



# Innovative Service Delivery Through Public-Private Collaboration

City of Ashland, OR | November 1, 2021

**Jacobs**

Challenging today.  
Reinventing tomorrow.



## Workshop overview

- Definition of public-private partnerships (PPP)
- Reasons for considering a PPP
- Types of partnerships
- Benefits you can expect
- Questions



# Defining PPPs

# What is a PPP?

A public-private partnership is a **contractual agreement** between a **public agency** and a **private-sector entity**. Through this agreement, the **skills and assets** of each sector **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.ncppp.org](http://www.ncppp.org)*

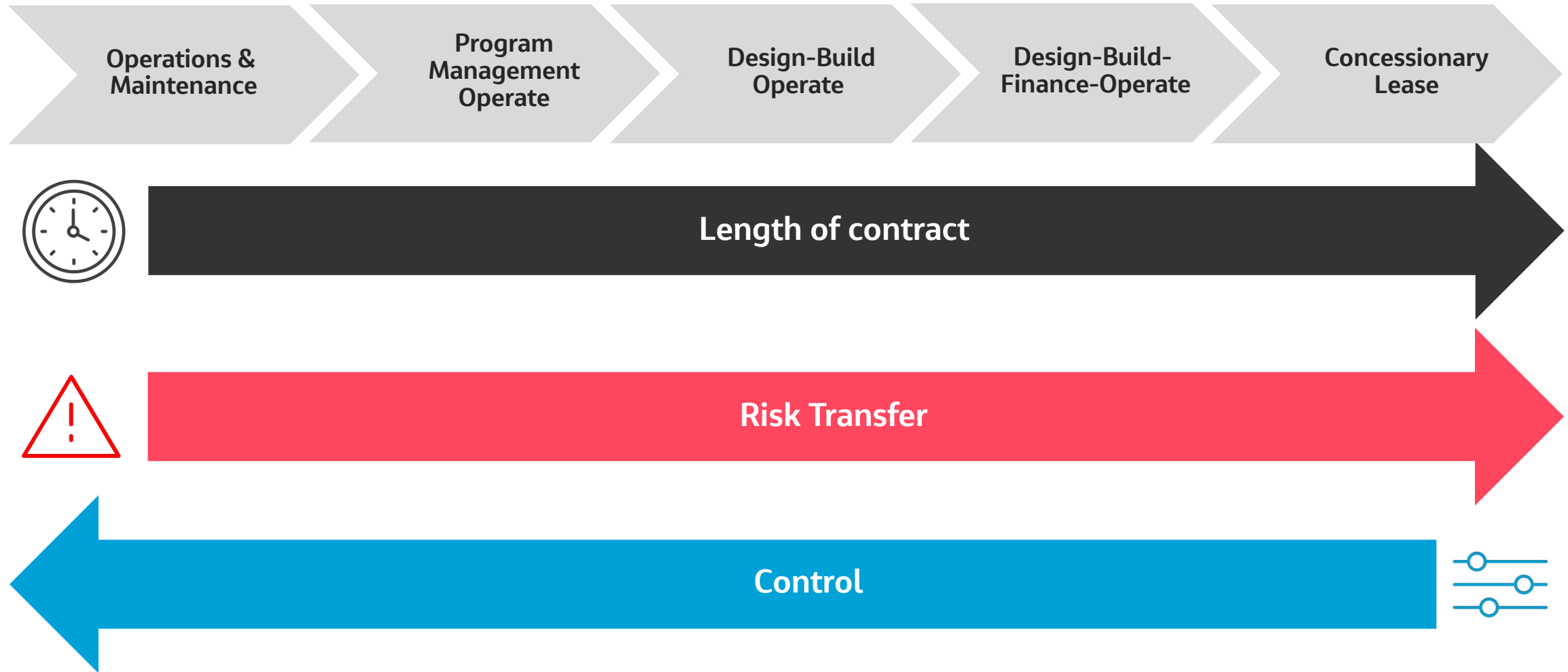


# There are a broad range of drivers for considering PPPs

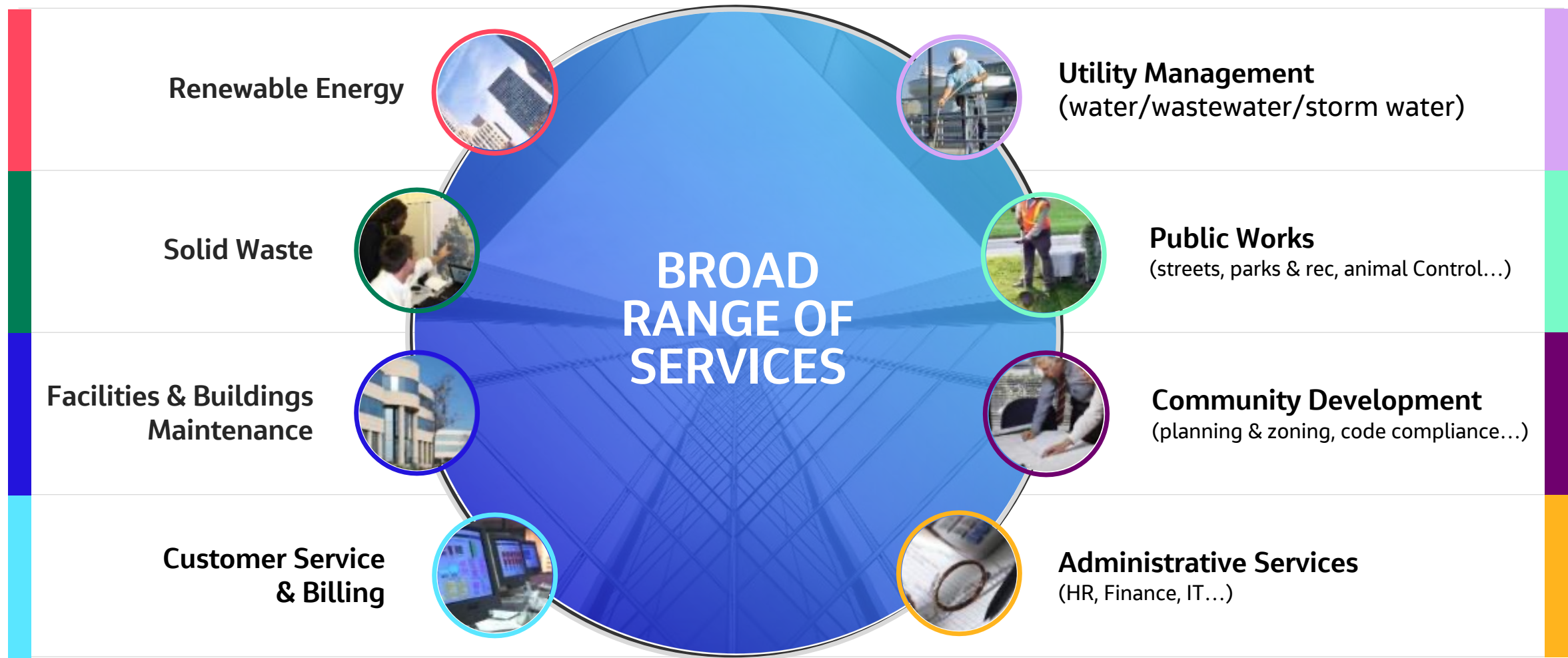
- Performance Optimization
- Cost Savings
- Rate Stabilization
- Core Competency
- Pension Liabilities
- Workforce Availability
- Technical Expertise
- Staff Augmentation
- Risk Transfer
- Increased Efficiency
- Funding Needs
- Regulatory Compliance



