



Leveraging the  
**[PRIVATE SECTOR]**  
for the  
**[PUBLIC GOOD]**

**PPEA**

A decorative horizontal bar with a metallic texture, featuring three circular icons: a red one with a white diagonal line, a blue one with a white circle, and a red one with a white circle.

## [ What is the PPEA? ]



Under the **P**ublic-**P**riate **E**ducation Facilities and Infrastructure **A**ct of 2002 (**PPEA**), Virginia's counties, cities and other public bodies can now partner with the private sector to design, construct, finance and operate almost any public facility.

Under the PPEA, the private sector can identify the need for a new public building or infrastructure and offer an unsolicited proposal to the public body for its construction or improvement. Alternatively, the public body may identify a need and solicit private proposals under the PPEA to meet the need. The Act provides enough flexibility to enable the private sector to design financial packages that will make projects viable, such as user fees or service payments necessary to create the revenue streams to fund a qualifying project.

### **Qualifying projects under the PPEA include:**

- education facilities (school buildings, stadiums, facilities operated by public school system, higher education facilities, etc.);
- buildings or facilities for principal use by any public body (fire station, police station, library, etc.);
- facilities and equipment necessary to enhance public safety and the security of buildings principally used by a public entity;
- utility and communications infrastructure; or
- recreational facilities.

## [ How does the PPEA benefit the public entity? ]

With innovation, efficiency and unique financing opportunities available to the private sector, a public body can now partner with the private sector to construct a much-needed facility more quickly and at a potentially lower cost.



• **Innovative Financing** - The private sector partner may offer financing alternatives that are not otherwise available to the public entity. The financing alternatives may involve user fees, service fees, fees and payments from third-parties, lease payments and other financing structures not used typically by public entities. For a city or town, financings may be arranged that would not affect its legal debt capacity. For a county, financings may be arranged that would not require a costly and time-consuming public referendum.

• **Fewer Costs** - The PPEA relieves the public body from expending time and money for designing and planning a new facility. Under the PPEA, the private sector develops the plans and bears the costs of designing a new public facility and then pays the public body to review and consider its proposal. When the public body and the private sector enter into a contract or "comprehensive agreement," the private entity is responsible and accountable for the entire project and its related costs. The public body also is relieved of the burden of hiring and managing multiple contractors for the project.



- **Faster Results** - With the help of the private sector, public bodies can now achieve their long-term construction goals on an expedited basis. The delays, expenses and uncertainty associated with the traditional procurement process and public capital financing - including the public referenda of most counties and some cities - are effectively eliminated. The design build process brings projects to completion faster and projects that relied upon traditional or “pay as you go” financing can now be completed to meet the needs of today and the future.
- **Minimize Risk** - Partnerships with the private sector often allow the public sector to shift risks associated with project financing and cost-overruns. Contracts or the “comprehensive agreement” can include provisions that shield the public body from costs overruns and any unexpected future costs associated with the construction and maintenance of the facility.

## [ **How can a public entity participate in the PPEA?** ]



A public body can accept PPEA proposals once it establishes procedures for receiving, reviewing and evaluating any proposal submitted by the private sector under the PPEA. The Commonwealth of Virginia has developed model procedures that serve as a “template” for interested public bodies.

## [ **What is the typical PPEA process?** ]



Model procedures established under the PPEA suggest the following timeline:

- Preliminary proposal is submitted by a private entity or solicited by a public body.
- Public body accepts proposal and issues public notice allowing other firms to submit competing preliminary proposals.
- Proposals are reviewed by the public body, which determines whether any proposals will progress to the detailed proposal phase.
- Firm(s) is given a period of time to submit a detailed proposal for the project.
- Competitive negotiations begin with firm(s) to determine winning proposal.
- Public body's governing body selects winning firm to negotiate comprehensive agreement.
- Public body's governing body approves comprehensive agreement.

No obligation on the part of the public body is made until the comprehensive agreement is negotiated and approved by the public body.



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