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# “Implementing an Effective PPP Programme with a Focus on International Experience”

Taking PPP’s Forward  
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# PPPs in the U.S. Today: A Fragmented PPP Environment

- Unlike many countries, the U.S. federal government has no central PPP unit to oversee PPP policy and programs. Each major department has its own unique statutory and regulatory framework for contemplating, evaluating, and implementing PPPs, with general guidance provided by the Office of Management and Budget. As a consequence, participation in PPPs varies greatly from department to department.
- At the state and local level, PPP policy is similarly fragmented. For example, today 23 states have legislation in place authorizing PPPs for transportation infrastructure, while 27 do not. Existing laws vary from state to state.
- This fragmented environment makes it difficult to identify the full extent of PPP activity.





# PPPs in the U.S. Today

- Use of PPPs as a tool to improve delivery of government goods and services is gradually increasing at all levels of government. Currently, more than 1,000 new PPPs are created annually in the U.S.
- Annual PPP creation, in dollars, ranked by sector, is:
  - Real estate/economic development (e.g. schools, administrative facilities)
  - Transportation
  - Water/Wastewater
- There is still a level of reluctance to expanding PPP authorities and utilization, both among Federal legislators and state and local bodies.



## Sectors Where PPPs Have Been Used

- Transportation
- Waste/Wastewater
- Urban Development
- Utilities
- Schools
- Healthcare
- Municipal Facilities
- Cultural Heritage



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# Government Role in PPPs

## Federal

- Implementing laws and policies to implement PPPs at the Federal level
- Participating in Federal PPP projects
- Implementing laws and policies to enable PPPs at the State and local levels

## State

- Implementing laws and policies to enable PPPs at the State and local levels
- Participating in state PPP projects



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## US PPP Models

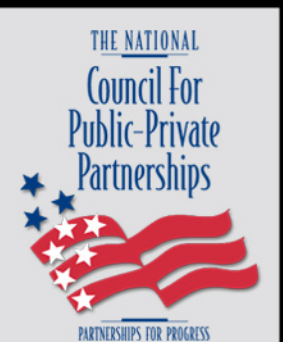
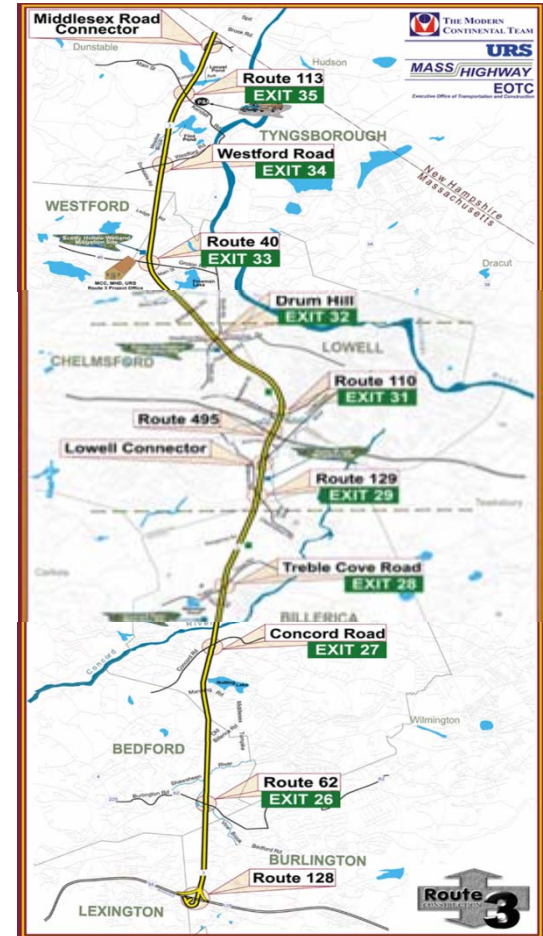
- User-fee-based Concession
- PFI-Type Concessions
- Savings-based PPPs
- Natural Resource PPPs





# Massachusetts Route 3 North

- Existing, highly-congested 33.6 kilometer, four-lane highway
- The Commonwealth identified a requirement to:
  - Add a third lane in each direction
  - Replace 40 bridges
  - Improve 13 interchanges
  - Create median shoulder and 30-foot clear zone
  - Estimated cost of nearly \$400 million





# Massachusetts Route 3 North

- Authority to enter into PPP approved by Massachusetts Legislature by special legislation in 1999.
- DBFO, with 63-20 public benefit corporation financing.
- Financing: \$394.5 million in tax-exempt lease revenue bonds sold by 63-20 corporation.
- State will make lease payments for 30 years to pay off bonds, through annual appropriation by the State legislature.
- Developer may pursue surface, subsurface, and air rights development to generate non-project revenues.
- Developer shares in sale of fiber-optic rights and sublease of a service plaza.





# Massachusetts Route 3 North

- Construction began in October 2000
- Extra lanes completed in 2004
- All construction now complete





# Hancock Geriatric Treatment Center (HGTC)

- Five unconnected buildings on the campus of the Eastern State Hospital in Williamsburg, VA
- Current facilities built in early 1960s
- Facilities no longer meet minimum medical standards
- State funding for replacement would be difficult to acquire
- The solution: a PPP enabled by Virginia's Public-Private Education Facilities and Infrastructure Act (PPEA) of 2002



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# Hancock Geriatric Treatment Center

- Through a competitive procurement, the Commonwealth of Virginia selected a private partner to plan, design, construct, furnish, commission and relocate the staff to a new 150-bed, 115,000 SF center in another location on the Eastern State Hospital campus.
- The new, consolidated facility will be more cost-effective and energy-efficient, generating savings of approximately \$1.5 million per year.
- These savings will be used to pay for the new facility over a period of 13 years, without increase to the HGTC's budget.
- In addition, the more efficient land use has freed state land for alternative utilization or sale.
- The new center opened April 1, 2008.





# QUESTIONS