# PPPs are highly adaptable to the owner's needs

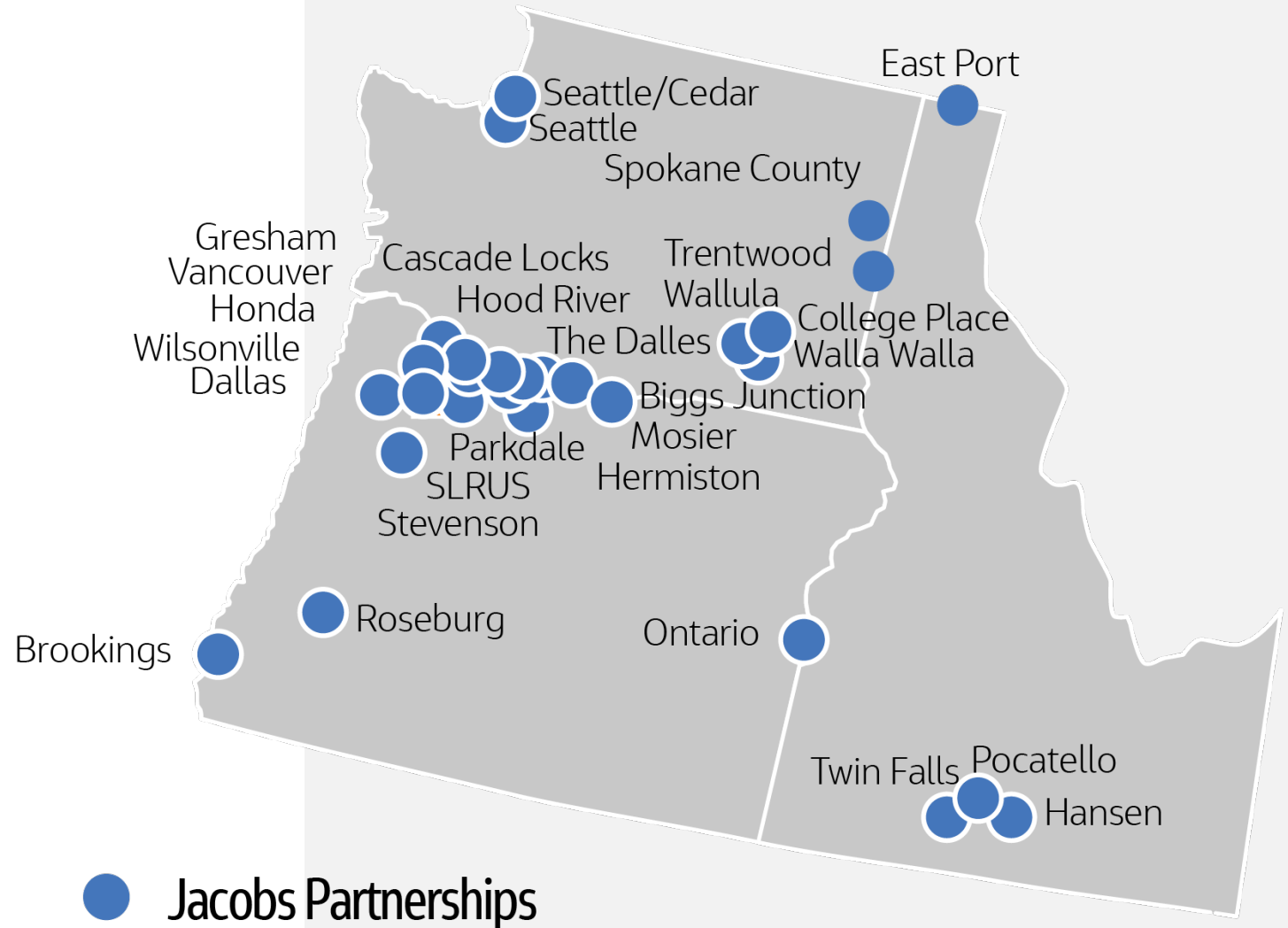


# Sampling of services that can be considered for partnering



## PPPs have a long and proven history in the region...

- Over 34 existing partnerships (water/wastewater)
- Vancouver in 1978 and Gresham in 1980
- PPPs include O&M, DBO and public works services



