

Public-Private Partnership in infrastructure: an alternative to federal funding

Efforts made this year to move forward with a federal infrastructure bill have stalled. Now, with the state budget strained and federal dollars unlikely, the legislature, counties, and municipalities will likely need to look at alternative methods to deliver [needed infrastructure enhancements](#) and repairs without additional tax funding. A public-private partnership (P3) in infrastructure development provides a viable alternative. Using a P3 structure, a state will turn over one of its essential services, such as highway construction, to a private developer.

When people think of P3s, they generally imagine large-scale infrastructure projects. However, bundling smaller projects has shown promise that allows benefits to flow to smaller projects or rural communities. For example, Pennsylvania awarded a multi-year contract for a developer to finance, design, construct, and maintain 558 bridges that otherwise would have had to wait until the budget constraints allowed for repair. P3s have also been used on other public works projects such as wastewater treatment centers, schools and hospitals.

In 2017, the Oklahoma Public and Private Facilities and Infrastructure Act was enacted, authorizing a governmental entity to enter into P3s. While the act appears to be more focused on utilizing the P3 scheme for non-highway infrastructure projects – it exempts the Oklahoma Department of Transportation and the Oklahoma Turnpike Authority – it does allow for ODOT and the OTA to utilize its general scheme

for awarding road infrastructure projects. Most importantly, it provides a ready framework for identification and implementation by examining, among other factors, the project's ability to improve public operational efficiencies, promote public safety or attract private investment in the state and minimize governmental liabilities.

However, [P3s aren't a panacea](#). One of the oft-cited concerns of using a public-private partnership in infrastructure is turning over an essential government service to a private corporation that isn't subject to the same oversight and accountability standards as a public agency. This concern is addressed in the contractual documents surrounding the P3 project, with the government generally having significant oversight rights. The agency that would generally be responsible and the partnership committee established under the act will need to engage in significant analysis prior to deciding on a P3, and both the parties have to be able to work together in the spirit of the project with awareness as to its respective rights and responsibilities.

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