



P3-SCREEN Supporting Guide

Overview

P3-SCREEN, the Public-Private Partnerships (P3) Delivery Options Screening Checklist is designed to assist public agencies assess the appropriateness of delivering a transportation project as a public-private partnership. The tool consists of an Excel-based evaluation tool and this supporting guide providing a preliminary, qualitative screening process that highlights key criteria and questions relevant to assessing the viability of delivering a highway project using a P3 approach.

P3-SCREEN is intended to guide decision-makers through what is potentially the first step of a more comprehensive evaluation process to determine the optimal approach to procuring a project. To use this tool effectively, agencies should have a basic understanding of the scope, costs, risks and revenue potential of the project under consideration. This initial screening assessment may be conducted prior to the conclusion of the project's environmental review to help determine whether the environmental impacts of alternative delivery options (e.g. road tolls and their diversionary impacts) have been appropriately evaluated.

P3-SCREEN may be used in conjunction with the development of the Major Project Initial Financial Plan to assist in meeting the requirements of 23 U.S.C. 106(h)(3)(D), which states that a Major Project Financial Plan "shall assess the appropriateness of a public-private partnership to deliver the project."

Using the Tool

P3-SCREEN presents a series of 17 qualitative criteria and associated questions in seven categories. The user of the screening tool is asked to consider one question associated with each criterion. The user may respond to these questions using the dropdown menu options "Yes/No/Other." The user may then enter further comments on the response as warranted to explain the answer or describe planned mitigations to address the question. If needed, the user may enter additional criteria and evaluation questions under the "Other" heading at the end of the tool.

The user determines the relevance of each criterion. P-3 SCREEN contains no underlying algorithm that calculates an answer based on the mix of positive, negative or neutral responses. Rather, it is up to the user to weigh each criterion's priority, which may differ widely among projects and locations. In addition, the user should evaluate whether any response – "Yes," "No," or "Other" – represents a condition that cannot be altered. What might first appear to be a crucial factor either for or against a particular delivery option may be amenable to change, depending on the strength of the remaining factors.

Having addressed the criteria, the user may then assess the answers as a whole to determine whether it is worthwhile to conduct a more comprehensive evaluation of P3 delivery options for the project. The tool includes an open field, where users may enter a qualitative summary analysis of their evaluation. Based on that summary, users may select a non-binding conclusion via a drop-down menu at the bottom of the tool.



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For More Information

P3-SCREEN is one resource within the FHWA P3 Toolkit. The P3 Toolkit includes educational tools and guidance documents to assist in educating public sector policy-makers, legislative and executive staff, and transportation professionals in consideration and implementation of P3 projects. The P3 Toolkit and additional guidance on Major Projects can be found at the websites listed below.

FHWA P3 Toolkit www.fhwa.dot.gov/ipd/p3/toolkit

FHWA Major Project Delivery Assistance www.fhwa.dot.gov/ipd/project_delivery

For more information regarding FHWA assistance and resources, please go to **FHWA Office of Innovative Program Delivery's website** at www.fhwa.dot.gov/ipd or contact Patrick DeCorla-Souza, FHWA's P3 Program Manager at Patrick.DeCorla-Souza@dot.gov or (202) 366—4076.



