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PUBLIC-PRIVATE PARTNERSHIPS – ANALYSIS OF GOVERNMENT IMPLEMENTATION UNITS

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Abstract: In the international Public-private partnerships (PPP) market, there is a common use of PPP units for the initiation and management of PPPs. The common examples include Partnerships BC, Partnerships UK, and Partnerships Victoria. A PPP unit could be a policy unit, implementation unit, or both. In the United States PPPs have been implemented through the same offices that manage the conventional design-bid-build projects. Content analysis and a case study approach have been used in this research to examine the use of PPP units in the United States. The analysis shows that PPP transportation projects are delivered in the PPP-enabled states through the internal resources of the departments of transportation without centralized government office. Around fourteen states have internal PPP offices that provide partial/full policy formulation/guidance, coordination, and promotion. Only five states have expanded the functions to the real PPP procurement management work, and that those states are also the leading states in PPP implementation. Having a unit that carries only policy guidance might not be as effective as a unit that does both PPP policy and procurement management. Without centralized units, the implementation of PPP would not be effectively streamlined and implemented in government. The analysis also shows that Florida and Texas are expanding their PPP toward more public facilities and infrastructure; this signifies that the more a state became familiar with PPP, the more it used it for the delivery of projects. The research provides insights to public agencies on the use of PPP units.

1 INTRODUCTION

1.1 Background

Public-private partnership (PPP) units are entities established to support the use of PPP in infrastructure development. Their use has been on the rise and the Organization for Economic Co-Operation and Development reported that over half of its member countries have PPP units (17 of 29) (OECD 2010). A PPP unit can take several roles including policy guidance and development, transaction advice, evaluation, and ongoing oversight or contract management throughout the life of a contract. However, PPIAF (2007) mentioned that the idea behind PPP units was not fully grasped in the PPP global market. A review of literature reveals that a PPP unit may have several definitions, structures, features, and roles:

- A PPP unit is “any organization set up with full or partial aid of the government to ensure that necessary capacity to create, support and evaluate multiple public-private partnership agreements is made available and clustered together within government ” (OECD 2010).
- “A PPP unit is any organization designed to promote or improve PPPs … have a lasting mandate to manage multiple PPP transactions, often in multiple sectors.” (PPIAF 2007)

- "A PPP Unit is an entity designed to fulfill functions such as quality control, policy formulation and coordination, technical advice, standardization and dissemination, and/or promotion of PPPs… it is not the procuring agency" (B-R 2011).
- "A PPP unit is established as a point of coordination, quality control, accountability, and information related to PPPs either within a single sector or across a range of sectors. These units are created as a new agency or within a ministry such as the finance ministry." (ADB 2008)

The United States has been expanding the use of PPPs at the state level. Recent statistics from the Federal Highway Administration shows that there are thirty-three states, District of Columbia, and Puerto Rico to have authorization to use PPPs (FHWA 2014). The objective of this research is to investigate and examine the use of PPP units in the United States in terms of their structure, location within government, and the type of functions they do. The first section of the work reviews the general need for PPP units, the organizational structure, and the functions performed by such units. In section two, three international successful PPP units are investigated for their structure, functions, and projects. Section three investigates the PPP-enabled states through content analysis and a case study approach.

1.2 Need for PPP Units

The need for establishing PPP has emerged over time. Initially, governments used PPPs as an approach to attract private finance into public infrastructure delivery that suffers from a shortage of public funding. However, the need evolved into achieving better value for the money (VfM) spent on public infrastructure, and for optimal, rather than maximum, risk transfer that also achieve VfM (PPIAF 2007).

Governments have established PPP units to provide certain capacities that were not available under the traditional public sector methods. Some of these capacities include: designing projects that balance the risks and rewards in a way to attract more of the private sector companies, calculating the cost to taxpayers of such new PPP transactions, establishing managerial and contract management skills to supervise private operations over the long term of such contracts, establishing guidance materials for the different levels of governments, and designing educational/promotional programs about PPPs (WB 2006). From another perspective, specialized PPP units are created to fix deficiencies that occurred due to different governmental and institutional failures in the PPP management and procurement. (PPIAF 2007).

