



**Alternative Delivery and Major Projects Division
Office of P3 Initiatives**

**Public-Private Partnership (P3)
Program Guidelines**

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1 INTRODUCTION

1.01 Statutory Authority

The governing statute for the Public-Private Partnership (P3) Guidelines (Guidelines) is Chapter 22 of Arizona Revised Statutes (A.R.S.) Title 28, A.R.S. § 28-7701 et seq. The statutes address private sector participation in enhanced, upgraded, or new facilities used or useful for the safe transport of people, information, or goods via any mode of transportation. Other relevant statutes include A.R.S. § 28-7751 et seq., which establishes a statutory framework for toll collection and enforcement, A.R.S. § 28-7316, which allows the Arizona Department of Transportation (ADOT) to pursue sponsorship opportunities, and A.R.S. § 28-409, which allows ADOT to participate in advertising initiatives and establishes the shared location and advertising agreements expense fund.

In addition, A.R.S. § 28-7704(A)(2) authorizes procurements arising from unsolicited proposals if ADOT determines that such proposals:

(a) Has sufficient merit; and

(b) That a reasonable opportunity is afforded for other entities to submit proposals for consideration through competitive procurement.

The Alternative Delivery and Major Projects (ADMP) Division and the Office of P3 Initiatives (the P3 Office) are committed to fair, public, transparent, and competitive procurements. Competitive public procurement is the preferred procurement methodology for all P3 procurements.

From time to time, ADMP may use its authority under A.R.S. § 28-7704(A)(1)(e), which states ADOT “may procure services under this chapter using...other procedures that the department determines may further the implementation of this chapter.” On occasions where an agreement may be seen as a continuation or extension of another existing or previous award, when a new contractor wishes to continue a relationship with a firm currently providing similar or related services, or other circumstances that may justify a sole source procurement, ADMP may choose to use an alternative procedure that enables the successful delivery or development of a P3 program or project. Such a decision will rest with the Deputy Director of Transportation/State Engineer or designee, following consultation with ADOT’s legal counsel.

See [Exhibit 1](#) for additional defined terms and acronyms.

1.02 Purpose

These guidelines have been developed pursuant to A.R.S. § 28-7702, which states that ADOT “shall adopt such rules or guidelines as it determines necessary to carry out this chapter.”

The purpose of these guidelines is to document a clear, consistent, efficient, and transparent management of innovative or alternative project delivery. These guidelines will be available for reference by the public, the private sector, and other governmental entities on [ADOT’s P3 Website](#).

These guidelines are intended to provide general guidance only. ADOT recognizes that each project will have unique characteristics and goals, and ADOT retains flexibility in the use of these guidelines to further the interest of the State and the public. Accordingly, ADMP, in its sole discretion, may waive or deviate from some or all of these guidelines where it deems such waiver(s) or deviation to be in the State’s best interest.

See [Exhibit 2](#) for a flowchart of the typical P3 project development and procurement process.

1.03 Benefits to P3 Use

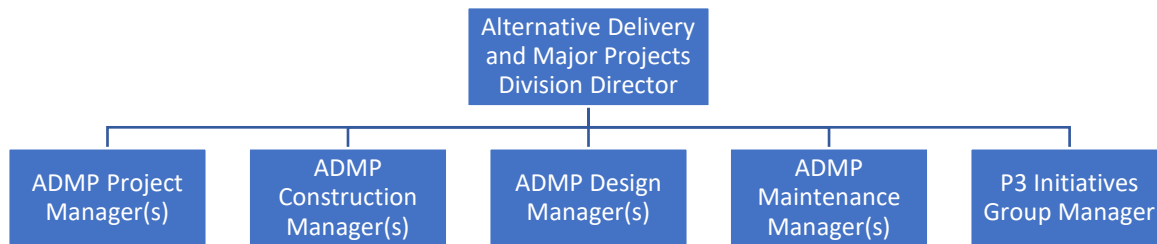
ADOT strives to accelerate and enhance the delivery of transportation projects benefiting the State and its citizens by utilizing available P3 procurement and project delivery methods.