*Map depicts water related partnerships only*



## City can expect to transfer significant O&M related risk to its partner...

Does the City Assume the Risk	If City Operates	If Jacobs Operates
Risk of regulatory compliance	Yes	No
Risks of fines and lawsuits	Yes	No
Risk of negligence (unintended mistakes)	Yes	No
Risk of hiring, training and retaining certified staff	Yes	No
Workers compensation risks	Yes	No
Pension obligations risk	Yes	No
Biosolids land application site availability risk	Yes	No
Risk of cost overruns (labor, supplies, under \$5K maintenance, etc.)	Yes	No
Chemical cost escalations risk	Yes	No
Electricity, chemicals and fuel usage overruns	Yes	No
Cost for technical support, staff augmentation, or emergency response	Yes	No

## What about other risks?

- Ownership risks remain with City (change in law, unforeseen circumstances, acts of god...)
- Design/construction risk?
- Process risk?
- Efficacy risk associated with the new plant?



## Perceived barriers to partnering

- ✓ Loss of control (privatization)
- ✓ Welfare of the existing staff
- ✓ Drop in service and quality
- ✓ Cost increase



# Myths & Facts



## Myth

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Loss of control

PPP's are not privatization. Public **maintains ownership** (rate setting and financing authority, capital expenditure decision making and policy making), and **has increased control** through a detailed contract

Loss of jobs or drop in pay & benefits

Private sector **relies on the existing staff** and their institutional knowledge. Staff will receive **industry's best training** and support through our regional projects

## Myth

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Decrease  
in quality  
of service

PPP's very core is **effective operations & maintenance**, an asset management approach to **maximize the life** of your City's assets

## Fact

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Cost  
increase

Private sector **leverages buying power**, optimization expertise along with a fixed base fee and annual agreed-upon increases **provides budget certainty**

# Keys to successful PPPs



## First steps

- ✓ Public sector champion(s)
- ✓ Clearly define the scope objectives
- ✓ Understand responsibility and risk
- ✓ Communication & transparency
- ✓ Secure stakeholder buy in
- ✓ Develop RFQ or RFP
- ✓ Pick your partner carefully

