

# Public-Private Partnerships: Clients Tell their Stories



*MOVING WATER FORWARD*

# Public-Private Partnerships: Clients Tell their Stories

- Panelists: **Brooke Anderson**, P.E., General Manager, Etowah, GA, Water and Sewer Authority  
**Darren Gordon**, General Manager, Lewes, DE, Board of Public Works  
**David Jurgens**, Director, Fayetteville, AR, Utilities Department
- Moderator: **Richard B. Norment**, Executive Director, National Council for Public-Private Partnerships

# 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.ncpppp.org](http://www.ncpppp.org)

# Seven Keys to Successful PPPs

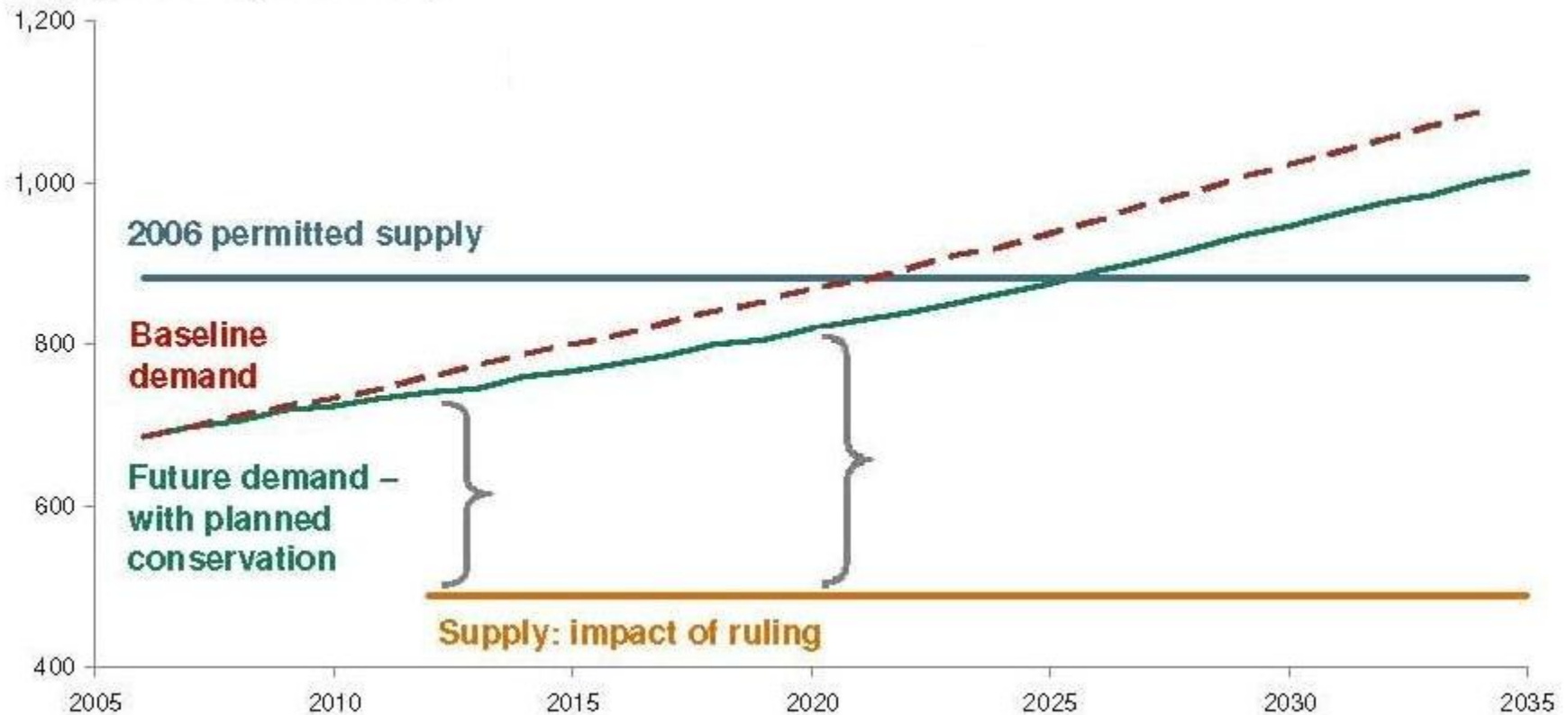
- Public Sector Champion
- Statutory Environment
- Organized Structure
- Detailed Business Plan
- Guaranteed Revenue Stream
- Stakeholder Support
- Pick Your Partner Carefully