Although what follows is not an exhaustive list, pursuant to these guidelines, ADOT will determine whether the use of a P3 project delivery method can provide some, or all, of the following:

- 1 (a) Greater partnership opportunities between the public and private sectors;
- 2 (b) More choices in funding and delivery methods;
- 3 (c) Accelerated project delivery;
- 4 (d) Greater cost certainty;
- 5 (e) Minimized public cost and investment, including better leveraging of limited public funds;
- 6 (f) Improved life-cycle costs and/or quality;
- 7 (g) Less congested facilities;
- 8 (h) Reduced and more consistent travel times;
- 9 (i) Improved quality of life;
- 10 (j) Conservation of natural resources;
- 11 (k) Improved air quality, sustainability, and overall environmental management; and
- 12 (l) Enhanced safety or operational attributes.

2 ADMINISTRATION

The P3 Office is part of the ADMP Division, as shown in the organizational chart below. The ADMP Division Director reports to the Deputy Director for Transportation/State Engineer (see [ADOT Organization Chart](#)). Staff and resources from within the P3 Office and ADMP provide overall management for the procurement and administration of projects and agreements using P3 delivery methods. This includes coordination of projects and agreements within ADOT and externally with other governmental agencies. The ADOT Director has ultimate authority for the P3 program.



2.01 Reliance on ADOT Staff

Staff and resources of other ADOT divisions will be available to the P3 program to provide proper review and input into the development of the solicitation documents and the evaluation of proposals. In the true spirit of “One ADOT,” sharing of resources from other divisions to support P3 project delivery will be done through close coordination with the division, district office, section, and group managers.

2.02 Outside Consultants

ADOT may procure and engage the services of an array of consultants to provide essential screening, planning, study, management, advisory, and oversight services to the P3 Office on a program and/or project-specific basis. These consultants may include program management, financial, legal, technical, traffic and revenue, tolling technologies and operations, communications, and any others as needed.

2.03 Audit and Analysis

As an integral part of ADOT, the ADMP is subject to audit and review. ADMP will, as it deems appropriate, make changes to address findings from internal performance audits.

2.04 Stakeholder Outreach and Collaboration

ADMP will reach out and seek collaboration and counsel with stakeholders, as necessary, for both program and project development.

2.05 Project Team

The Project Team is a project-specific committee formed by ADMP as needed that is composed of designated personnel from ADOT and organizations responsible for transportation in the area of a proposed project.

Project Team members will be identified based on the project needs and may include legal, financial, and technical consultants. ADMP may provide administrative support to the Project Team.

The Project Team advises ADMP on technical issues related to the proposed project. Examples of technical input it will provide include:

- (a) Determination of which P3 or alternative delivery method best suits each project;
- (b) Technical analysis as required in the evaluation of Alternative Technical Concepts (ATCs) and proposals; and

(c) Advice and support during any negotiations prior to award and during any post-award negotiations.

2.06 Executive Coordination

To communicate current activities and opportunities, the P3 Office will provide briefings to the ADOT Director, State Engineer, and Division Director(s).

The final decision for moving forward with a project, including the P3 delivery model for a project, will be made by the ADOT Director.

3 P3 PROJECT INITIATION AND DEVELOPMENT

ADMP is responsible for the development of projects using a P3 approach. ADOT can apply its P3 authority to any Eligible Facility, which includes all modes of transport (highways, railways, transit, ports, etc.) as well as support facilities (property, buildings, rail yards, etc.) developed or operated in accordance with A.R.S. § Title 28. As every project brings with it its own unique set of variables, the phases described below are suggestive and may be modified.

A new project can be identified internally from within ADOT (See [Section 4](#)), or externally through an unsolicited proposal (See [Section 5](#)). During project initiation and development, the P3 Office leads the effort, coordinating with multimodal planning, technical and procurement staff, and consultants as necessary. The decision on whether to deliver a project as a P3 procurement rests on the analysis of some or all of the following factors:

- (a) Initial and detailed evaluations of both internal and unsolicited proposals;
- (b) Project maturity;
- (c) Project feasibility;
- (d) Project prioritization within ADOT;
- (e) Project scope and complexity;
- (f) Cost and Schedule Risk Assessment (CSRA);
- (g) Traffic and revenue reports;
- (h) Cost-Benefit Analysis;
- (i) Value for Money (VfM) Analysis;
- (j) Requests for Information (RFIs) or other market sounding exercises;
- (k) Receipt and evaluation of Letters of Interest (LOIs); and
- (l) Viability of refined project scope based on industry input.