1.3 Organizational Structure/Type of PPP Units

The most common forms of PPP units are independent units and centralized units (B-R 2011). Another arrangement is where the unit would be established as a central unit or office arranged by sector or division. In an independent model, a PPP unit act as an agency or joint venture fully or partially owned by the government. Examples include Partnership BC, a corporation owned by the BC government, and Partnerships Germany, a mixed corporation (60 percent owned by the government and 40 percent by a holding company). PPP agencies enjoy more freedom from the political effects, and more flexibility in attracting experienced personnel. These agencies would still be regulated by a central government. The independent joint model carries concerns of conflict of interest between the private sector objectives in profit generation and the public agencies accountability and guaranteeing value for money. Joint PPP agencies might be seen as promoting PPP in order to justify their existence as an entity. However, OECD (2010) argued that such concerns could be minimized or prevented by establishing for transparency in all aspects of work, and issuing work rules and conduct.

In a centralized PPP model, a PPP unit would be established in the Ministry of Finance or Treasury, which is the common model among the OECD countries (OECD 2010). While close to where decisions are made and to in-house expertise, this model may suffer from political impacts on how the unit will function or accept projects. Examples of this model are Infrastructure UK and Partnership Victoria.

1.4 Functions of PPP Units

There are several functions that can be performed by a PPP unit, including (ADB 2008, OECD 2010): policy formulation and guidance, procurement management and technical support, promotion and

capacity building (including training), quality assurance/control, and review of proposals, projects, and programs against PPP statutes/regulations.

Some PPP units would be classified as policy units while others classified as PPP implementation units (Abdel Aziz 2007). PPP policy units emphasize on policy formulation, guidance document development, and PPP training. The guidance would include guidelines for PPP options analysis, feasibility, procurement documents (drafting RFQ, RFP, and agreements), negotiations, and post-award contract monitoring. Examples of such policy units include Partnerships Victoria, the Scottish Private Finance Unit, and HMT Private Finance Unit (OECD 2010). On the other hand, PPP implementation units carry out procurement management and technical support functions. The functions would include an assessment of value-for-money, establishing discount rates, allocation of risk between public and private sectors, assistance in the procurement stages (RFQ, RFP, negotiation). An example includes Partnerships BC, which perform procurement management and financial advisory functions. However, a PPP unit can be a multi-function unit, with policy guidance and technical support for the main functions. B-R (2011) raised a concern over conflict of interest for those PPP units that perform both quality control and technical assistance as they would be working by the same rules that they established themselves.

2 PPP UNITS INTERNATIONAL EXAMPLES

2.1 Partnerships BC, Canada

Founded in May 2002 by the British Columbia Treasury Board, Partnerships BC (PBC) performs a comprehensive financial and procurement management in delivering performance-based infrastructure. PBC has completed several projects in healthcare, water treatment, transportation, sports, and education.

2.1.1 Organizational Structure

Partnerships BC (PBC) is an independent corporation wholly owned by the province of British Columbia. PBC is governed by a five-member Board of Directors that reports to its sole shareholder, the Minister of Finance (PBC 2011). The Board of Directors includes members from both public and private sectors that have a substantial experience in developing and managing PPPs, as well as joint-venture projects. The Board's major function is to guarantee that the company's operations and actions reflect the interests of the shareholder. Moreover, two committees support the Board; these committees are Audit and Risk Management Committee, and Human Resources and Governance Committee. The company is managed and operated by a seven-member management team, and is structured into three major strategic service units Projects, Finance and Administration, and Partnerships Services.

2.1.2 Functions and Projects of Partnerships BC

PBC provides three major service categories: business planning support (e.g. project screening, concept plans, procurement options and business case), procurement management (e.g. competitive selection, evaluation, and contract negotiation), and advisory services during the design, construction and operations phases. PBC's mission is to plan and structure partnership delivery solutions for public infrastructure that are expected to accomplish value for money, implement these delivery solutions effectively and maintain a self-sustaining organization through a strong base of clients (PBC 2011). PBC, however, does not have the approval right on projects as it belongs to The Ministry of Finance.

