Public Private Partnerships

2012 Digital Government Summit

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Outline

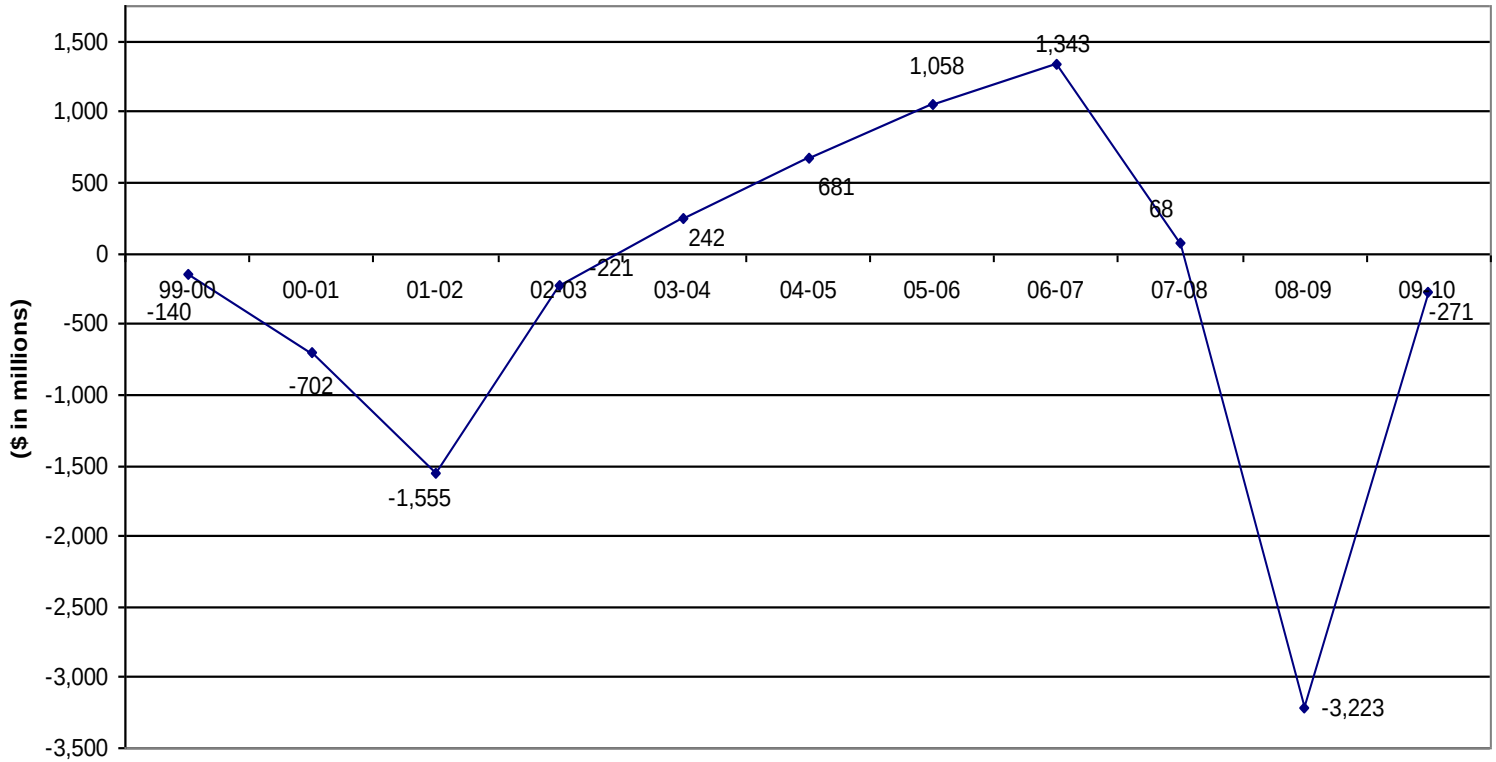
- What are Public Private Partnerships (PPP)?
- Why PPPs?
- Statutory basis
- Case Study
- Critical success factors

What are PPPs?

- Contract between a public agency and a private sector entity to complete a project
- Both public and private share the effort in completing the project
- Both public and private directly shares the risks and rewards of completing the project
  - Often the private is not paid if benefits are not realized even if the project is completed
  - Outcome rather than output focused
  - Often require long time frames

Why PPPs?

General Fund Actual Revenue Collected versus Budgeted Revenue: FY 1999-00 to FY 2009-10



Why PPPs?

Advantages

- Vendor and the public agency have the same goal
- Start without a big budget

Disadvantages

- Requires more engagement
- Requires more vendor/contract management skills
- Its “different” – legal, process, financial issues

Requirement: Objective Monetized Benefits

Statutory Basis for State Agencies

- GS 143-135.9. Best Value Procurement
- “Government-Vendor partnership – A mutually beneficial contractual relationship between State government and a contractor, wherein the two share risk and reward, and value is added to the procurement of needed goods or services.”
- For acquisitions that are highly complex or where the optimal solution is not known Government – Vendor partnerships are authorized and encouraged.
- Requires ITS purchasing or DOA PNC review