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Criteria	Question	Relevance of Criteria to P3 Delivery
Legal		
Sponsor Authority	Does the project sponsor have legal authority to pursue delivery of the project as a P3?	In the United States, state law determines what kinds of P3s may be enabled, which levels of government will be authorized to do them, and how the process will be implemented. The project sponsor should verify that it has statutory authority to deliver the project as a P3.
Planning & Environmental		
Long Range Planning	Is the project consistent with the project sponsor's and regional long-term transportation goals?	The project sponsor should consider whether the potential P3 project supports the agency's long range transportation goals and is consistent with state and metropolitan long-range transportation plans.
Environmental Review	Will the required NEPA decision document be completed within two to three years?	Given the schedule risks associated with the environmental review process, public agencies typically do not begin in-depth evaluation of a project for suitability as a P3 until a project is approaching the end of the environmental review process and the scope of the project and timing of the procurement process is better understood.
Public Support		
Local Support	Is there consensus among local and regional stakeholders to pursue the project?	The P3 procurement process should come at the conclusion of a stakeholder engagement process that results in strong support for a project. Local support can enhance viability of P3 bidding by reducing uncertainty.
Political Support	Is there political support for delivering the project?	Private investors are often sensitive to political commitment to a project. If such commitment does not exist, the investment risks for private investors will likely result in reduced market interest and, ultimately, higher costs to the public sector.
Organizational Capacity		
Technical Capacity	Does the sponsor have access to sufficient internal and external technical resources to successfully manage all phases of the P3 delivery option (development, procurement, negotiation and long-term contract oversight) in the public interest?	Developing and managing a P3 requires significant staff resources and technical expertise. The project sponsor should ensure that the necessary resources and expertise to procure and manage the project as a P3 are available to them, either on staff or through consultants hired by the sponsor.
Policy Guidelines	Has the project sponsor established guidelines and regulations for procuring and managing P3 projects?	To ensure a consistent, reliable and efficient project delivery process, the project sponsor should have established policies and guidelines governing the development, procurement and management of P3s.



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Project Scope & Complexity		
Size	Is the project size and scope suitable for delivery via P3 (generally costing more than \$100 million)?	Due to complexity of P3 agreements, the transaction costs associated with procuring and managing a P3 project are relatively higher. These additional costs may make it inefficient to pursue projects less than \$100 million in cost.
Risk Allocation	Is there potential to allocate risks to the party most capable of managing those risks by delivering the project as a P3?	The project sponsor should assess whether a P3 would generate value by allowing the allocation of risks associated with delivery of the project to the private sector in cases where a private partner may be more capable of managing those risks.
Innovation	Is there potential to derive benefits from technological or other types of innovation through private sector delivery of the project?	The project sponsor should assess whether a P3 would create incentives for a private partner to utilize innovative methods to deliver and maintain the project more efficiently than under a conventionally delivered project.
Efficiency	Is there potential to achieve cost/schedule savings by delivering the project as a P3?	The project sponsor should assess whether a P3 would create incentives for a private partner to deliver the project more quickly and at a lower cost than under conventional procurement.
Quality	Is there potential for higher quality product/service delivery with a P3?	The project sponsor should assess whether a P3 would create incentives for the private sector to deliver a higher quality facility, and/or deliver higher levels of maintenance and service than a traditionally procured and managed facility.
Life-Cycle Costs	Have the life-cycle costs of the proposed project been determined?	To determine the appropriate length of term of a P3 contract and estimate its value, the project sponsor should understand the anticipated lifecycle costs of the facility.
Affordability		
Near and Long Term Financial Capacity	Does the project sponsor have the financial capacity to meet the project's life-cycle costs using conventional public funding and financing sources?	The project sponsor should evaluate whether it has the financial capacity to meet initial project capital costs and long term operations, maintenance and financing costs through conventional project funding and financing sources. A P3 may increase the project sponsor's ability to generate up-front capital needed to deliver a project, or, by changing the way a project sponsor pays for project life-cycle costs, increase a project sponsor's financial flexibility to meet long-term project costs.
Revenue Potential	Does the project have the revenue generation potential to repay substantial project costs?	The project sponsor should assess the extent to which the project may generate revenue to cover costs associated with compensating the private partner for delivering the project.
Industry Interest		
Industry Capacity	Do three or more private sector firms have the capability to deliver the project as a P3?	To ensure robust private sector competition for the project, the project sponsor should assess whether there are a sufficient number of firms in the market who have the financial and technical capacity to deliver the project.
Industry Interest	Have three or more private entities demonstrated interest in the project to suggest the opportunity exists for a competitive process?	To ensure robust private sector competition for the project, the project sponsor should assess whether the project may generate interest from a sufficient number of firms with the financial and technical capacity to deliver the project.