Partnerships status report of February 2015 shows 43 projects of which 23 are operational, 14 under construction, and 6 in procurement. The projects include the following facilities: 16 healthcare, 10 transportation and transit, 4 educational, 4 accommodations, 2 for each of correctional, bio-energy, power, water/wastewater plants, and 1 sports facility.

2.2 Partnerships UK and Infrastructure UK

Following to UK's Private Finance Initiative (PFI) in 1997, a Treasury Task Force (TTF) was established. TTF had a policy formulation/guidance office and a projects' office with the main objective to initiate,

standardize, and train on PPPs. By 2000, the projects section was made into Partnerships UK. In 2010, the government reviewed PFI and introduced PF2. PF2 provided more support for PPP in local governments, increasing transparency, adding more scrutiny and testing value for money, and updating guidance relating to financing. Further, Infrastructure UK was introduced replacing Partnerships UK.

2.2.1 Organizational Structure

Unlike Partnerships BC, PUK was a joint-venture with 51 percent private sector and 49 percent public sector represented by HM Treasury. PUK worked closely with the Treasury supporting the different levels of government while maintain the business freedom as in the private sector. PUK operated on a fee-for-service basis, in addition to other funds that came from governments who paid PUK in return for providing assistance for their PPP projects (Farrugia et al. 2008). PUK's structure included more than 70 specialists in procurement, project management, law, finance, accounting and other fields (Farquharson 2009).

Following to the recession of 2008/2009 and the difficulty in obtaining funds, HM Treasury created the Infrastructure Finance Unit (TIFU) to lend PPP/PFI projects using similar terms to commercial lenders. In 2010, HM Treasury developed Infrastructure UK from the government three existing offices - TIFU, the program and project delivery team of Partnerships UK, and the Treasury PPP Policy Unit (Farquharson and Encinas 2010). Infrastructure UK is a unit within the Treasury and governed by the Infrastructure Advisory Council, which is made of fifteen government and private sector members.

2.2.2 Functions and Projects of Partnerships UK

PUK worked as a PPP policy support and project implementation technical support entity. This technical support for project review included value-for-money review, affordability review, project management, stakeholders' support and risk allocation. It also closely monitored any departures from the standard PPP contracts for all projects before signature. PUK had no decision-making power, its recommendations were enforced through the relevant approval bodies (Farrugia et al. 2008). PUK provided other services such as marketing and promotion of PPPs, policy formulation, and quality control (PPIAF 2007).

The new IUK had several functions mainly, coordinating planning and prioritization of investments in UK infrastructure, securing private sector investments, and achieving higher infrastructure value for money.

Following PFI and by March 2012, the number of PFI projects reached 717 projects (at $£54.7 billion) including various project types such as healthcare facilities, transportation, housing, and education. In the 2012/2013 financial year, a total of 15 projects were signed, and 22 projects were in procurement.

2.3 Partnerships Victoria, Australia

In Australia, Victoria has one of the largest PPP programs followed by New South Wales. Established in 2000, Partnerships Victoria (PV) is a unit of the Department of Treasury and Finance (DTF). DTF has established PPP guidelines, requirements, and framework to be followed by each new PPP project; an example is the Investment Lifecycle and High-Value High-Risk Prove and Procure Guidelines. Victoria PPP guidelines promote government objectives including maximizing the efficiency, social and economic returns from government expenditure, promoting growth and sustainability and ensuring value for money.

By 2008, Infrastructure Australia (IA) was established as the federal entity promoting for PPPs and setting PPP policies and guidelines. In consultation with the Council of Australian Governments (COAG), IA introduced the National PPP Policy and Guidelines which superseded all other guidelines that were in use by all other states. Both the national and PV guidelines principally focus on seeking value for money, innovation, market competition and good project governance. PPP projects in Victoria have to follow both the National PPP Guidelines and the specifics of Victoria's PPP guidelines.

2.3.1 Organizational Structure

Partnerships Victoria (PV) is an office representing one of the seven subgroups under the Infrastructure Advice and Delivery group, which is one of the eighteen groups under Victoria's Department of Finance

and Treasurer. PV has two teams, policy, and projects. OECD (2010) mentioned PV has 12 full-time employees including the Director of the group. The Government funds PV through its budget. It is worth mentioning that other government departments may have their own PPP experts.