Projects already within ADOT's current *Five-Year Transportation Facilities Construction Program* are prioritized. Other projects may be considered after consultation with various offices within ADOT. Various factors may impact whether ADOT will make a project a priority, including changes within the region or community, natural disasters, or new information.

3.01 Feasibility Analysis

For all potential projects, the P3 Office may conduct any of a variety of financial, economic, and/or social analyses to determine whether:

- (a) The project has a positive cost-benefit ratio;
- (b) The delivery method brings VfM to the public; and
- (c) The project is affordable considering ADOT's overall financial capacity and competing priorities.

The timing for performing these analyses may vary depending on project maturity and chosen project delivery method. For example, if a Pre-Development Agreement (PDA) is chosen for a potential project that will benefit from developer assistance with project definition, scoping, environmental assessment, and design development, ADOT may undertake these analyses at points in time after the PDA is signed.

1 The results of these analyses, including, but not limited to, Cost-Benefit Analysis, CSRA, and VfM analysis, are
2 subsequently documented in a Business Case in support of a recommendation on whether and how to proceed with
3 the project.

4 (a) Cost-Benefit Analysis – Although a project may have already undergone a Cost-Benefit Analysis,
5 consideration as a P3 may merit an updated, new analysis, along with a CSRA. For example, the total life-
6 cycle cost of the project compared to the public benefits may need to be performed. Many different
7 elements of a program’s technical baseline and cost estimate are involved. This includes technology
8 maturity, supply chain integrity, asset management performance goals, quantities, schedules, and
9 acquisition considerations. These analyses may also include the payback period over which the investment
10 in the project will be recovered through lower operating costs or increased benefit to the public. In addition,
11 the current risk levels of a project are identified, as well as what tools, if any, are available to mitigate some,
12 if not all, of the risks identified.

13 (b) VfM Analysis – This analysis is used to verify which delivery method yields the best VfM to ADOT. VfM is
14 defined as the difference in net present value of total risk-adjusted life-cycle cost of the project under
15 different delivery methods, i.e., traditional design-bid-build or Design-Build (DB), and P3 options, such as
16 Design-Build-Maintain (DBM), Design-Build-Finance-Maintain (DBFM), or Design-Build-Finance-Operate-
17 Maintain (DBFOM). A VfM analysis considers both quantitative and qualitative costs and benefits and the
18 proposed risk allocations under a P3 Agreement as compared to traditional means of delivery.

19 **3.02 Industry Input**

20 The level of interest of industry in the project may be considered as part of a project feasibility effort, or may be
21 used to develop solicitation documents, or both. Industry input may come from an RFI, an industry forum, a market
22 sounding, and/or from individual meetings or conversations with industry representatives who may be interested in
23 the project.

4 INTERNAL P3 PROJECT SUBMITTAL

Any other ADOT division can request a meeting with ADMP to vet the possibility of a P3 delivery method to solve a challenge the ADOT division is facing.

To evaluate whether a P3 approach would be advantageous, it is important that the requesting ADOT division consider the following, as applicable:

- (a) One or more potential revenue streams, which may include traditional public funding for use as an availability payment or other revenue sources, such as new or existing tolls, fees, or sponsorships.
- (b) Specific information about the current problem, process, or project, and how a P3 approach may be able to enhance the solution.
- (c) Whether new challenges make this project likely to be considered a greater priority.
- (d) Current cost estimates for likely solutions.
- (e) Whether a project is currently in ADOT's *Five-Year Transportation Facilities Construction Program*.
- (f) The division or district that would provide day-to-day oversight of the executed P3 Agreement.
- (g) Any new staffing or resources that would be needed to implement the executed P3 Agreement.
- (h) Project Owner, i.e., ADOT division, district office, section, or group responsible for the project after procurement.
- (i) Project stakeholders.

ADOT staff should fill out the Preliminary P3 Project Submittal form available here: [ADOT's P3 Website](#).

