

PUBLIC-PRIVATE PARTNERSHIPS (PPPs) FACT SHEET

- A public-private partnership is an innovative financing and project delivery option where a public entity partners with the private sector on a public infrastructure project.
- In public-private partnerships (PPPs) private companies assume much of the risk associated with a project, including design, construction, financing, operations and maintenance risk.
- PPPs allow the public agency to spread the cost of a project over a longer period of time rather than the typical “pay-as-you-go” financing concept.
- PPPs have a solid reputation for delivering projects on time and on budget. In fact, PPPs are known for accelerating a project.
- There are different types of PPPs:
 - **Design-Build (DB)** – The government contracts with a private company to design and build a project based on requirements from the public agency. After completion, the agency operates and maintains the facility/system.
 - **Design-Build-Maintain (DBM)** – This is similar to Design-Build except the private sector also maintains the facility/system. The public agency retains operation of the facility.
 - **Design-Build-Operate (DBO)** – This is similar to Design-Build. Upon completion, the title to the facility/system is transferred to the public agency while the private sector operates the facility for a specified period of time.
 - **Design-Build-Operate-Maintain (DBOM)** – The public agency contracts with the private sector to design, build, operate and maintain the facility/system for a specific period of time. At the end of that period, the operation and maintenance is transferred back to the public agency.
 - **Design-Build-Finance-Operate-Maintain (DBFOM)** – The public agency contracts with the private sector to design, build, finance, operate and maintain a facility/system under a long-term lease agreement. At the end of that timeframe, the facility/system is transferred to the public agency for operations and maintenance.
- The public agency can maintain control over the operation and maintenance of the system through requirements written into the agreement. These requirements can include:
 - Performance standards
 - Fare structure
 - Service requirements
 - Maintenance requirements

- Design standards and ownership of the facility/system are retained by the public entity.
- The public agency usually has in-house management oversee the performance of the private contractor.
- The public agency can cancel the agreement if the private contractor is not performing up to the agreed upon standards.
- PPPs typically achieve the following benefits:
 - Improvements in reducing and allocating risks associated with new construction
 - Accelerated project delivery
 - Reduced construction costs
 - Reduced operations and maintenance costs
 - Long-term risk transfer to the private sector