2.3.2 Functions and Projects of PV

Two entities share responsibilities for PPPs in Victoria: 1) the Procuring Agencies of the relevant Portfolio Minister, and 2) the Department of Treasury and Finance and its PV office. In terms of functions, Procuring Agencies establish a procurement team and governance framework, develop a Public Sector Comparator and performance specifications, secure government approvals, manage key stakeholders, and deliver the project based on the National PPP Guidelines and the Victorian PPP requirements.

On the other side, DTF and its Partnerships Victoria arm are not responsible for the direct project delivery or procurement management; their roles are for review, advice, and quality assurance. DTF monitors project risks through the High Value High Risk Assurance Committee, sets as a member of the PPP Project Steering Committee, and is consulted on key appointments (e.g. for project directors, managers, and advisors). DTF/PV must do a review within the PV PPP framework, which include six gateways; review at gate 1 (Strategic Assessment) for preliminary business case, and review at gate 2 (full business case, procurement options analysis, preliminary public sector comparator, public interest test). Approvals for each of the framework gates are to be done by the government through the Portfolio Minister. It is fair to say that PV is more of a policy and oversight PPP unit rather than an implementation unit.

Based on the National PPP Guidelines, infrastructure projects over $50 million are required to be evaluated against a PPP procurement option. Options analysis follows the new National PPP Guidelines Procurement Options Analysis, Victorian guidelines. By February 2015, Partnerships Victoria website reported 24 projects contracted, worth around $12.4 billion in capital investment. These projects included Healthcare, education, correctional center, transportation and others.

3 PPP UNITS IN THE UNITED STATES

The number of jurisdictions authorizing the use of PPP reached 33 U.S. States, District of Columbia, and one US territory. However, the actual number may vary since some states allow its PPP authorization to expire without renewal. This research surveyed those states using state documentation, organizational structures, and online material. With content analysis, Table 1 shows a summary of the findings. A preliminary review shows that a suitable listing of the functions include the following: G - Guidance for policy formulation, and guidelines and best practice development, C - Coordination among the relevant departments and/or with upper authorities or stakeholders, P – Promotion, outreach and training, PM Procurement Management and technical support, and Q – Quality assurance/control.

As shown in Table 1, fourteen states have PPP offices that mainly do a combination of guidance, coordination, and promotion with partial or full capacity. Of those states, five do engage in procurement management in partial or full capacity; those include Colorado, Florida, Puerto Rico, Texas, and Virginia. The rest of the other 34 states has no dedicated P3 office, rely on the resources of the Department of Transportation, and would be supported by external consultants. A more detailed review is as follows.

3.1 California - Public Infrastructure Advisory Commission (PIAC)

California DOT (Caltrans) is one of the leading states for transportation PPPs since enacting Assembly Bill 680 in 1989, AB 521 and AB 1467 in 2006, and finally to Senate Bill Second Extraordinary Session 4 (SBX2 4) in 2009 which is set to expire by 2017. PPP is managed internally by the Caltrans through a PPP Program. The program has five members including members from the Office of Innovative Finance, and the Planning and Modals Office, along with a program manager, analyst, and attorney. The PPP program is supported by the Office of Innovative Finance, which mainly focuses on utilizing innovative public and private financing along with traditional financing. Caltrans PPP Program can be considered as a PPP Coordination office that implements PPP with the help of the finance and planning offices.

In 2009 and following the SBX2 4 Senate Bill, California created a dedicated PPP advisory office, the Public Infrastructure Advisory Commission (PIAC), under the Business, Transportation, and Housing state agency (BTH). In 2013, BTH was superseded by California State Transportation Agency. PIAC has 20 commissioners from diverse backgrounds; academia, industry, and government. The BTH agency funds PIAC. PIAC can only advise Caltrans and the regional transportation authorities (RTAs) on PPP issues. PIAC has several PPP roles and functions including promotion and training, technical support and screening, and policy guidance. However, since PIAC is an advisory group, it still has to build capacity and hire experts to do such functions as procurement management. As concluded by the California Legislative Analysis Office, PIAC has not yet published any best practices, outsources P3 reports, lacks members with state finance, procurement, and labor issues (CLAO 2012). The power to proceed with a PPP project is still with the relevant transportation agency. Also, SBX2 4 statute requires the California Transportation Commission to establish the evaluation criteria for each PPP project, a function that should have been delegated to PIAC! Finally, PIAC should have been created as an independent public agency for all infrastructure types in CA.