# Public/Private Partnership Team

- Etowah Water & Sewer Authority
  - Established by General Assembly in 1980
  - Serves 5,200 customers in impacted area
- American Water
  - Largest publicly-traded U.S. water and wastewater utility company
  - Serves more than 16 million people in 35 states
  - Successful partnerships with Seattle, Buffalo, Phoenix, Tampa
- Private Equity – Local investors have committed initial stage funding for the project.
- American Water will:
  - Oversee and manage permitting/design/construction using local engineering and construction resources through transparent process
  - Lead effort to secure long-term “take or pay” water purchase contracts
  - Use its knowledge and expertise to help secure project financing for construction
- Local engineering and contractor support

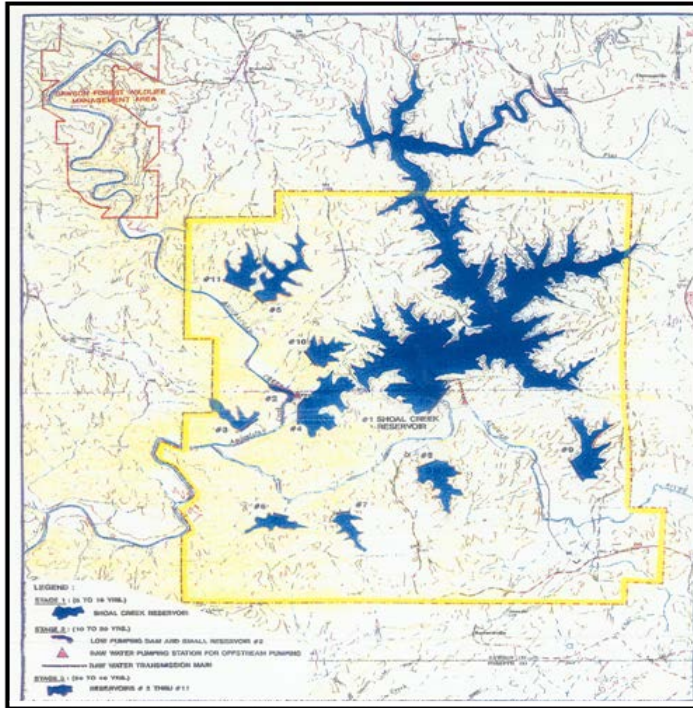
# Projected Supply Deficits in the Region

Supply/Demand (AAD - MGD)



SOURCE: Governor's Water Contingency Planning Task Force Findings and Recommendations Report, December 21, 2009

# Shoal Creek Reservoir : Project Overview



SOURCE: 1991 HS/BEJ Report and 2009 analysis

Reservoir Location	Shoal Creek – 0.2 to 0.4 miles upstream of confluence with Etowah River
Reservoir Surface Area	1,187 acres – 1,221 acres
Reservoir Volume	14.7 BG - 20.6 BG
Structure Type	Gravity, roller compacted concrete
Ht. of Dam	160 ft
Water Sources	Shoal Creek – on stream impoundment Etowah River – off stream pumping Amicalola River – offstream pumping
Off-stream Pump Station Capacity	30 MGD - 220 MGD
Potential Yield	Up to 90 MGD on continuous basis
Water Treatment Capacity	Up to 100 MGD
Finished Water Transmission	37 miles of 42-inch to 72-inch
Schedule	8 to 12 years
Project Cost	Approximately \$650 million

Disclaimer: Estimates based upon information at this time.