5 UNSOLICITED (EXTERNAL) P3 PROJECT SUBMITTALS

ADOT welcomes creative and innovative ideas that provide material benefit to the State and encourages the private sector to place a strong emphasis on innovation when developing an unsolicited proposal. In an unsolicited proposal, the scope of a project is initially established by an external Proposer. ADOT will analyze and evaluate unsolicited proposals to determine if:

- (a) The project is of value to the public.
- (b) The project is in the best interest of the State.
- (c) The project is consistent with ADOT's goals, objectives, and priorities as described in the Statewide Transportation Improvement Program (STIP).
- (d) The project has a reasonable probability of being successful as a P3 project.

The burden is on the Proposer to demonstrate these attributes to ADOT. Firms considering submission of unsolicited proposals are strongly encouraged to discuss the project informally with the P3 Office prior to preparing a proposal (See [Section 5.01](#)). Each unsolicited proposal must comply with statutory mandates and include the information set forth in [Section 5.04](#) of these guidelines.

Unsolicited proposals will be subject to a three-step evaluation process, detailed in [Section 5.05](#) and comprised of:

- (a) Pass/Fail;
- (b) Initial Evaluation; and
- (c) Detailed Evaluation.

Once a proposal has been determined to be compliant with the Pass/Fail Review, ADOT will conduct an Initial Evaluation. If the Initial Evaluation indicates further evaluation is warranted, the process concludes with a detailed evaluation. ADOT, in its sole discretion, may reject the unsolicited proposal and return it to the Proposer at any time during the three-step evaluation process if it determines that the unsolicited proposal lacks the necessary merit to move forward. Within 10 business days of receipt of the unsolicited proposal, ADOT will contact the Proposer to discuss the timeline for moving forward with the three-step evaluation process.

Rejected unsolicited proposals are not appealable. No rights or remedies for any such rejection will be afforded. ADOT makes no commitment to (i) the time period of any such review and evaluation, (ii) the outcome of any such review and evaluation, or (iii) whether a rejected unsolicited proposal will result in a future solicitation for competing proposals or an agreement. All entities submitting an unsolicited proposal do so at their own risk and without reliance on, representation or warranty by, or recourse to ADOT.

5.01 Preliminary Meetings to Discuss Potential Unsolicited Proposals

External entities considering the submission of an unsolicited proposal are strongly encouraged to request a meeting with the P3 Office to have preliminary discussions prior to development and submittal of a formal unsolicited proposal under these guidelines. The form and subsequent discussions are intended to give ADOT a clear understanding of the Proposer's concept, and to give feedback on whether ADOT believes there may be "sufficient merit" to pursue such a proposal. These discussions are in no way meant to dictate to a potential Proposer or to discuss possible deal points of such a proposal. Once an unsolicited proposal is submitted, communication between ADOT and the Proposer is limited and more formal (see [Section 6.07](#)).

Regardless of any feedback from ADOT arising from any preliminary meetings, there is no prohibition on submission of an unsolicited proposal so long as it meets all P3 Guideline requirements in effect at the time.

5.02 Proposal Review Fee

All costs incurred by the Proposer in preparing and submitting an unsolicited proposal will be borne solely by the Proposer. The State, ADOT, or any of their agents, representatives, consultants, directors, officers, or employees will not be liable for, or otherwise obligated to, reimburse the costs incurred by the Proposer in developing the proposal or negotiating an agreement.

Upon notification that the project will undergo a detailed evaluation, ADOT may request the Proposer submit a nonrefundable Proposal Review Fee of up to \$50,000. This fee is intended to partially cover the estimated cost for ADOT to conduct a detailed analysis of all elements of the unsolicited proposal. If requested by ADOT, the Detailed Review will not commence until ADOT receives the Proposal Review Fee.

5.03 Multiple Submissions

If ADOT receives an unsolicited proposal that appears to be substantially similar to an unsolicited proposal already under review, ADOT will:

- (a) Stop the review of the original unsolicited proposal.
- (b) Determine if, in fact, the two proposals are substantially similar.
- (c) If so, the second proposal will then be returned to the second Proposer, and evaluation of the first proposal will resume.
- (d) If determined to not be substantially similar, the second proposal will be evaluated.

5.04 Unsolicited Proposal Submittal Requirements

An unsolicited proposal must contain information sufficient for ADOT to evaluate the merits of the proposed project, financial viability of the project, and benefits to the State of the proposed project and of project delivery utilizing a P3 delivery method over a conventional delivery method.