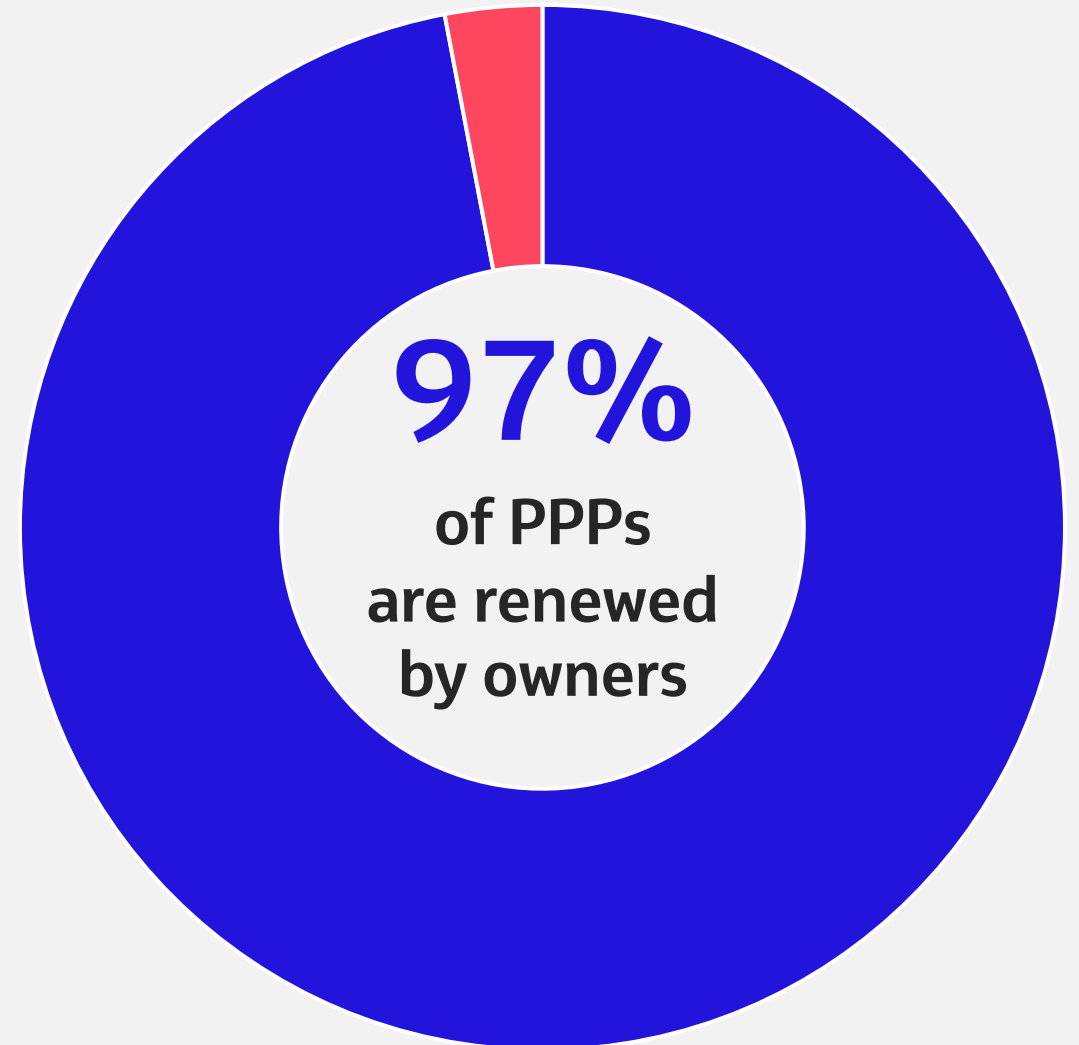




## Benefits of PPPs

- ✓ Public ownership & control
- ✓ Cost savings
- ✓ Budget certainty
- ✓ Access to expertise
- ✓ Risk transfer:
  - Cost certainty
  - Regulatory & Contractual compliance
  - Staffing, training & certifications
  - Repair & maintenance
  - Pension liability
- ✓ Gain a community partner

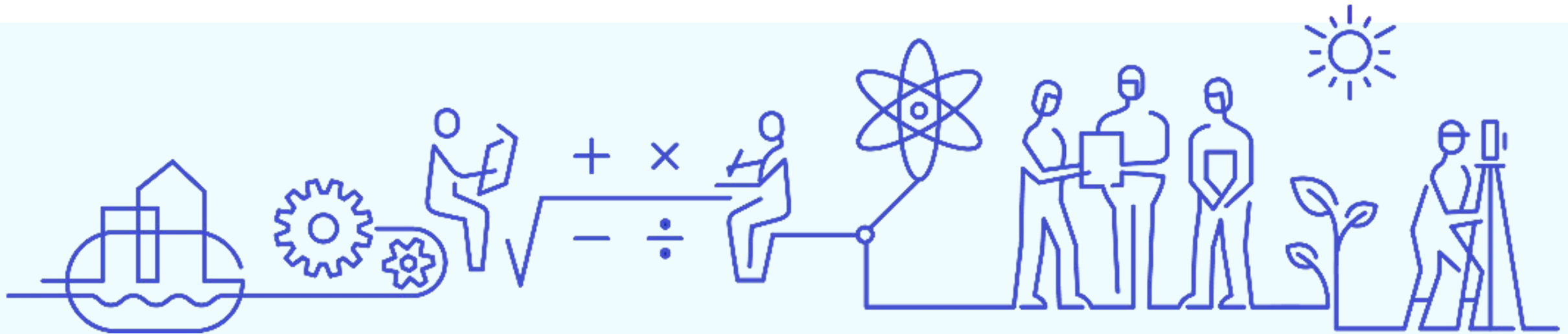
## PPPs Are Proven to Work



An aerial photograph of a coastal town and beach, overlaid with a semi-transparent blue filter. The town is situated on a hillside overlooking a sandy beach and the ocean. The word "Questions" is written in white text on the left side of the image.