By 2013, California was among the top four states that have more than 10 PPP projects; it had 16 projects at a value of $9.5 billion. The PPP Program previously managed SR91 and SR125, and currently working on the Presidio Parkway and has seven projects in the pipeline. The Presidio Parkway was the first project to be reviewed and recommended by the new advisory commission PIAC.

3.2 Colorado – Office of Major Project Development (OMPD)

OMPD was established as an integrated effort between HPTE (Higher Performance Transportation Enterprise) and Colorado DOT. HPTE was created based on the Colorado PPP act in order to seek out opportunities for innovative and efficient means of financing and delivery of important infrastructure. OMPD/HPTE has certain roles including policy formulation and coordination, develop best practices, assessing the feasibility of projects, manage project development and provide technical assistance. By 2013, Colorado had 9 PPP projects worth $5.7 billion, and currently has multiple PPP project.

Table 1: PPP offices in the United States

State	Name of PPP Office	Location	Dedicated PPP Unit/Office
California	PPP Program/ Innovative Finance O. Public Infra. Advisory Commission	PPP Program in DOT PIAC in CA State Trans Agency	G, C, P
Colorado	Office of Major Project Development	Transportation (DOT)	**G, C, P, PM**
Florida	Office of Construction/Office of Project Finance	Transportation (DOT) Comptroller Office	**G, C, P, PM**
Georgia	P3 Program	Transportation (DOT)	G, C, P
Illinois	Office of Innov. Project Delivery	Transportation (DOT)	G, C, P
Massachusetts	PPP Oversight Commission	Transportation (DOT)	G, C, P
Minnesota	Joint Program Office (JPO)	Transportation (DOT)	G, C, P
Ohio	Division of Innov. Delivery	Transportation (DOT)	G, C, P
Oregon	Office of Innovative Partnerships	Transportation (DOT)	G, C, P
Pennsylvania	Office of Policy & PPP	Transportation (DOT)	G, C, P
Puerto Rico	The PPP Authority (P3A)	Commonwealth of P R	**G, C, P, PM**
Texas	Strategic Projects Division	Transportation (DOT)	**G, C, P, PM**
Virginia	Office of Transportation PPP	Transportation (DOT)	**G, C, P, PM**
Washington	Transportation Partnerships Office	Transportation (DOT)	G, C

3.3 Florida – Office of Construction and Project Finance Office

Florida is one of the major states in using PPPs in transportation. PPP is one of the alternative contracting systems administered jointly by the Office of Construction and the Project Finance Office of the State DOT. The Office of Construction had a number of template documents for PPPs such as RFP. The Project Finance Office is one of the four offices under the Office of Comptroller of the State DOT; it

provides support, coordination, and oversight in the PPP areas of build-finance, DBF, and DBFOM. It is fair to say that there is no dedicated PPP unit. The availability of a dedicated Project Finance Office has contributed to the advances and implementation of PPPs.

As of 2013, Florida had 17 projects worth of $6 billion, and there are other 7 projects under construction as of early 2015; of these projects is the I-4 Ultimate Improvements in Orange & Seminole Counties (a $2.3 billion DBFOM road project), and the Palmetto Section 5 – SR 826/836 Interchange (a $566 million DBF project). It is worth noting that Florida was one of the few states that started the use of availability payment in three of its PPPs, the Port of Miami Tunnel (DBFOM), the I-454 Improvements (DBFOM), and the I-4 Ultimate Improvements (DBFOM). This signifies that the experience in Florida has advanced to start using other forms of contractor's compensation, a one that is mainly based on performance.

Florida has gone beyond transportation by enacting a new legislation, House Bill in 2013, which opened the door to local governments, counties and cities to use PPPs in social infrastructures and any facilities used for public purposes. A requirement of the Act was to establish a task force that would recommend a uniform process for establishing PPP. This effort was the first cited in the United States and a great step for streamlining PPP as a delivery system for public facilities and infrastructure. However, it lacked introducing a government unit(s) that would consolidate the experience in PPPs.