Unsolicited proposals are “proposals” for purposes of A.R.S. § 28-7707(B) and therefore covered by confidentiality protections except for the executive summary as described in Section 5.04(A).

One electronic copy (PDF) of an unsolicited proposal must be delivered via email to P3Office@azdot.gov. The cover letter should be addressed to:

Arizona Department of Transportation
Alternative Delivery and Major Projects Division
Attn: Office of P3 Initiatives
206 South 17th Avenue, Mail Drop 139A
Phoenix, AZ 85007

Page Format Parameters – A page is defined as an 8½ x 11-inch, blank or printed. Conceptual drawings are exempt from this definition. All pages, including covers, table of contents, tables, figures, photographs, divider sheets, maps, etc., are counted as pages.

Unsolicited proposals must be no more than 25 single-sided pages. However, if the Proposer believes additional pages are needed, the Proposer may contact the P3 Office to seek approval to deviate from the page limit. While ADOT encourages innovation from the private sector, the lengthier the proposal, the longer it will take for ADOT to review it. Supporting documents, such as conceptual drawings, design plans, financial models, studies, and reports, included in the Appendix, are not considered part of the 25-page limit.

Print and Font Size – Proposers must use a 11-point or larger font for the body of the proposal. The use of standard basic fonts, such as Arial, Calibri, and Times New Roman, found in all Microsoft software and print drivers, is highly recommended to avoid any formatting issues. The goal is to make the document clear and legible.

No video clips or other multimedia applications are allowed.

Table 1 Required Outline for Submittal of an Unsolicited Proposal

Section	Format Content
Section I	Executive Summary
Section II	Statement of Need / Project Description
Section III	General Proposer Information / Firm Capability and Experience
Section IV	Project Development Plan – Technical Approach
(a)	Construction and Development / Operations and Maintenance
(b)	Estimated Schedule
Section V	Public Outreach Plan (optional)
Section VI	Financial Proposal
Appendix (optional)	References, conceptual drawings, supporting studies, financial model, etc. (not included in 25-page limit)

(A) Section I – Executive Summary

The Proposer must include an executive summary covering the major elements of its proposal. The executive summary must not:

- i. Address the Proposer's price;
- ii. Include the Proposer's financing plan; or
- iii. Include any trade secrets or confidential commercial, financial, or proprietary information that the Proposer considers to be exempt from disclosure pursuant to A.R.S. § 28-7707.

The executive summary will be a public document and may be posted on [ADOT's P3 Website](#).

(B) Section II – Statement of Need / Project Description

A statement of need and project description should include the following, as applicable:

- i. Graphics (maps, plans, etc.) with accompanying narrative;
- ii. The limits, scope and location of the proposed project, including where applicable project length, termini, number of lanes, lane mile numbers, and types of structures (or other information associated with relative project size for non-highway projects), rolling stock, capital equipment, etc.;
- iii. Right-of-way (ROW), permitting, and utility requirements;
- iv. Interconnections to other transportation facilities and improvements to those facilities that will be necessary;
- v. A conceptual project design, if applicable;
- vi. A statement of the project's consistency with the STIP and relevant Metropolitan Planning Organizations (MPO), Regional Planning Organizations (RPO), or Council of Governments (COG) plans and expected results, including financial performance and improvements to mobility and capacity, if applicable;

- vii. A list of past studies concerning the project;
- viii. Environmental reviews conducted and its status or anticipated requirements;
- ix. Anticipated roles and responsibilities of ADOT in connection with the proposed project, including estimated ADOT contributions;
- x. Impact of the project on congestion relief, if applicable;
- xi. Overall approach to the delivery process and a demonstration of how the project can be effectively and efficiently developed, financed, and completed;
- xii. Significant project risks and how they will be managed and mitigated;
- xiii. Any known stakeholder support or opposition for the project; and
- xiv. Explanation as to why the proposed P3 delivery method is best for this proposal.

(C) Section III – General Proposer Information / Firm Capability and Experience

Information about the Proposer and their experience with a similar project should include:

- i. Information on the experience, expertise, technical competence, and qualifications of the Proposer and of each company included in the Proposer's team.
- ii. Discuss previous similar projects for which the Proposer has performed a similar function. Include project references.

