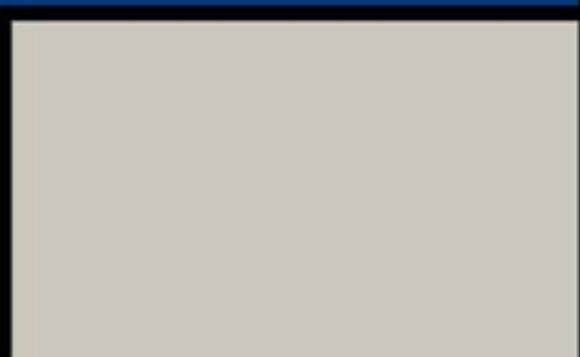
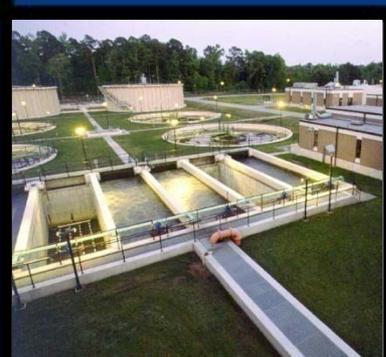


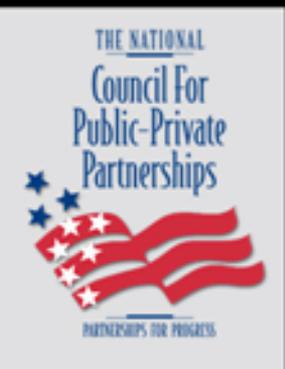
Partnerships for Workforce
Sustainability
Ceramic Leadership Summit
April 9, 2014
by
Richard Norment, NCPPP





What is NCPFP?

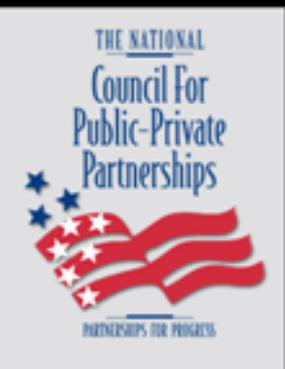
- Membership
 - Public and Private
- Partnerships range from:
 - Outsourcing
 - Public-Private Partnerships
- OUR FOCUS = Public-Private Partnerships
 - “Joint Ventures”
 - “Collaborative Enterprise”
- **NOT “Privatization”**
 - Difference = **The level of public control & oversight**



Credibility Check

- Over 15 years experience as the Executive Director of the National Council for Public-Private Partnerships (retired in January, 2014). Now the Senior Fellow.
 - **Includes work with higher education institutions**
- First Personal experience with PPPs – 1973
 - with U.S. Dept. of Housing & Urban Development
- Family experience – 1723
 - charter to build a toll bridge in Virginia
- Coincidentally, worked for Bausch & Lomb and was an Adjunct Professor at The American University

All of these are relevant to our discussion today

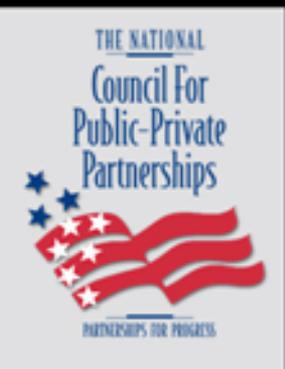
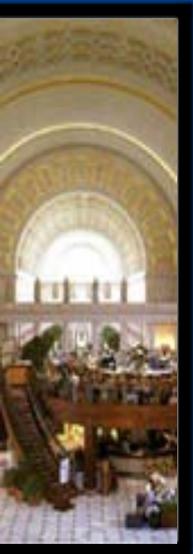




Objective

To provide a framework to illustrate that Public-Private Partnerships (PPPs):

- **Are not revolutionary**
 - Used in a number of infrastructure sectors
 - Over 300 years of experience in the US
 - First ones for **transportation** and water
 - More widely used in other countries
 - Europe, Asia, Latin America, etc.
- **Don't answer all challenges**
- **Can provide a valuable tool**





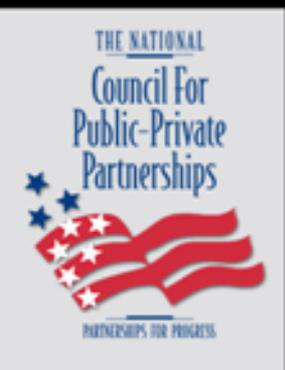
The Challenge

Today's workforce

- 10 million unemployed
- 4 million skilled workforce positions open
 - BUT most of the unemployed do NOT have the skills necessary for these positions



Public-Private Partnerships (PPPs)
MAY be part of the Answer
But what exactly are they?

