# Public Private Partnership Structure Advantages/Disadvantages

***Who should be responsible for design and construction*?**

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| ***Public Control of Network Design & Construction Advantages/Disadvantages*** | ***Private Control of Network Design & Construction Advantages/Disadvantages*** |
| Direct control over all aspects of design and construction of the network. | Public Partner able to specify design “results” in less technical terms. |
| Public Partner can use “in house” workforce and equipment | Ability to retain experts that specialize in  network design and construction |
| By assuming more of the risk and responsibility, the Public Partner may be able to reduce overall costs of design and construction. | May be possible to utilize lower cost workforce and avoid procedural issues related to government contracts for subcontracts |
| By assuming full responsibility for the design and construction of the infrastructure, the Public Partner may have a better understanding of its capabilities and limitations and be better able to assume responsibility for maintenance and operation of the network. | Contract terms can shift risk of loss for casualty, increase costs of supplies and/or labor shortages and related risks |
|  | Profit motivation to deliver the network with design specifications at lowest possible cost may result a system that only “just meets” the designed criteria even though greater reliability and flexibility could be achieved at only a small increase in the contract price. |

***Who should be responsible for maintaining the network (repairs and upgrades)?***

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| ***Public Control of Network Maintenance Advantages/Disadvantages*** | ***Private Control of Network Maintenance Advantages/Disadvantages*** |
| May be possible to “cross train” public employees to assume responsibility for Network repair and maintenance along with other government owned equipment (e.g., technicians maintain electrical grid and internet infrastructure used to manage the grid and deliver internet to residents and businesses) | Possibility of higher level of expertise using independent contractor with dedicated staff. Private Partner’s costs may be lower than those of Public Partner due to economies of scale. |
| Public Partner will likely need to establish higher levels of operating and extraordinary funded reserves | Should be possible to reduce risk of substantial uncovered cost of repair or replacement of defective or broken equipment |
|  | Contract terms could provide for ongoing consultation regarding upgrades to Network |
|  | Maintenance/Repair Contract costs paid by Public Partner may be significantly higher depending on how Private Partner assesses risk. |

***Who should be responsible for operating the system?***

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| ***Public Control of Network Operations Advantages/Disadvantages*** | ***Private Control of Network Operations Advantages/Disadvantages*** |
| It may be easy and practical to integrate certain operational functions such as billing, customer relations and other administrative issues, if the Public Partner already is handling these duties for other municipal utilities. | Private operator may be able to take advantage of significant economies of scale if it operates other network systems |
| Public Partner may have human resources in house handling existing government networks who could also serve operational issues with an expanded Network | Private Partner may be able to take advantages of special market relationships to lower overall cost of connecting the network to the internet |
| Public Partners may be unable to effectively manage contracting with ISPs for internet access | Private Partner may be able to offer ancillary services that will use the network such as VOIP phone service and entertainment packages. |
| Public Partner may be able to provide free limited access internet service or service more easily at reduced costs for lower income residents |  |
| Public Partner may be able to offer free or reduced cost access to the internet to promote new business and economic development |  |
| Public Partner may face criticism and pressure to limit content available to customers |  |
| Public Partner has no profit motivation and may therefor offer costs on a break-even basis |  |

***Who will own the physical internet infrastructure?***

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| ***Public Ownership Advantages/ Disadvantages*** | ***Private Ownership Advantages/ Disadvantages*** | ***Joint Ownership Advantages/ Disadvantages*** |
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| Public Partner that already owns and operates an internet network for purposes of managing exiting utilities or general government operations may be able to quickly and efficiently expand that network to cover all residences and businesses. | Private Partner affiliated with one or more Public Partners (for example an “affiliated” nonprofit corporation may help insulate the Public Partner from operational liability.  Directly ownership vs. Related Nonprofit  Advantages   * Avoid Legal issues * Avoid Political issues * Create flexibility   Disadvantages   * Complexity | Public Partner already has core elements of a internet network or other assets such as access to attachment poles or right of way essential for network operation that it can make available to the P3 but does not want or cannot transfer ownership of the assets to the P3. |
| Public Partner ownership | Picking the optimal | Ownership of key |
| of assets must have a | “private partner” | elements of the network |
| public purpose and must | Establishing adequate | by Public and Private |
| be within the scope of | controls (see Market | Partners |
| the Public Partners’ | Power and Resources) |  |
| powers. | Tax Advantages |  |

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