(D) Section IV – Project Development Plan – Technical Approach

- i. Construction and Development / Operations and Maintenance – A plan describing the proposed construction and development. If operations and/or maintenance is part of the unsolicited proposal, this should also be included and describe how the operations and/or maintenance will be addressed over the period of the proposed agreement including, but not limited to, the management structure and approach, the proposed period of time, law enforcement, User Fee collection and enforcement (if applicable), routine maintenance, capital maintenance, emergency response, etc. (See Section 6.03(A)).
- ii. Estimated schedule – An estimated schedule must be provided showing relevant anticipated dates, including, as applicable, agreement award, commercial close, financial close (if applicable), start of construction, completion of construction, start of operations, and anticipated major maintenance or reconstruction activities during the life of the proposed agreement.

If the procurement delivery model is a PDA or an Integrated P3 or DB, the proposal contents will differ significantly from those required for other P3 project delivery methods. Proposers are strongly encouraged to request meetings with ADMP prior to submitting an unsolicited proposal for one of these delivery models. PDA and Integrated P3 or IDB implementation is further discussed in Section 8.04.

To complete the evaluation, ADOT may require additional information, details, and clarifications. Unsolicited proposals submitted with a PDA, Integrated P3, or IDB recommendation and determined to have merit will still be competitively advertised as described in Section 6.

(E) Section V – Public Information

This is an optional section depending on the project and what the Proposer thinks would be helpful in this area for ADOT's review.

(F) Section VI – Financial Proposal

A preliminary finance plan describing the proposed financing of the project that identifies the source of funds to develop, design, construct, operate, and/or maintain the Eligible Facility, including, as relevant, Proposer equity, commercial debt, Transportation Infrastructure Finance and Innovation Act (TIFIA) loans, private activity bonds (PABs), proposed ADOT contributions, and the projected revenue stream. If User Fees or other revenue streams will be generated by the project, then a description of the proposed User Fee structure should be included, along with a fully functioning financial model to support the project's financial feasibility.

5.05 Unsolicited Proposal Evaluation Process

The objective of the evaluation process is to determine if:

- (a) The unsolicited proposal and proposed project meet the statutory requirements;
- (b) The proposed project or aspects of the proposed project are of value to the citizens of Arizona; and
- (c) The proposed project would likely be successful as a P3 project.

The evaluation of unsolicited proposals includes:

- (a) Pass/Fail – The P3 Office will determine whether the unsolicited proposal meets the submittal requirements described in Section 5.04.
- (b) Initial Evaluation – Starting concurrent with the Pass/Fail Review, ADMP will make a preliminary assessment of the proposal. ADMP will initiate internal discussion on the merits of the proposed project, financial viability of the project, benefits to the State of the proposed project, and delivery of the project using a P3 delivery method over a conventional method.
- (c) At any time during this evaluation, ADMP may request clarifications or additional information from the Proposer. ADMP may determine that the proposal is not in the best interest of the State or consistent with ADOT priorities and goals and reject the proposal, returning it to the Proposer. If ADMP is satisfied that the project is of value to the State and consistent with ADOT priorities and goals, it will summarize its initial assessment of the proposal for confidential discussion with the Executive Coordination Team and potentially the State Transportation Board.
- (d) Detailed Evaluation – If requested, the nonrefundable Proposal Review Fee described in Section 5.02 must be received by ADOT prior to the start of the detailed evaluation process.
- (e) A Project Team, as described in Section 2.05, will perform the detailed evaluation, with the assistance of consultants. This evaluation will be more comprehensive than the Initial Evaluation and will examine technical, financial, and legal elements of the proposal in greater detail (See Section 3). The detailed evaluation will also assess whether the Proposer has clearly demonstrated that moving a proposed project forward as a P3 project is advantageous as compared to other delivery methods. At this stage in the evaluation, ADOT, in its sole discretion, may choose to seek public input through public polls, focus groups, or other public meetings.
- (f) At any time during the detailed evaluation, ADOT, in its sole discretion, may request clarifications, additional information, or choose to meet with the Proposer to seek additional insight. Such meetings are for information only, and ADOT is not bound by anything occurring during such informal discussions.