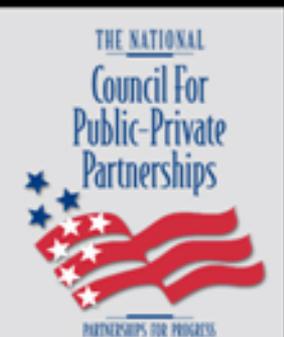


The Rising Demand for PPPs

An International Trend



- Deficits at all levels of government
- States often have requirement for a “Balanced Budget” and/or debt limits
- Infrastructure and service needs are escalating
 - Postponed maintenance
 - Political decisions
 - Population growth
- Cuts in services and government programs
- Improving public understanding
 - Learning from examples that have worked
 - Resulting in increasing legislative actions





The biggest challenge – Institutional Inertia

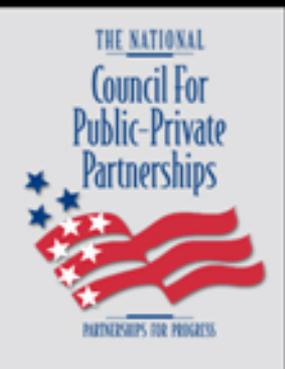
**This creates the need for
educating people**





Some History of PPPs

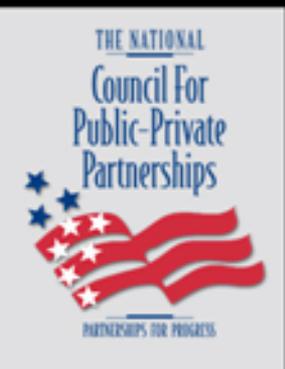
- **Colonial Period**
 - Bridges and water systems (first in 1653!!)
- **19th and 20th Century**
 - Erie Canal, Transcontinental Railroad, New York City's transit systems
 - '30s – '70s – shift to publicly funded infrastructure and services
- **Recent evolution**
 - 15 years ago, almost all were infrastructure projects
 - Now includes delivery of social services, health care and **Higher Education**
 - **first for infrastructure, and now for educational programs (more later)**





Proper use of terms

- PPPs **are NOT**
 - Privatization (difference = level of public sector control)
 - Philanthropy (more than just a source of money for the public sector)
- PPPs **are**
 - a contractual business arrangement





What is a PPP?

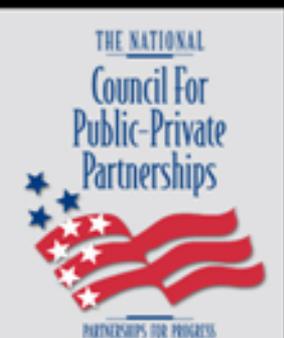
A Public-Private Partnership is a **contractual agreement** between a **public agency** (federal, state or local) and a **private sector entity**. Through this agreement, the **skills and assets** of each sector (public and private) **are shared** in delivering a service or facility for the use of the general public. In addition to the sharing of resources, **each party shares in the risks and rewards** potential in the delivery of the service and/or facility.

source: www.ncppp.org



Advantages of PPPs

- Maximizes the use of each sector's strength
- Reduces development risk
- Reduces public capital investment
- Mobilizes excess or underutilized assets
- Improves efficiencies/quicker completion
- Better environmental compliance
- Improves service to the community
- Improves cost effectiveness
- Shares resources
- Shares/allocates risks
- Mutual rewards



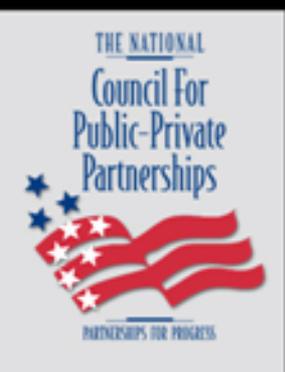
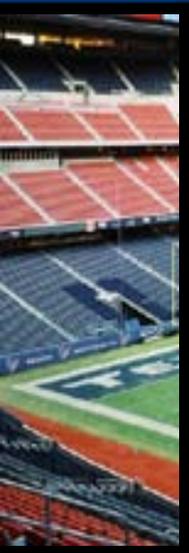


Sectors Where PPPs Have Been Used

THE EXPERIENCE IS TRANSFERABLE

“Lessons learned from one . . .”

