PUBLIC-PRIVATE PARTNERSHIPS

WHO

STATE

COST TO COLLECT

N/A

LONGEVITY

N/A

LOW → HIGH

RELIABILITY

N/A

LOW → HIGH

IMPLEMENTATION

EASY — MODERATE — COMPLEX

More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

A public-private partnership (PPP or P3) is an agreement for a private company to work with a public agency in funding and/or operating new and existing public roadways. This allows private companies to perform different combinations of design, development, finance, construction, maintenance, repair, and operation. States, regional planning authorities, and municipalities are increasingly considering P3s as a possible solution to the delivery of transportation projects. Types of P3s include:

- Build-transfer-operate.
- Build-operate-transfer.
- Build-own-operate.
- Buy-build-operate.
- Developer finance.
- Lease-develop-operate.
- Sale-leaseback.
- Turnkey.
- Comprehensive development agreement.

How Will This Help?

- **Reduces the costs to the public agency** by sharing it with the private sector. More projects can be completed with less public money.
- **Helps transportation funds keep pace** with rising highway construction costs and reduced fuel tax revenues.
- **Reduces the need for borrowing** to finance transportation improvements.

What's the Downside?

- Some public agencies have limited power. The Texas Transportation Code limits regional tollway authorities' power to enter into these agreements.
- Public control and flexibility may be lost. Some have argued that P3s, if not structured to adequately protect the public interest, could result in a loss of public control and flexibility. Difficulties in predicting future demand for a toll facility comprise much of this risk.
- Operating revenue may be lost. Revenue generated from the operation of a privately maintained or operated facility would not benefit the public agency.
- The facility may go bankrupt and default. While P3s have provisions in place to protect the public sector in the event of bankruptcy, some have expressed concern that a private-sector partner could default, affecting the public sector in a negative way.

AROUND THE NATION

Thirty-three states and Puerto Rico have authorized a legislative frame work for P3s.

22 states have broad legislative authority.

More than $46 billion has been invested in P3 projects in the last 20 years.