Case Study

TIMS – Tax Information Management System

NC Department of Revenue

TIMS Original Forecast vs Current Projections

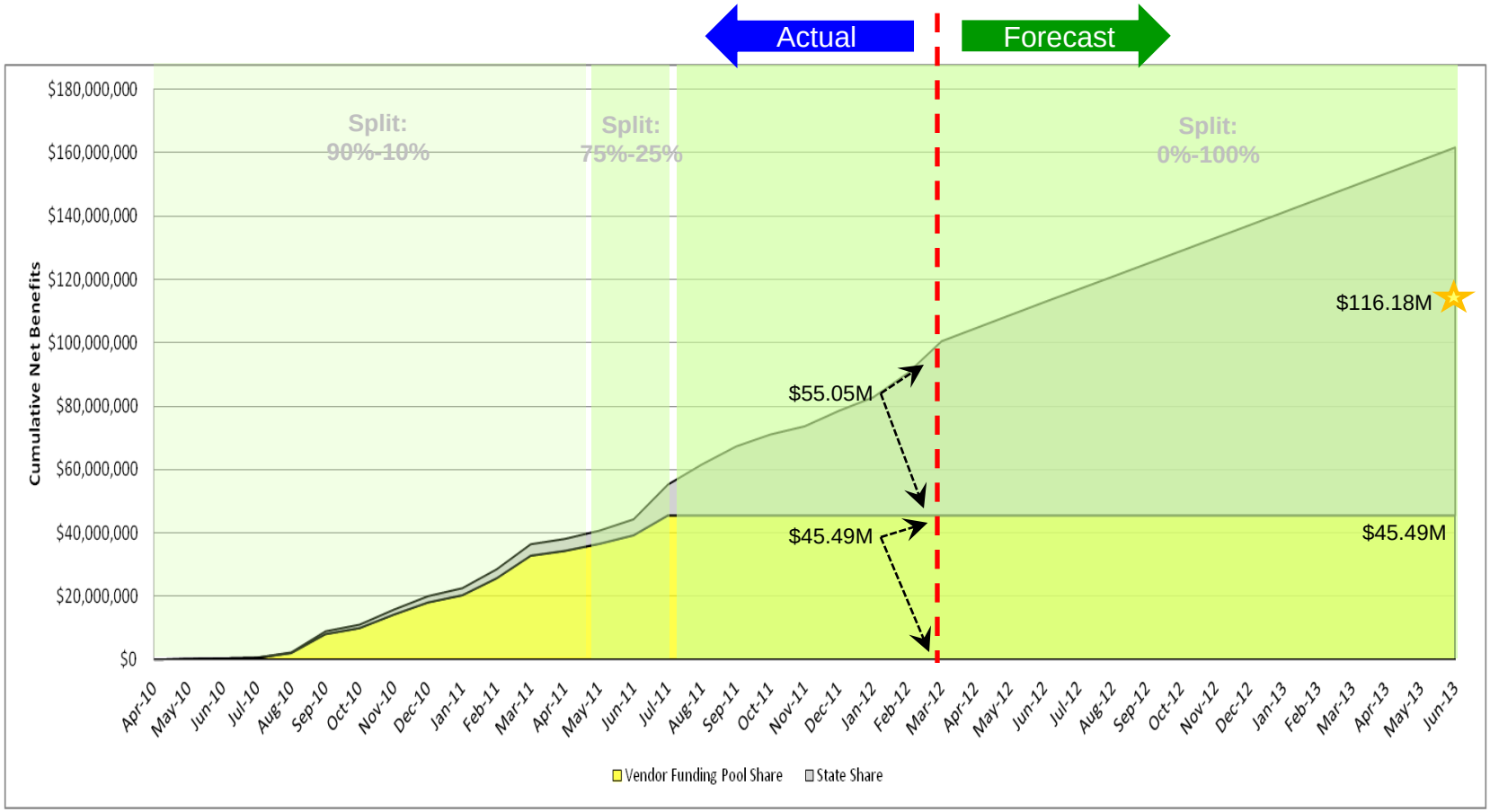
Annual Peak Benefit by Initiative

	Original Forecast		Current (Low) Projections	Change vs Last Quarter
	Annual Peak $		Annual Peak $	
	Low	High		
1. Individual Non-Filer Program Expansion (IRMF)	$3.5M	$22.0M	$12.0M	↑
2. RAR Case Automation	$0.3M	$3.0M	$0.3M	↔
3. Refund Review & Fraud Prevention	$1.0M	$8.0M	$2.6M	↔
4. Desk Audit Selection – New and Existing	$1.6M	$11.4M	$1.6M	↔
5. Automated Attachment	$4.0M	$4.0M	$36 M	↔
6. Collections Case Management	$11.0M	$11.0M	$11.0M	↔
7. Write-off Reversal Automation	$3.2M	$4.0M	$3M	↔
8. Returned Mail Automation	$1.0M	$1.9M	$3.6M	↔
9. Vendor Attachment	$2.4M	$3.0M	$2.4M	↔
10. Corporate Delinquency	$1.0M	$2.0M	$1.0M	↔
TOTAL	$29.0M	$70.3M	$73.5M	↑

TIMS - Net Benefits Split

Period Ending March 2012

(excluding appropriations)



June 2013: State Share forecasted to reach $116.18M.

Split: Vendor Fund % / State Fund %

Critical Success Factors

- Statutory and political environment
- Public project, finance, and vendor management team
- **Detailed** business plan
- **Guaranteed** revenue stream
- Governance and stakeholder **support**