- Transportation
- Water/Wastewater
- Urban Development
- Energy
- Communications and Information Technologies
- Financial Management
- **Social Services**





Seven Keys to Successful PPPs

- **Public Sector Champion**
- **Statutory Environment**
- **Organized Structure**
- **Detailed Business Plan**
- **Clearly Defined Revenue Stream**
- **Stakeholder Support**
- **Pick Your Partner Carefully**



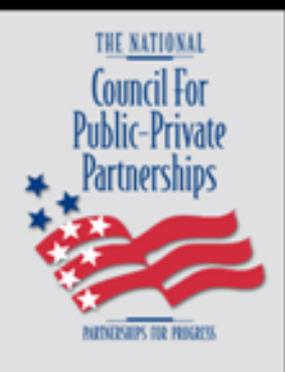


Managing for Success – Seven Keys

Component One:

Public Sector Champion

- Political leadership must be in place
 - Leading Political Figure
 - Top Administrative Officials
 - “The Will to Change the System”
 - A Strong Policy Statement
 - Serves as the advocate for the PPP

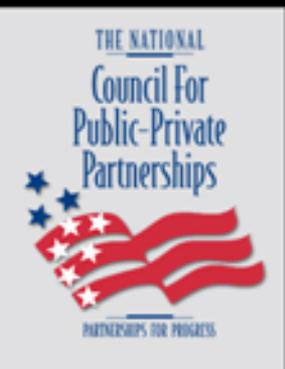




Managing for Success – Seven Keys

Component Two: Statutory Environment

- Statutory authority and regulations
 - Necessary for enforcement of the contract
- Rapid evolution underway at State levels
- Existing Federal authority for some agencies
 - DOD, VA vs. GSA and DOE
- **Several states illustrating an expansion**
 - Experience with state transportation agencies
 - Now includes social infrastructure and community services
 - **Expands options to the local level**



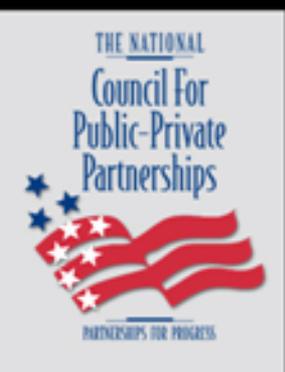


Managing for Success – Seven Keys

Component Three:

Organized Structure

- A public sector “Dedicated Unit” (tied to the purpose of the partnership)
 - From concept to final management / oversight of the partnership
- Dedicated and TRAINED personnel to monitor implementation
 - **To begin, retain consultants to build skill sets with public employees**
- Examples: TXDOT, VDOT, US Defense, Partnerships BC





Component Three:

Organized Structure (continued)

- Per RFP process
 - Market evaluations of underutilized assets
 - Public sector comparator and Value for Money
- Best Value vs. Lowest Price
 - Full life cycle cost analysis
 - Difficult to Administer but...
- Need for Good Governance
 - To assure an open and fair procurement process
 - Consolidate staff = easier to monitor
 - Independent authority (domestic/internal or international)
- **For a higher education joint project, this could be a joint team (academic and private)**

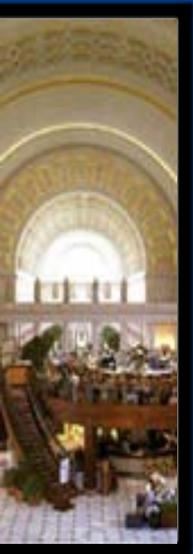




Managing for Success – Seven Keys

Component Three:

Organized Structure (continued)



Understanding the Value for Money Process

NCPPP White Paper

“Testing Tradition: Assessing the Added Value of Public-Private Partnerships”

at www.ncppp.org

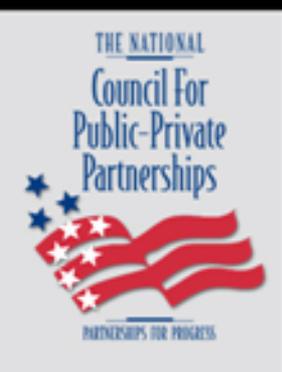




Managing for Success – Seven Keys

Component Four: Detailed Business Plan a.k.a. Enforceable Contract

- Performance goal oriented - Allow for innovative plans
- Best Value vs. Lowest Price
- Plan/Contract should include:
 - Specific milestones and goals
 - Reporting of metrics and frequency
- Risk Allocation
 - Too much shift to the private sector can raise costs
 - Identify best ones to retain, which to shift
- Dispute Resolution Methodology
- Workforce Development
 - Develop local resources/small businesses
 - Developed a skilled labor pool





Managing for Success – Seven Keys

Component Five:

Clearly Defined Revenue Stream

- Funds to Cover the Long-Term Financing
 - Tolls/Fees (real or shadow) or TIF or other form of a Tax District
 - Long-Term Maintenance Contracts / Availability Payments
 - **Fees for worker placement**
- Underutilized assets
 - Allow commercial activity on publicly owned assets (land, building, etc.)
- Creative Approaches



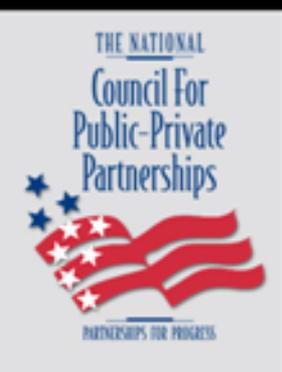


Managing for Success – Seven Keys

Component Six:

Stakeholder Support

- All impacted parties
- End Users
- Competing Interests
- Requires:
 - Open and frank discussion between sectors
 - Knowing the FACTS (not myths)
 - Translating each other's language



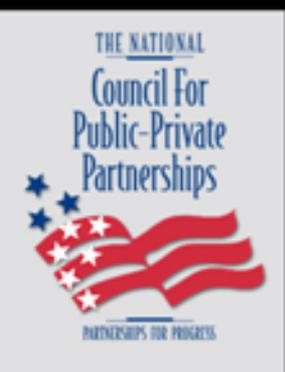


Managing for Success – Seven Keys

Component Seven:

Pick Your Partner Carefully

- This is a long-term relationship
 - Verify experience (technical capability)
 - Verify financial capability
 - Best Value vs. Lowest Price
- Remember each sector's motivation
 - Genuine need (market value to the project)
 - Political / statutory environment
 - Reasonable return on investment and manageable risks
 - Timely and effective execution vs. development costs





THE PROCESS – what everyone needs to know about the process (why it can take so long to execute)

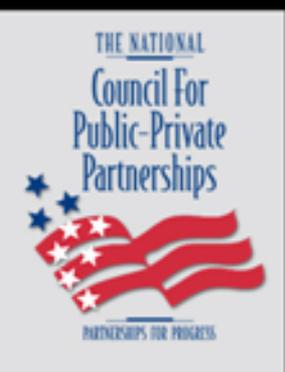
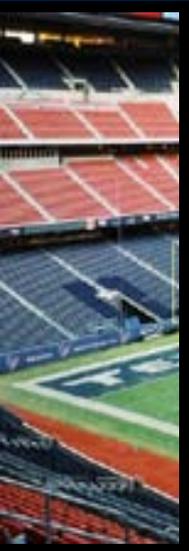
How do you attract the interest of the private sector?

Private Sector concerns

- The need to make a return on the investment
- Up-front costs at risk
- Private pre-RFP costs can be significant, but projects have a higher probability of success (because of the pre-RFP process)

Public sector steps before the RFP

- Performance goals, but not design specific
- Evaluation of the value of publicly held assets
- Evaluation of market potential, including tax revenues to be generated
- RFQ to select a design and construction team
- RFP to the selected group developed by the RFQ





Why Partner with Higher Education?



- Institutions' budget constraints → looking for additional revenue sources
- National trends and a desire to meet community needs
- They have resources that can be adapted to your needs





Examples of Partnerships

The German Model

- Based on their history of the Guild system
- Three days in-factory apprenticeship
- Two days in school (adjacent to factory)
- Jointly funded by union and employers
 - Difference in corporate governance in Germany

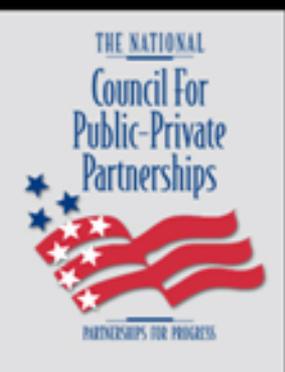




Examples of Partnerships

Chattanooga and VW

- Partnership with Tennessee Tech University and Chattanooga State Community
- Adapted from the German apprenticeship program
 - 3 year, with semesters of in-plant paid experience
 - Leads to an association degree
- Also promotes movement from associate degrees to Bachelors in Engineering
- link: <http://www.chattanoogastate.edu/engineering-technology/partnerships/vw-academy/>





Examples of Partnerships

The North Carolina Community College

- Dean on his annual solicitation campaign asks for the “usual \$25,000”
- The unexpected response from the CEO
 - “no more contributions, no matter how good the cause”
 - Prefer a partnership to train a new workforce
 - Over \$1 Million in equipment provided