3.4 Georgia - PPP Program,

In 2009, the state of Georgia passed a renewed P3 legislation to create a P3 program team. This team is located within the Georgia Department of Transportation and is supported by external advisors. It is responsible for developing a policy framework and guidelines to promote P3s as well as identifying potential P3 projects. The office can be considered as a PPP Guidance, Coordination, and Promotion office. PPP procurement management and technical assistance will still be done by the DOT internal resources, e.g. planning, finance, construction, and procurement offices. The team has also started the procurement process for several transportation projects such as I-285 & SR 400 improvements, Northwest Corridor, and Multimodal passenger terminal. Georgia's P3 framework can accelerate project delivery and encourage life cycle cost efficiencies. However, it solely focuses on transportation projects.

3.5 Illinois – Office of Innovative Project Delivery (OIPD)

Illinois has the OIPD as the small office leading the effort into PPPs. The office objective is to assist in determining the best project delivery method, research, develop policy, develop legislation as needed, deliver, and oversee the procurement of PPP projects. The office can be considered as a *PPP Guidance, Coordination, and Promotion office*. PPP procurement management and technical assistance will still be done by the DOT internal resources, e.g. planning, finance, construction, and procurement offices. By 2013, Illinois DOT is known for the 2005 Chicago Skyway (99-year long term lease, $1.83 billion) and investigating other PPPs, e.g. the Iliana Corridor project and the South Suburban Airport.

3.6 Massachusetts – Public-Private Partnership Oversight Commission

Following to the Transportation Reform in 2009, the MA legislature created the PPP Oversight Commission. The Commission has a panel of six executives and seven members appointed by the Governor, Senate President and House Speaker, and State Treasurer. The mission was to facilitate the formation of transportation PPPs, to develop, facilitate and promote the use of innovative financing, design-build, and other PPP tools, and to encourage the acceptance of the use of PPPs. The Commission can be considered a PPP promotion and quality assurance unit supported by the DOT resources. MA DOT in 2000 delivered a one DBF project at $385 million; it is the Rout 3 North.

3.7 Minnesota – Joint Program Office (JPO) for Economic Development and Alt. Finance

Following the passage of the 2013 Omnibus Transportation Finance Law (HF 1444), a new office, JPO, was added to MnDOT. The JPO office can be considered as a *PPP Guidance, Coordination, and Promotion office*. PPP procurement management and technical assistance will still be done by the DOT internal resources, e.g. planning, finance, construction, and procurement offices. While the office has yet

to identify projects, by 2013 MnDOT had 5 DB projects at a total cost of $1.2 billion, including Hiawatha Light Rail, TH 212, St Anthony Falls Bridge, US 52 reconstruction, and I-494 reconstruction.

3.8 Ohio – Division of Innovative Delivery

Following the passage of HB 114, Ohio DOT created the Division of Innovative Delivery to manage its PPP projects. The office has five members. The Division office can be considered as a *PPP Guidance, Coordination, and Promotion office*. PPP procurement management and technical assistance will still be done by the DOT internal resources, e.g. planning, finance, construction, and procurement offices. By 2013, there were 2 DB projects at a total cost of $487 million, the I-90 Innerbelt Bridge, and the I7/670 Interchange. The office is currently working on the Brent Spence Bridge (DBFOM).

3.9 Oregon – Office of Innovative Partnerships and Alternative Funding (OIPAF)

In 2003, Oregon Legislative Assembly passed Senate Bill 772 to establish the Innovative Partnerships Program (OIPP) within the Oregon Department of Transportation. OIPAF was created as a PPP implementation unit supported by the internal DOT resources, e.g. planning, finance, construction, and procurement offices in order to run the OIPP and evaluate the PPP proposals. Due to limited capacity, ODOT has contracted consultants to assist in procurement, evaluation of proposals, negotiation of agreements, and management of public-private initiatives. The Oregon Transportation Commission has the ultimate authority to approve the projects that go forward and the terms of each agreement.

