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To: David C. Childs A-76comments/OMB/EOP@EOP

cc:

Subject: Comment on A-76

December 19, 2002

Mr. David C. Childs
Office of Federal Procurement Policy
Office of Management & Budget
NEOB Room 9013
725 17th Street, NW
Washington, DC 20503
Comment on A-76 Revisions
Dear Mr. Childs:

I would like to offer the following comments on OMB's proposed revision to Circular Number A-76, Performance of Commercial Activities, on behalf of myself and Infrastructure Management Group, Inc (IMG).

The revised circular focuses on contracting out of agency "commercial activities," and on the potential gains related to competition between private providers and public employee groups. This is an important opportunity to realize both improved performance and monetary savings related to current governmental activities.

However, there is an important area involving potential commercial activities that is not addressed, namely activities that can be carried out by public-private partnerships. OMB's focus on public versus private competition has failed to adequately address the many real and productive opportunities for public-private partnerships, where the private party can play a more symbiotic role offering services hand in hand with the public agency and its employees, allowing the government to capture benefits of both private incentives and public goals.

Based on our extensive experience in advising public agencies on infrastructure development and management, public-private partnerships can often develop, finance, and service infrastructure facilities more effectively than either group acting alone. The private partner can bring capital to provide the needed physical investment (in what traditionally might have been a public capital improvement requiring appropriated funds or public debt), can earn revenues by providing ancillary services (for example, investing in and operating a concession facility related to a public service or public-use facility) or in partnering to make possible a joint development situation (for example, utilizing air rights or constructing residences in conjunction with and convenient to a new public transit facility).

I therefore urge that the circular revision be expanded to require that agencies consider forming public-private partnerships or other cooperative partnerships and other restructuring options that could improve the quality of services and financial management of activities that have substantial commercial characteristics.

I would also like to compliment OMB's focus on expanded opportunities for

best-value comparisons taking quality and innovation into account and reducing cost-only sourcing decisions. At IMG, we believe that we have made significant and well-recognized contributions to how the business of government is conducted, but our opportunities to do so would have been very much less if client agencies had been limited to cost-only sourcing decisions.

Sincerely yours,

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