services at a reasonable profit**



SHAPING THE PIECES

- **Realistic selection of candidate projects from both public and private sector perspective**
 - ◆ ***Public***
 - **Public benefit assessment**
 - **Value for money analysis: project and system**
 - ◆ ***Private***
 - **Engineering / Construction risk**
 - **Implementation / Political risk**
 - **Financial / Revenue risk**



SHAPING THE PIECES

- **Strengthen public agency's project delivery capacity**
 - ◆ *Decision-making*
 - ◆ *Schedule adherence*
 - ◆ *Procurement process*
 - ◆ *Public revenue sources and streams*

- **Improve federal/state/local legal and regulatory mechanisms, tools and techniques**
 - ◆ *Facilitate /speed project delivery*
 - ◆ *Support innovative financial participation*



PPP'S AND PROJECT DELIVERY: THE BROADER CONTEXT

- Partnership between the public and private sectors requires a significant degree of certainty with respect to project schedule, cost, and revenue streams
- The project development process, as it has evolved in the United States, engenders significant uncertainty in the timing and cost of project delivery



PPP'S AND PROJECT DELIVERY: THE BROADER CONTEXT

Environmental, political and institutional factors have a significant impact on expedient delivery of projects utilizing public-private partnerships, in particular for partnerships involving private equity participation.



PROMOTING SUCCESSFUL PPP'S

- The project delivery process should assure:
 - ◆ *Financial Stability*
 - ◆ *Predictability*
 - ◆ *Continuity*
 - ◆ *Acceptability*



FINANCIAL STABILITY

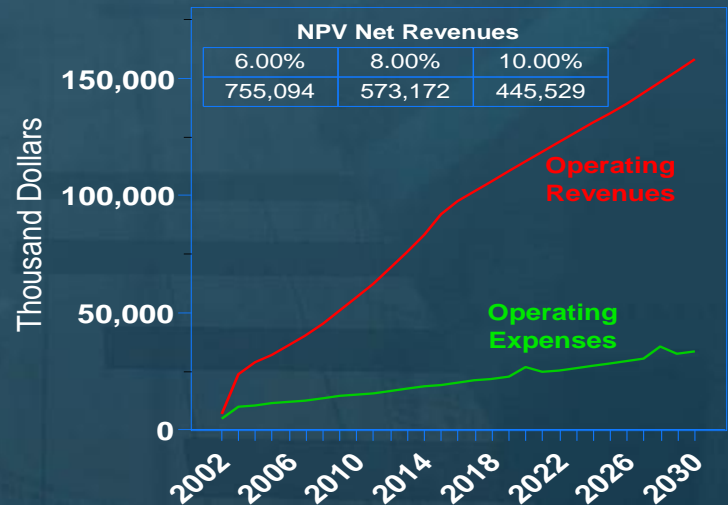
- The ability to trust that multiple proposed revenue sources can and will be committed (LONP, LOI, APWA).
- The ability to trust that multi-year funding commitments pledged for repayment of financing instruments and availability payments will be met .





PREDICTABILITY

- The ability to predict what a project will cost to design, build, operate, and maintain and when it will be implemented.





CONTINUITY

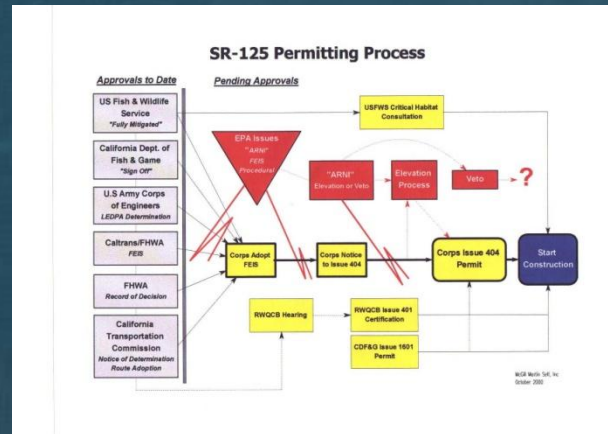
- The ability to trust that the political resolve to get a project done will continue across changes in elected and appointed leadership;
- The ability to know that agency decisions made will be maintained over the life of the project development process.





ACCEPTABILITY

- The ability to streamline the process for achieving informed acceptance regarding project characteristics among involved agencies and public stakeholders.





NON-FINANCIAL IMPEDIMENTS TO PROJECT DELIVERY

- Environmental clearance and statutory requirements
- Institutional issues and stakeholder involvement
- Political and jurisdictional factors



REALIZING TRUE PARTNERSHIP

- The full value of Public Private Partnerships will only be realized when paired with companion innovations in project definition, planning, development, approval, and implementation.
 - ◆ *"Real" streamlining*
 - ◆ *Effective partnering – at all levels*
 - ◆ *Interagency coordination and cooperation*