# Benefits of the Shoal Creek Project

- Largest individual project identified to offset loss from Lake Lanier and/or meet future supply deficits
- Competitive cost of water compared with rates in the region
- Built with NO tax dollars
- NO additional debt burden for the City or State
- 8000 acres of open space preserved via conservation easement



# Lewes, Delaware

- Operations and maintenance contract
- Private partner is Severn Trent Services (2006)
- Population served 3,000
- Howard H. Seymour Water Reclamation Plant
  - 1.50 MGD design/permitted flow
  - 0.54 MGD average daily flow
  - Tertiary level treatment



# 5-year 100 percent compliance earns rare award for Lewes, DE plant

- Seymour plant upgraded (2005-2008) to correct elevated discharge levels and to address increased loadings experienced during tourist season
- In August 2012, The Lewes Board of Public Works earned the Delaware Department of Natural Resources and Environmental Control's (DNREC) Clean Water Partnership Award
  - For five consecutive years, reported no non-compliances in monthly discharge monitoring reports required under NPDES permit

***“The board has contracted with Severn Trent for many years. We feel that our contract is treated more like a partnership than an owner/vendor relationship. With the partnership approach, we have held O&M costs in check while producing excellent effluent – a combination that is largely responsible for our receiving the Clean Water Partnership Award.”***

# Fayetteville, Arkansas

## A Long Public Private Partnership Success Story Discussion Sequence

- Fayetteville Utility Overview
- History of our Partnership
- Examples of Evolving Success

# Fayetteville Utility Overview

- 95,000 Water, 79,000 Sewer Population
- Home of the University of Arkansas
- Serve Five Cities Plus the University
- Two WWTPs: 11.2 and 10 mgd
- Very Strict Permit Limits- 5-5-1.5-1
- 543 Miles of Main Line Pipe
- 38 Lift Stations
- 34,757 Sewer Connections
- Originally Built in 1907



# History of Our Partnership

- Created in 1988
- Born in Response to Adversity
  - Incredibly (at the time) strict permit (5-5-2-1)
  - Early biological nutrient removal (BNR) WWTF
  - City history of NPDES compliance failure
  - Strict EPA overwatch
  - US Supreme Court lawsuit with Oklahoma
- Competitive RFP Selection Process
  - 1988, 1994, 2009

# Evolving Success

- Early in Contract, Accomplished Mission
- With Time, Solved Larger Problems



- Routine Operations and Emergency Response
- Integrated into City Staff Team, No We-They



# Evolving Success

- Proposing Innovative Solutions
  - Biosolids immediate solution, 2004
  - Proposed generators, \$50,000 monthly savings, 2005+
  - Innovative biosolids drying, 2011
  - Sustainability efforts
- Understand, Embrace, and Further City's Vision





# Questions

**What led you to the decision to explore the idea of a PPP?**

1. Financial limitations, both short-term and long-term
2. Need for improved performance/sustainability
3. Need for expanded technical resources/declining internal resources
4. Prioritizing of the government functions
5. An unsolicited proposal

# Questions

**What resistance did you encounter and how was it dealt with?**

1. Administrative officials
2. Elected officials
3. Special interest groups
4. General public

# Questions

**What steps were the most important before an RFP was issued?**

1. VfM analysis (life-cycle costs, risk allocations, etc.) to have a comparison with the bidder's numbers
2. Stakeholder communications
3. Retain an outside consultant

# Questions

**What was the basis of your decision of a particular partner?**

1. Best value
2. Philosophy of the partner
3. Innovative options
4. References re. past performance

# Questions

**How was an adequate level of public sector control assured?**

1. Monitoring of the performance specifications in the contract
2. Threat of penalties
3. Developing a collaborative attitude