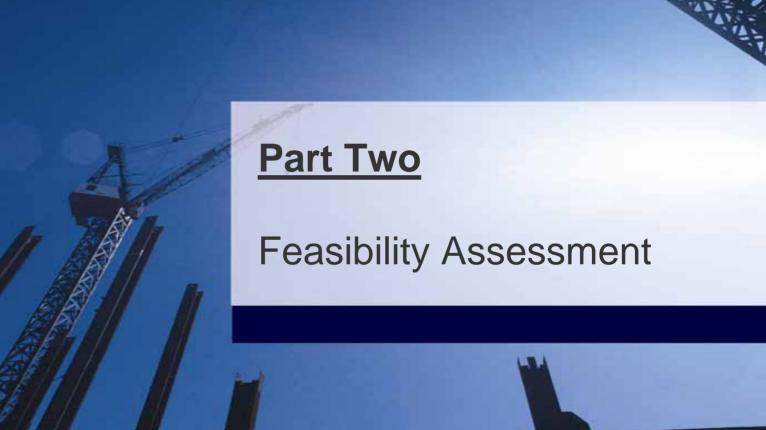




- A business relationship wherein the public and private sectors share:
  - Risks.
  - Rewards.
  - Responsibility for success or failure.
- The term "partnership" is not intended to imply a legal partnership.



- Traditionally, responsibilities have included the provision of both infrastructure and services:
  - Planning.
  - Conducting construction, management, operation and maintenance.
  - Financing (all or part).
  - Regulating.
  - Setting service levels.
  - Service delivery.
- Responsibility does not necessarily mean carrying out the task.









- Addresses significant design and construction constraints including right-of-way, utilities, geotechnical, hazardous materials and constructability within the context of the project cost.
  - Are there technical feasibility issues that must be addressed?
  - What level of specification variance is the public body prepared to accept?
  - What is the role of the public body's technical resources?
  - Is the quality management program adequate and how will it be implemented?
  - Are there timing considerations which could pre-empt consideration of private sector involvement?



- Addresses O&M issues such as existing service contracts, interoperability of fare box system, regulation and enforcement.
  - Can the private sector partner maintain service standards and respond to changing conditions?
  - What service level standards are required and can they be monitored and enforced?
  - How can the partner be held accountable for performance?
  - What level of innovation is the public body prepared to accept in operations?
  - Are there jurisdictional and liability issues that require a public body to be the operator?



- Addresses the acceptability of the project itself as well as the delivery method, whether it be by way of traditional financing or P3, as well as the acceptability of fares from both the public and political perspective.
  - Is the consumer, or the public-at-large, willing to accept the involvement of the private sector in the provision of this facility or service?
  - What legal and legislative constraints exist?
  - Does the private sector bear any additional costs that could be passed on to the consumer?
  - Is there the political will to support P3?
  - Can the public's desire for accountability be addressed by the private sector?



- Considers the project economics in the context of capital costs, O&M costs, rehabilitation costs, ridership, expansions, public funding, and private financing in a financial feasibility model.
  - Can a private sector option compete with the public sector comparator?
  - Can companies be bonded for a project of this type and magnitude?
  - Is the project, or can it be made to be, financially self-sufficient?
  - What are the economics of the project when viewed from the private sector's perspective?
  - What are the support mechanisms that the public sector is prepared to make available (e.g., recourse financing, supplies, equipment, subsidies)?



- Considers the complexities of the approvals process including environmental approvals, in addition to State and Federal programs.
- Addresses the importance of the project schedule to a P3 environment.



 Considers existing and required legislation for tolling and P3s.



 Considers how well the planned improvements integrate with existing and planned infrastructure (interoperability).





- Define project scope.
- Allocate risks (and rewards) rationally.
- Manage demand uncertainty.
- Select appropriate concession term.
- Provide for deficient cash flows.
- Structure for maximum tax effectiveness.
- Ensure true non-recourse private financing.



- Transportation Infrastructure Finance and Innovation Act (1998):
  - Federal Credit program for eligible transportation projects of national or regional significance.
  - US DOT may provide three forms of credit assistance secured loans, loan guarantees, and standby lines of credit.
  - Leverage Federal funds by attracting substantial private and other non-Federal co-investment.
- Private Activity Bonds:
  - Provides private developers and operators with access to taxexempt financing.
  - US Transportation infrastructure.
  - Any TIFIA eligible project is also qualified to receive tax-exempt bonding authority.
- Tax-increment Financing