3.10 Pennsylvania – PennDOT Public-Private Partnerships Office

Pennsylvania is a new to the PPP market with its PPP Act 88 of 2012 which created the PennDot P3 office. The office has an executive board of six members from public and private officials. The office is gearing up as a *PPP Guidance, Coordination, and Promotion office*. PPP procurement management and technical assistance will still be done by the DOT internal resources. It has a new PPP project, the Rapid Bridge Replacement project (replacement of more than 4000 structurally deficient bridges).

3.11 Puerto Rico - The PPP Authority (P3A)

Following to the Public-Private Partnership Act of 2009, the Public-Private Partnerships Authority (P3A) was established as a centralized dedicated PPP unit for managing PPPs in public infrastructure, schools, rail, social infrastructure, airport, roads, and water. The P3A Authority is responsible for promoting PPP policy and has developed regulations/procedures for PPPs. The P3A Authority is involved in all aspects of PPP including identifying projects, requesting proposals, selecting the proponent, negotiating the contract and monitoring contract compliance. It is fair to say that the P3A carries all functions of a PPP unit in policy guidance, promotion, and procurement management. The P3A has developed a list of candidate/priority PPP projects in schools, rails, roads, social infrastructure, airport, and water facilities. By 2013, there were two projects with total value of $3.7 billion, the PR Highways (long-term lease, $1.44 billion) and the Tren Urbano Rail (DB, $2.25 billion).

3.12 Texas – Strategic Projects Division

Texas is one of the top four states using PPP; as of 2013, it had 13 projects at a value of $12.9 billion. Some of the projects developed include: LBJ Managed Lanes (DBFOM, $2.6 billion), North Tarrant Express (DBFOM, $2.04 billion), SH130 Segment 5-6 (DBFOM, $1.36 billion), Grand Parkway (DBFOM, $1.04 billion), and North Tarrant 3A/3B (DBFOM, $1.4 billion).

Texas DOT established the Strategic Projects Division to oversee procurement policies, right-of-way acquisition and to support activities for public-private partnership agreements known as Comprehensive Development Agreements (CDAs). It is fair to say that the Division is a PPP Guidance, Coordination, Promotion, and technical assistance (procurement management) office. PPP procurement management will still be done by the DOT internal resources, e.g. planning, finance, construction, and procurement.

Moving beyond transportation, in 2011 Texas enacted the Public and Private Facilities and Infrastructure Act (S.B. 1048) which provided for using PPP in nearly all public facilities (e.g. transit, power generation,

water/waste water facility, or other similar facility needed for public use). This will be managed by the Texas Facilities Commission, which is the real estate representative of the State of Texas in the purchase of buildings, grounds and property. However, still no dedicated PPP unit.

3.13 Virginia - Office of Transportation PPP (Virginia P3)

In 2010, Virginia Office of Transportation Public-Private Partnerships (Virginia P3) was created following a review of Virginia's Public-Private Transportation Act (PPTA) of 1995. Virginia P3 is a dedicated public PPP unit, responsible for developing and implementing a statewide program for transportation PPPs. Virginia P3 is located within the Virginia Department of Transportation (VDOT) and reports to and works with the Secretary of Transportation. Virginia P3 has ten members and augmented by consultants in two groups: business management services and financial services. The Secretary of Transportation funds it.

Virginia P3 works through the PPTA Implementation Manual and Guidelines. At the program level, it is responsible for overseeing the P3 program including outreach and stakeholders coordination. At the project level, Virginia P3 works collaboratively with other state transportation and aviation agencies using a four-stage PPP project, namely project identification, screening, development, and procurement. For example, during project screening, Virginia P3 conduct detailed screening and makes recommendation to the procuring agency to make a final decision; if approved, they both submit a recommendation to the PPTA Steering Committee to make a final recommendation on whether a project should advance or not. During project development, it works with Agency in assessing a procurement strategy, conducting initial value-for-money analysis, and developing procurement documents. Along with working with the procuring agency administrators, Virginia P3 works with the PPTA Steering Committee and the Oversight Boards. With the support of Virginia P3 on the issues/terms of PPPs, the agency administrators have several decision points during the process as they represent the final authority for a project.

