Public-Private Partnerships (P3s) Found to Meet or Exceed Public Agency Objectives in a Study of Six Major Projects

Study source: The George Mason University Center for Transportation Public-Private Partnership Policy

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According to a recent study released by the **George Mason University Center for Transportation Public-Private Partnership Policy**, six case-study surface transportation infrastructure public-private partnership (P3) projects generally met or exceeded the objectives set by their sponsoring public agencies.

Based on documentary sources and stakeholder interviews, public-sector P3 objectives across the six study cases primarily targeted cost reductions for the public sector and/or faster project completion times compared to traditional procurement, ultimately generating substantial improvements across most of the study cases. In addition, public agencies effectively engaged P3 delivery approaches to:

1. Increase access to private sector expertise and innovation. For example, Texas' LBJ TEXpress Lanes project achieved substantial cost reductions after the P3 procurement process enabled an alternative private sector design proposal. Pursuing private sector expertise and innovation early in the procurement process tended to generate the strongest outcomes.

2. Accelerate project delivery. Colorado´s US 36 Express Lanes case, for instance, employed a P3 approach to overcome the twenty-year funding delay expected under traditional procurement. P3 approaches similarly accelerated Virginia's I-495 Capital Beltway HOT Lanes and I-95 HOV/HOT Lanes projects by at least six years, likely more.

3. Improve cost and schedule certainty. For instance, P3 approaches delivered Virginia's I-495 and I- 95 projects on-time and within-budget. In cases with late delivery, P3 incentive structures – including more than $41 million in penalties for Florida´s Port of Miami (POM) Tunnel concessionaire – helped minimize delays. Cost certainty also proved important for preserving the Presidio Parkway project's complex, multi-party consortium.

4. Manage project risks. Virginia, for example, transferred revenue risks to the private sector for its I- 495 and I-95 HOT Lanes projects. Florida, similarly, shared the POM Tunnel project's geotechnical risks with the private sector. Strong emphases on risk-transfer objectives tended to produce the strongest outcomes, although political risk management remained underdeveloped in several cases.

5. Promote broader transit and development opportunities. The P3 approach enabled Colorado's U.S. 36 Express Lanes project, for example, to transition from a highway project to a multimodal project including improved transit and bike facilities. Similar transit and local development objectives may prove especially beneficial for future projects.

The research also suggests that the public sector can improve P3 outcomes by:

i. Providing comparative metrics for traditionally procured and P3-delivered projects. Confronted with traditional procurement challenges and limited knowledge regarding potential P3 benefits, citizens and decision makers would benefit from comparative performance metrics developed across state departments of transportation.

ii. Providing citizen-friendly project information. Given P3 projects' often sophisticated legal structures spanning many years, stakeholders, and processes, friendly and accessible communication approaches, as exemplified by California's Presidio Parkway Phase II project website, can improve citizen engagement and public-sector accountability.

iii. Promoting intergovernmental knowledge exchange. As surface transportation infrastructure projects become increasingly complex, governments should consider exchanging multi-agency process best practices to improve project delivery for both P3 and traditionally procured projects.

To access the full report, please see the Center's website: http://p3policy.gmu.edu

To learn more about the study or to request a briefing, contact: Center Director Dr. Jonathan Gifford: jgifford@gmu.edu

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