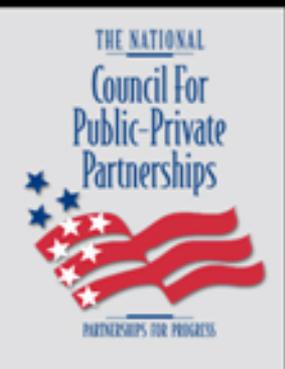




Examples of Partnerships

Year Up

- Independent Non-Profit training based in 8 major cities (Atlanta, Boston, San Francisco, Chicago, New York, Providence, Seattle and Washington, DC)
 - High School graduates and GED recipients, 18 -24 years old
 - 6 months of classes in technical skills with a stipend
 - 6 months of paid internships for the development of workplace professional/social skills
- Funded by corporate per graduate placement fees

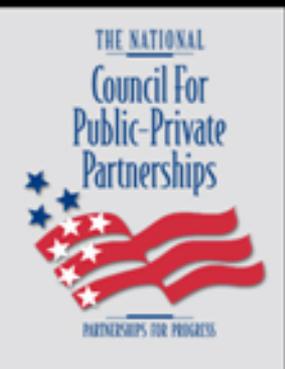




Match the PPP to Your Needs



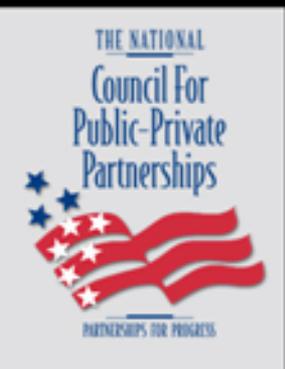
- Clearly define what your needs are
 - What are the specific skill sets that are needed?
 - What are the acceptable levels of proficiency?
- Do you have an existing connection? An employee or another connection?
- Know your “target partner” – what are their “hot buttons”
- Open a dialogue with the appropriate people (i.e. the potential or existing on-campus champion)
- Don’t assume they understand what your needs are





Match the PPP to Your Needs

- Be prepared to provide resources:
 - Money or in-kind equipment
 - Faculty
 - In-plant experience (internships / apprenticeships)
- Understand that this is a long-term process

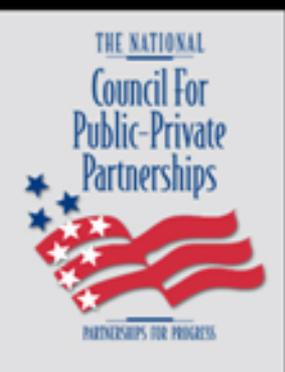




Managing for Success

The Critical Component:

LEADERSHIP





CASE STUDIES

Learn from successes and failures

**Provide you with examples for
implementation**

YOU ARE THE KEY

Extrapolate and Adapt



NCPPP website www.ncppp.org

Domestic and International case studies

The Seven Keys in all of these

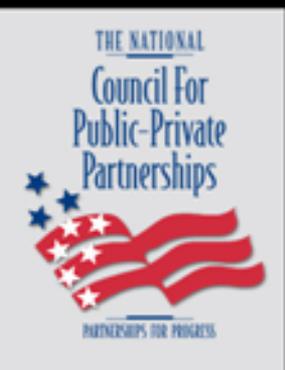




Remember Seven Keys to Successful PPPs



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- **Stakeholder Support**
- **Pick Your Partner Carefully**





Conclusions

PPPs Not Easy, but . . .

- Need for public sector education to overcome “institutional inertia”
- Can be a valuable option
 - Sometimes, the only way it can be done
- A means of cost effective, accelerated delivery
- Requires a genuine partnership and open communications between sectors





Need Help?

Richard Norment

NCPPP Senior Fellow

(semi-retired Executive Director of 14+ years)

Independent Consultant for Public-Private Partnerships

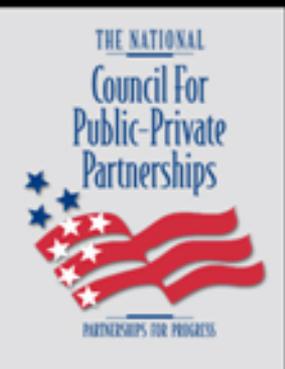
9716 Bunchberry Place

Vienna, VA 22181

richardnorment@gmail.com

LinkedIn





Need Help?

www.ncppp.org

Case Studies, Fundamentals of
Partnerships, Issue Papers,
Publications, Resources



1023 15TH Street, NW
Suite 200
Washington, DC 20005
202.952.0555
ncppp@ncppp.org