# Questions

# Outsourcing benefits go beyond dollars and efficiency



## Operations/maintenance

- Compliance
- Standardization
- Longer equipment life
- Energy and materials efficiency
- Risk transfer
- Environmental stewardship

## Technology

- Industry-leading practices/advancements
- Access to technology and expertise
- Sustainable practices
- Engineering and construction support
- Cybersecurity

## People & Tools

- Specialized training
- Skilled operations leadership
- Competitive wages and benefits
- Network of expertise
- Emergency and contingency assistance
- Optimized staffing
- Labor and skilled workforce

# Community involvement



**We live  
where  
we serve**

Promote **public education and awareness** about water and environmental management

Local community involvement demonstrates desire to **serve and contribute** as concerned citizens

# Environmental stewardship



## Rigorous environmental compliance

99.98% environmental compliance record for the past 20 years is one of the **best in the industry**

Our **team stays engaged** with state and federal regulators to ensure our client are aware and can properly prepare for upcoming changes

# Risk transfer

## Operating risk

- Jacobs assumes responsibility for compliance, personnel, facility operations

## Financial risk

- Jacobs assumes responsibility for project financial management, payroll, supply chain and operating expenses
- Client retains input into overall management and direction; maintains ownership and administers OM contract



# Achieving effective staff transition

- Multi-step process structured to ease concerns, keep staff informed, assess skills, match to function and desired career path.
- Recent staff surveys at Vancouver, Washington, and Ontario, Oregon, indicate staff members are up to **32 percent more satisfied** with Jacobs than with previous contract operator.



1

Conduct employee workshop

2

Interview incumbent employees

3

Employment offers

4

Begin contract and new employee orientation

5

Implement continuous training and development

# The Jacobs advantage: Value and return on investment for contract OM services



## Labor

- Successful staff transitions
- Client input and control
- Access to expertise and best practices
- Competitive wage/benefits

Staff members at newly won wastewater project Pembroke Pines, Florida were surveyed in October 2015. They scored Jacobs's management and administration approach 4.5 out of 5, indicating they were more than 75 percent more satisfied with our management than that of the previous operator, who scored 3.4.



## Success with organized labor

- More than 140 union-represented staff at nearly a dozen projects across the U.S.
- Successful CB experience with all major unions in our industry—AFSCME, Operating Engineers, Teamsters, Communication Workers of America
- Transitioned all six union workforces to employment with Jacobs

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The partnership between the Operating Engineers and Jacobs has not only been beneficial to our Union brothers and sisters and the company but also to the residents of the City of Farmington. We look forward to the continued relationship between the Operating Engineers and Jacobs, which is built upon mutual trust, respect and open communication.

Pat Vigil  
Business Manager

IUOE Local 953, Farmington, New Mexico

## Cost savings

- Negotiated agreements with national suppliers for materials, equipment, vehicles provide economies of scale
- Cost efficiencies from equipment and process optimization
- Reduced administrative burden for client—principal responsibility and support outsourced to Jacobs
- Contractor business success tied to ability to deliver service and satisfy needs for agreed fee



## Vancouver, Washington

- Won OM contract in 2015, unseating 37-year incumbent operator.
- Built OM relationship on engineering-services partnership initiated in 1980s; continued engineering support of OM team.
- Wastewater treatment system OM – 44-mgd WWTP and associated utilities.
- Advanced asset-management and predictive maintenance program.
- Customizing SCADA systems for more effective control, reporting and reliability.





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