By 2013, Virginia is another one of the top four states that have more than 10 PPP projects; it had 12 projects at a value of $11.6 billion. A number of recent projects include 595 Express Lanes ($1.9 billion), 95 Express Lanes ($925 million), and the Midtown Tunnel ($2.1 billion). Virginia P3 is a successful step toward streamlining PPPs in Virginia; it does the common functions of PPP units while the responsibility for the PPP projects is still with the procuring agencies. The unit is for the transportation infrastructure; the state has yet to investigate if it would have other units for the different types of infrastructure.

3.14 Washington State – Transportation Partnerships Office (TPO)

WSDOT has an authority to engage in agreement of PPPs. The agency's office to do that is the TPO. In addition to WSDOT, however, the 2005 PPP law authorized a process called Transportation Innovative Partnership (TIP) program to evaluate the potential transportation PPPs but restricted the use of private finance. The Washington State Transportation Commission (WSTC) has an oversight role over the TIP program and a final approval authority of such PPPs. WSTC provided WSDOT's TPO to carry out the TIP program's functions and responsibilities. In summary, TPO has activities that include consultation and advisory services, analysis and assessment, project development, and liaison and representation. TPO, however, has a limited budget (less than $350,000/yr) that funds the office's three members and all other activities. Since the 2005 law, there were no significant transportation PPPs reported by the state. It is fair to say that TPO is a *PPP Guidance and Coordination office* supported by internal WSDOT resources.

4 CONCLUSION AND RECOMMENDATION

PPP units are becoming an important vehicle to implement PPPs. A unit can have one or more functions including, policy formulation and guidance, procurement management and technical support, promotion and capacity building (including training), and quality assurance/control against PPP statutes/regulations.

PPP units can be established as a centralized unit under a finance or treasury department where it can work with all other government departments. It can be an independent public agency that report to a treasure or a higher level council. With these two locations, the unit can work at a full or partial scale performing all the functions including procurement management. At the minimum, a PPP unit can be just an office under a department of transportation or another relevant department. In this case, the unit/office

would have limited functionality and a necessity to rely on internal resources (another government office such as construction, finance, and procurement) for PPP procurement management.

Among the international units reviewed in this research, Partnerships BC stands as an excellent example of a unit that performs most the functions of a PPP unit, particularly procurement management and technical support. Its location as an independent agency gives PBC flexibility in managing its own portfolio without being under political pressures, while still being a public agency owned by the BC Treasurer, and can be self-sustained without a government budget line. In UK, the several years of experience under PFI/ PF2, guidance documents, and hundreds of PPP projects, sufficient PPP knowledge base has been established at the different levels of government. This has provided for Partnerships UK to be another good example of a PPP unit, however, with mixed private and public ownership. Infrastructure UK came to merge the roles of Partnerships UK, and other finance and policy units. With the maturity of PPP in UK, it is expected that Infrastructure UK will emphasize more on the roles of policy formulation, quality assurance, and technical assistance rather than procurement management. Partnerships Victoria was another good example of a unit that has roles in policy guidance and review/quality assurance while leaving procurement management to the procuring agencies.

The survey of PPP units/offices in the United States revealed that most of the PPP-enabled states rely on the internal resources of the departments of transportation. Fourteen states have PPP offices/units. All of such PPP offices provides, partial or full, policy guidance, coordination, and promotion roles, and only five of them have real PPP procurement management and technical support roles.

It is no surprise that the best states using PPPs are those that also have PPP units that do partial/full procurement management along with the regular guidance, coordination, and promotion duties. These states include Florida, California, Texas, Virginia, and Colorado. California and Florida had dedicated offices for innovative project financing, and this should have added significant capacity in financing to pursue more PPP than other states.

It is also found that nearly all the PPP-enabled states have their PPP offices in the Department of Transportation and that they do not have the authority to approve projects that are given to the upper administration. A significant finding was that Florida, Puerto Rico, and Texas are expanding their PPP implementation (new acts made) beyond transportation to include schools, hospitals, water facilities, and other facilities and public projects. This also signifies that the more a state becomes familiar with PPPs, the more it is likely to expand it beyond transportation facilities.

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