

INSTRUMENT NAME: 2.2 PUBLIC-PRIVATE PARTNERSHIP

Pondscape-specific definition: A Public-private partnerships (PPP) is a long-term contract between a government entity and a private entity for providing a publicly beneficial service or asset, where the private party bears some risk and responsibility. PPPs can be attractive for governments as they can transfer upfront costs to private partners, take advantage of external expertise, and open new financing options. However, they can require costly ongoing payments to the private party. PPPs can take many different forms, including concessions (where private entities receive their income according to use of the service/asset, either through tolls or through “shadow tolls” paid by government) or private finance initiatives (where private entities receive public payment for meeting their performance targets).

CATEGORY	Contracting approaches			
ALSO-KNOWN-AS	PPP			
RELATED INSTRUMENTS	Community asset transfer			
APPROPRIATE FOR: Who can use this type of financing instrument?	Pondscape developer	NGOs and non-profits	Local/city/ regional govt. and agencies	National govt. and public agencies
SOURCE OF FINANCE: Who provides the finance?	Private: private for-profit companies or community organisations			
PAYMENT FORM: What form is the payment?	Reduction or restructuring of cost and responsibilities (e.g. transfer of upfront costs away from the government).			
IN RETURN FOR WHAT? What is the NBS project obliged to deliver in return?	Depends on PPP. Commonly, long-term regular payments for delivering services/providing assets. Sometimes shares of ownership (and profits).			
RECIPIENT REQUIREMENTS: What requirements must recipients meet to receive finance?	The local/city/regional/national government must be able to service any costs involved in long-term contracts.			
PROJECT REQUIREMENTS: What requirements must the pondscape project meet?	The project must be profitable for the private entity. Profits could come from the project itself (i.e. from entry fees) or from government payments in accordance with the contract.			
OTHER REQUIREMENTS: What additional requirements are attached to the financing?	PPPs require carefully considered contracts that will ensure that the private entity manages the asset in accordance with the government’s requirements, including sufficient incentives (e.g. penalties). These can be complex and costly to develop.			
SPEED: How quickly do recipients receive money?	Fast (<4months) – Medium(5-12months) – Slow (12months+)			
FUNDING TIMELINE: When does the recipient receive the funding?	One-off reduction in costs (transfer of upfront costs to private entity) but ongoing increase in costs related to the contract			
NBS TYPE: What types of NBS is the financing for?	Pondscape <u>creation</u>		Pondscape <u>restoration</u>	Pondscape <u>management</u>
SCALES: What scale of financing?	Small (<€10k)	Medium (€10k-€99k)	Large (€100k-€999k)	Very large (€1million+)
COMPLEXITY: How complex is applying for the finance	Simple		Medium	Complex
EXIST NOW IN EU?	Yes		No	
REFERENCES:	Merk, O., Saussier, S., Staropoli, C., Slack, E., Kim, JH (2012) Financing Green Urban Infrastructure, OECD Regional Development Working Papers 2012/10, OECD Publishing; http://dc.doi.org/10.1787/5k92p0c6j6r0-en			



Instrument: 2.2 Public-private partnership example

Example name: 2.2.1 Valley State Parks Camping and Day Use Area Concession, California, USA

Example description: The State of California Department of Parks and Recreation relied on a Public-Private Partnership (PPP) to operate three State recreational areas (Turlock Lake, Woodson Bridge, and Brannan Island SRA). The recreational areas are publicly owned state parks, with natural resources and recreational value and amenities such as campgrounds and boat ramps.

The PPP was a contractual arrangement that shifted responsibility for managing, operating, and maintaining the parks to the private operator. The private partner was required to submit and keep to an operations plan, which included maintaining recreational facilities, ensuring adequate staffing to maintain e.g., trails, collect user fees, and protect the State's natural and cultural resources (though the State remained manager of natural resources). All costs associated with this maintenance were transferred to the private partner. In return, the private partner was entitled to collect user fees (at a level comparable to other state parks) and sell merchandise/goods on the site (e.g. firewood). The private partner was also required to pay an agreed level of rent (negotiated, at a minimum of 3% of revenue), which the State earmarked for long-term maintenance and infrastructure investment in the parks. The contract ran for five years.

NBS DESCRIPTION

LOCATION	California, USA		
NBS TYPE	Creation	Restoration	Management
ECOSYSTEM TYPE	Parks with multiple ecosystem types		
NBS BENEFITS	Conservation value; recreation and well-being		
NBS DESCRIPTION	The parks are large public parks with exceptional natural value, which also offer recreational benefits. Ecosystems include forests, lakes, rivers, and foothills, among others. Each park has a campground and also allow day visitors, and also features amenities such as boat ramps, bathing facilities, etc.		
SCALE (SIZE)			
NBS PERFORMANCE CRITERIA	The PPP proposal included an operations plan, which set out planned actions to ensure NbS performance. No reported quantitative or qualitative performance criteria.		
NBS PERFORMANCE	Not reported.		

FINANCING DESCRIPTION

SOURCE OF FINANCING	The successful private bidder was a company called American Land & Leisure (i.e. the private partner who successfully bid to win the concession to operate the state parks in accordance with the PPP).
RECIPIENT	State of California, Department of Parks and Recreation
SCALE (FINANCING)	Rent: Minimum annual rent equivalent to 3% of gross receipts (e.g. from user fees and merchandise sales); minimum annual rents for each of the parks ranged from \$400-\$12,200. Cost saving: In addition to this annual rental fee, the Department of Parks and Recreation transfers all operating costs to the private partner. This is a significant cost saving, e.g. one of the five parks had operating costs of \$740,000 in 2011.
TIMELINE	<ul style="list-style-type: none">- The Department of Parks and Recreation published a request for proposals, which outlines the PPP description, requirements, and selection process- Private parties submit proposals that include an operations plan for operating the park (vision, services offered, maintenance, staffing, natural





	<p>resource management, community outreach etc.), rental offer, and evidence of financial ability.</p> <ul style="list-style-type: none">- The Department awards a five-year concession to the best bidder. <p>The concessionaire operates the park in accordance with their operations plan and pay annual rent to the Department.</p>
FINANCING REQUIREMENTS	<p>The private partner is required to,</p> <ol style="list-style-type: none">1. Maintain campground, day use, and recreational facilities, as well as signage.2. Ensure adequate staffing to maximize use and protection of facilities, including roads and trails.3. Collect campground and day use entrance fees.4. Ensure the safety and convenience of park visitors; and5. Protect the state's natural and cultural resources." (Gilroy, Kenny, & Morris 2013). <p>The private partner was also required to take out a bond to cover full rental costs over the five-year contract, to minimise risk of non-payment to the State.</p>
FINANCING PERFORMANCE	<p>Not reported</p>
TRANSACTION COSTS	<p>Transaction costs include development and supervision of Request for Proposals and ongoing supervision of contractual agreement. No quantitative data reported.</p>
REFERENCE	<p>Gilroy, L; Kenny; H.; Morris, J. (2013) Parks 2.0: Operating State Parks Through Public-Private Partnerships. Reason Foundation Policy Study 419. Accessed 08.08.2022. Available https://www.buckeyeinstitute.org/library/doclib/Parks-2.0-Operating-State-Parks-Through-Public-Private-Partnerships.pdf</p> <p>State of California, Department of Parks and Recreation (2012) Request for Proposals at Valley State Parks Camping and Day Use Area Concession. Accessed 08.08.2022. Available: http://www.parks.ca.gov/pages/22374/files/Valley%20RFP%20%20Final%203-9-12.pdf</p>