At the completion of the detailed evaluation, ADOT, in its sole discretion, may reject the proposal and return it to the Proposer or choose to move all or some of the project forward in a competitive procurement process.

At any time during this evaluation, the unsolicited proposal may be found noncompliant or inconsistent with ADOT goals or priorities, and therefore, ADOT, in its sole discretion, may reject or return such unsolicited proposal to the Proposer.

ADMP, in its sole discretion, will determine the duration for completing the Initial and detailed evaluation processes based on proposal complexity, resource availability, workload, and other relevant factors.

(A) Release to Public

After completion of the Initial Evaluation, if the proposal proceeds to detailed evaluation, an executive summary will be made public pursuant to A.R.S. § 28-7707(B).

(B) Determination of Merit

If an unsolicited proposal passes all three steps of the evaluation process and ADOT decides to proceed with the project, a competitive solicitation process (See Exhibit A) will be initiated pursuant to A.R.S. § 28-7704(A)(2). ADOT, in its sole discretion, may modify a project or project scope and other commercial, technical, and financial terms contained in an unsolicited proposal.

5.06 Suspension of Certain Unsolicited Proposals

While an unsolicited proposal can be submitted for any project that is characterized as an Eligible Facility, it may be in the best interest of ADOT and potential Proposers if a suspension is placed on certain types of projects periodically. The imposition of a suspension on a certain unsolicited proposal does not prohibit a potential Proposer from requesting meetings with ADMP to discuss potential unsolicited proposal concepts to prepare for when the suspension is lifted.

6 P3 PROJECT PROCUREMENT

ADOT will determine whether and when to initiate a procurement requesting Proposers to develop, finance, design, construct, maintain, or operate, or any combination thereof, the Eligible Facility. Procurement preparation begins with the determination of the preferred procurement type – a two-step procurement with both a Request for Qualifications (RFQ) and Request for Proposals (RFP) or a one-step procurement featuring just an RFQ or RFP.

(a) RFQ followed by RFP – In response to an RFQ, interested parties submit their qualifications to deliver the specified project along with other preliminary information. The responses are evaluated by ADOT and used for shortlisting the most competent Proposers. The shortlisted Proposers are then invited to submit detailed proposals addressing approach, price, and other issues in response to an RFP.

(b) Issuance of an RFQ or RFP only – ADOT posts an RFQ or RFP requesting information on qualifications, approach, price, and/or other issues, and any entity may respond.

ADMP, in its sole discretion, will decide which type of procurement is most appropriate.

The RFQ may require Proposers to submit information different from or in addition to the information referenced in these guidelines.

Project oversight, construction, and development requirements are key factors that will determine whether ADMP, the P3 Office, Contracts and Specifications (C&S) Group, or some combination thereof will serve as the Procurement Administrator for a new project. The Procurement Administrator will understand the authority given to ADOT for P3 projects pursuant to A.R.S. § 28-7704(F), which states “[ADOT] may procure services, award agreements and administer revenues as authorized in this section notwithstanding any requirements of any other state or local statute, regulation or law relating to public bidding or other procurement procedures or other provisions otherwise applicable to public works, services, or utilities.”

When a new project enters the procurement phase, ADMP works collaboratively with the Procurement Administrator to set up the internal Project Team for technical, legal, financial, and overall development and review of solicitation documents and the Evaluation Committee. The Procurement Administrator will publish all the formal solicitation documents when ready and handle all communications with potential Proposers.

Depending on the funding for the project and whether there is a federal nexus, the Project Team will identify and initiate compliance for all applicable federal requirements such as Disadvantaged Business Enterprise (DBE), On-the-Job Training (OJT), Build America, Buy America, utilities, ROW, environmental, Title VI, prevailing wage, etc., on new P3 projects. Certain P3 funding sources may trigger National Environmental Policy Act (NEPA) requirements for environmental approvals, resource agency permitting, and construction mitigation and oversight. The use of P3 project delivery does not allow ADOT to forgo compliance with federal requirements that would otherwise govern the project.

A representative of ADMP and the Procurement Administrator will, as appropriate and to the extent possible, participate in all Industry Meetings and One-on-One meetings with the shortlisted teams. In addition, a representative from ADMP will participate in negotiations with the Preferred Proposer.

