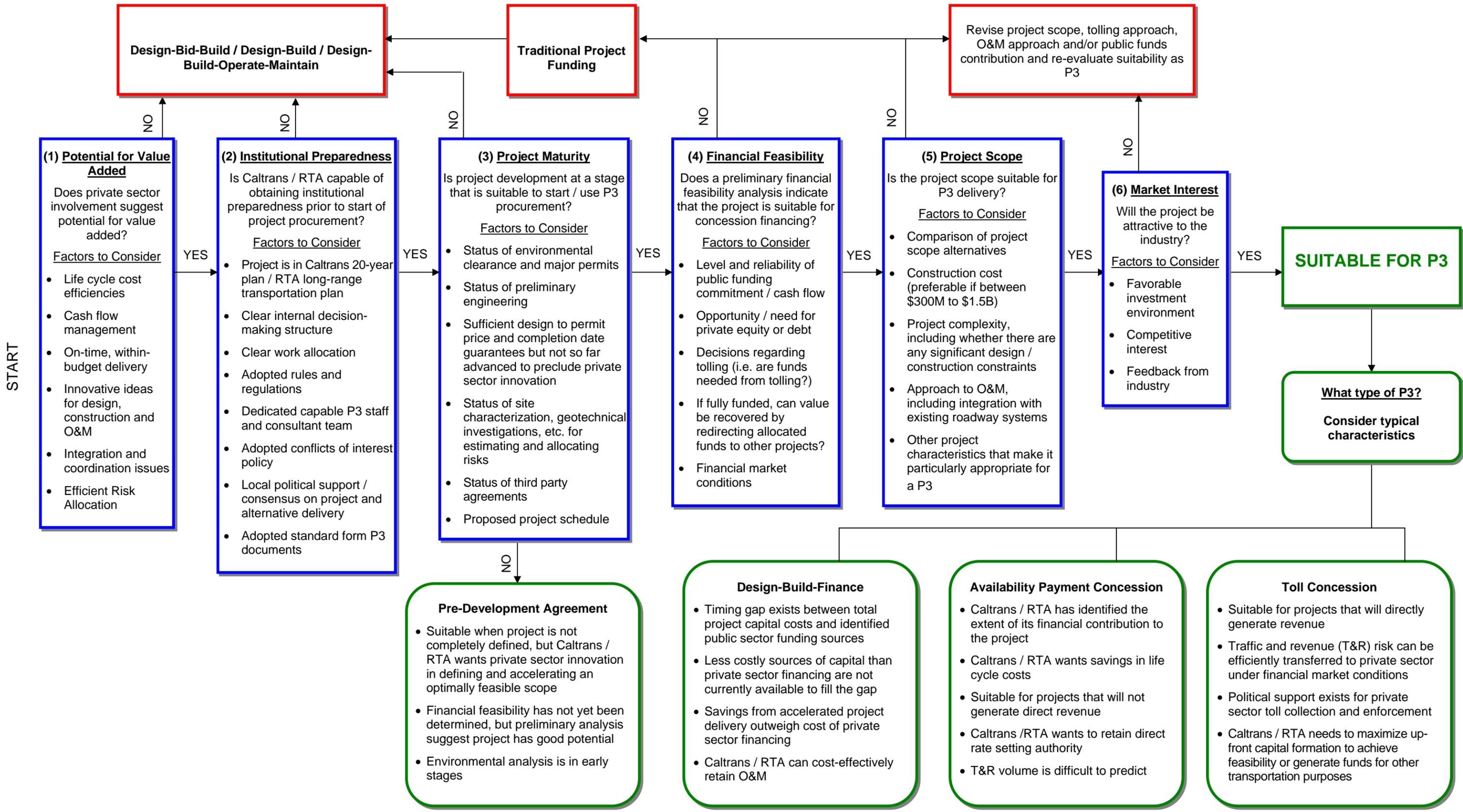


PROJECT SUITABILITY CRITERIA FOR P3



(1) Potential for Value Added
 Does private sector involvement suggest potential for value added?
Factors to Consider

- Life cycle cost efficiencies
- Cash flow management
- On-time, within-budget delivery
- Innovative ideas for design, construction and O&M
- Integration and coordination issues
- Efficient Risk Allocation

(2) Institutional Preparedness
 Is Caltrans / RTA capable of obtaining institutional preparedness prior to start of project procurement?
Factors to Consider

- Project is in Caltrans 20-year plan / RTA long-range transportation plan
- Clear internal decision-making structure
- Clear work allocation
- Adopted rules and regulations
- Dedicated capable P3 staff and consultant team
- Adopted conflicts of interest policy
- Local political support / consensus on project and alternative delivery
- Adopted standard form P3 documents

(3) Project Maturity
 Is project development at a stage that is suitable to start / use P3 procurement?
Factors to Consider

- Status of environmental clearance and major permits
- Status of preliminary engineering
- Sufficient design to permit price and completion date guarantees but not so far advanced to preclude private sector innovation
- Status of site characterization, geotechnical investigations, etc. for estimating and allocating risks
- Status of third party agreements
- Proposed project schedule

(4) Financial Feasibility
 Does a preliminary financial feasibility analysis indicate that the project is suitable for concession financing?
Factors to Consider

- Level and reliability of public funding commitment / cash flow
- Opportunity / need for private equity or debt
- Decisions regarding tolling (i.e. are funds needed from tolling?)
- If fully funded, can value be recovered by redirecting allocated funds to other projects?
- Financial market conditions

(5) Project Scope
 Is the project scope suitable for P3 delivery?
Factors to Consider

- Comparison of project scope alternatives
- Construction cost (preferable if between \$300M to \$1.5B)
- Project complexity, including whether there are any significant design / construction constraints
- Approach to O&M, including integration with existing roadway systems
- Other project characteristics that make it particularly appropriate for a P3

(6) Market Interest
 Will the project be attractive to the industry?
Factors to Consider

- Favorable investment environment
- Competitive interest
- Feedback from industry

SUITABLE FOR P3

What type of P3?
 Consider typical characteristics

Pre-Development Agreement

- Suitable when project is not completely defined, but Caltrans / RTA wants private sector innovation in defining and accelerating an optimally feasible scope
- Financial feasibility has not yet been determined, but preliminary analysis suggest project has good potential
- Environmental analysis is in early stages

Design-Build-Finance

- Timing gap exists between total project capital costs and identified public sector funding sources
- Less costly sources of capital than private sector financing are not currently available to fill the gap
- Savings from accelerated project delivery outweigh cost of private sector financing
- Caltrans / RTA can cost-effectively retain O&M

Availability Payment Concession

- Caltrans / RTA has identified the extent of its financial contribution to the project
- Caltrans / RTA wants savings in life cycle costs
- Suitable for projects that will not generate direct revenue
- Caltrans / RTA wants to retain direct rate setting authority
- T&R volume is difficult to predict

Toll Concession

- Suitable for projects that will directly generate revenue
- Traffic and revenue (T&R) risk can be efficiently transferred to private sector under financial market conditions
- Political support exists for private sector toll collection and enforcement
- Caltrans / RTA needs to maximize upfront capital formation to achieve feasibility or generate funds for other transportation purposes