

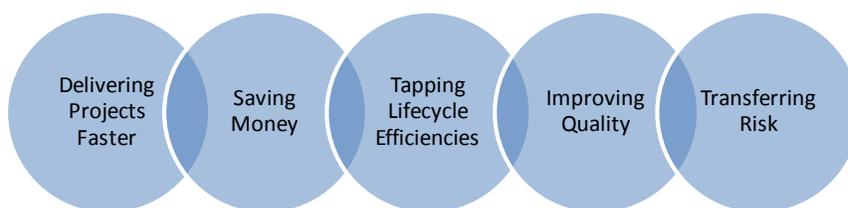
Overview

- To date, the Nebraska Department of Roads (NDOR) has delivered projects using conventional design-bid-build (DBB) approaches. This means that projects progress sequentially through the contracting process, with a design contract followed by separate construction contract(s). NDOR retains control and the majority of the risk under this approach.
- Throughout the country, state DOTs have been experimenting with alternative delivery approaches, including public-private partnerships (P3s).
- Public-private partnerships (P3s) represent a range of alternative approaches to deliver and/or manage infrastructure assets and services that incorporate greater private sector involvement in *many different ways*, including for example:
 - **Maintenance activities** – e.g., outsourced maintenance programs
 - **System operations** – such as private operation of rest stops, toll facility operations, etc.
 - **Infrastructure development** – e.g., private sector responsibility for integrated design and construction of new transportation facilities, with potential financing
 - **Shared resource and joint development opportunities** – such as right of way (ROW) leases for telecommunications, developer funding of interchange investments, etc.

Public-Private Partnerships for Infrastructure Development

The remainder of this fact sheet focuses on P3s in the context of new infrastructure development, i.e., building new or improving existing roads, bridges, and other transportation infrastructure.

- The primary impetus for P3 arrangements generally include some combination of the following elements:

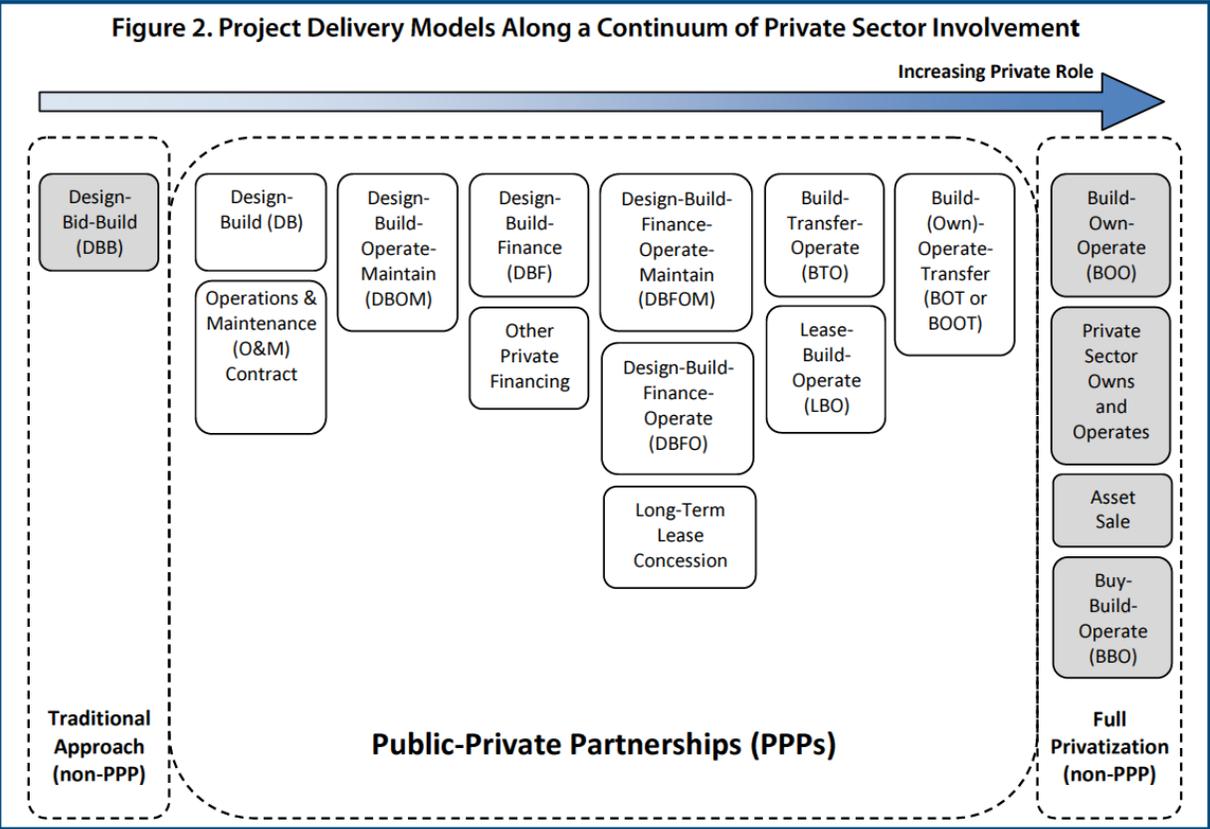


- Definitions vary but common components of P3 arrangements include:
 - Increased private sector role in asset development and/or service delivery
 - New means for sharing and allocating responsibility and risk and corresponding sharing of reward
 - Continued ultimate public sector responsibility and ownership
 - In some but not all instances, private sector role in financing

- 33 states, Puerto Rico, and the District of Columbia have enacted specific P3 authority for infrastructure development. Others have some capabilities without explicit legislative authority.
- P3s can be a valuable *niche* option to enhance infrastructure investment but generally are not designed to replace core funding. Revenues must still be identified from conventional (e.g., fuel taxes, registration fees, etc.) and alternative (e.g., user fees) sources.

P3 Models – A Continuum of Options

- The following chart presents a continuum of alternative delivery options. At left is conventional design-bid-build delivery and at right full privatization. Everything in the middle represents some form of P3 approaches for infrastructure development.



Source: National Conference of State Legislators P3 Toolkit

- P3s do not necessarily entail private involvement in financing but when they do there are a number of “innovative finance” mechanisms that can be tapped, as appropriate. These include but are not limited to:
 - Public-Private Finance Mechanisms – such as availability payments, shadow tolling
 - Value Capture Arrangements – e.g., tax increment financing (TIF), special assessments
 - Federal-Aid Fund Management Tools – such as Advance Construction and alternative Federal-aid matching strategies (e.g., soft match, toll credits, third-party donations, etc.)
 - Federal Financing Tools – e.g., grant anticipation borrowing (GARVEEs), private activity bonds (PABs), direct federal credit assistance (via TIFIA program)