ADOT will issue public notices of its procurements consistent with applicable legal requirements. Notices will generally describe the project scope or services desired, indicate the recipient of and the deadline for responses, and contain such other information as ADOT deems appropriate for the project.

A link to solicitation documents issued by ADOT and public announcements of shortlisted Proposers and the Preferred Proposer selected for negotiations will be issued by ADMP and also be available on [ADOT's P3 Website](#).

6.01 Evaluation Committee(s)

One or more representatives of ADMP will serve on the Evaluation Committee. Other Evaluation Committee participants could include ADOT personnel from related ADOT divisions, sections, and groups, the ADOT district office in which the project resides, and/or personnel from local agencies, counties, or MPO/RPO/COG. The

Evaluation Committee will evaluate Statements of Qualifications (SOQs) and technical and financial proposals, as applicable, against criteria established in the solicitation documents.

6.02 Delivery Mechanisms

Internal and unsolicited proposal processes can accommodate several different types of delivery methods. The type of delivery mechanism may be determined based on, among other things, the nature and status of the project, risk factors, scheduling, funding, and goals. The solicitation documents should reflect the intended project delivery mechanisms as set forth in A.R.S. § 28-7703.

Possible delivery mechanisms for alternative delivery projects may include:

- (a) PDAs leading up to other implementing agreements;
- (b) IDB Agreement;
- (c) DB Agreement;
- (d) Design-Build-Finance (DBF) Agreement;
- (e) DBM Agreement;
- (f) DBFM Agreement;
- (g) Design-Build-Finance-Operate (DBFO) Agreement;
- (h) Design-Build-Operate-Maintain (DBOM) Agreement;
- (i) DBFOM Agreement;
- (j) Value Capture Agreement;
- (k) Concession Agreement providing for the Private Partner to design, build, operate, maintain, manage, or lease an Eligible Facility; and
- (l) Any other project delivery method or agreement, or combination of methods or agreements that ADOT determines will serve the public interest.

If the procurement is the result of an unsolicited proposal, the entity that submitted the unsolicited proposal, if they choose to participate, will be required to engage in a competitive process and submit a valid response to an RFQ and/or RFP, as applicable. Further details on the internal and unsolicited proposal submission processes are found in Sections 4 and 5 of these guidelines.

6.03 Proposer Review Meetings and Review of Documents

ADOT, in its sole discretion, may hold Proposer Review Meetings. The meetings are intended to share ADOT information regarding drafts of solicitation-related documents (Instructions to Proposers, Technical Requirements, P3 agreements, etc.) with shortlisted Proposers and obtain feedback, comments, and suggestions regarding key project components and technical, financial, and legal issues. Proposer information that is confidential or proprietary will not be shared during this process.

The meetings may be joint workshops with all shortlisted Proposers or individual One-on-One meetings (which may be meetings or conference calls), as deemed necessary by ADOT. One-on-one meetings with the shortlisted Proposers are generally confidential and often address issues that are proprietary to the shortlisted Proposer. ADOT may amend solicitation documents as a result of the Proposer Review Meetings. Shortlisted Proposers will each be materially afforded the same opportunity to meet and talk with ADOT in connection with the project. Any new procurement or project-related information that ADOT shares during a One-on-One Meeting must be shared with all Proposers to maintain equal access to information. To the extent possible, the same ADOT personnel and advisers should be present during each round of meetings.

In addition to meetings with the shortlisted Proposers, ADOT may issue drafts of some or all of the RFP documents, including Instructions to Proposers, Technical Requirements, and the draft P3 Agreement. If a draft is published, shortlisted Proposers will be encouraged to review draft documents thoroughly and submit written comments and questions concerning said documents. ADOT will review and consider such input and potentially revise or adjust the documents in consideration thereof. ADOT, at its own discretion, may limit the number, scope, or length of written comments and questions. In addition, ADOT may or may not, at its discretion, respond in writing to the comments and questions. To the extent ADOT holds Proposer Review Meetings or solicits written comments and questions, ADOT will include additional information on these processes in the solicitation documents.

6.04 Required Content

Solicitation Documents issued by the Procurement Administrator will require information sufficient for ADOT to evaluate the capability of the Proposer to deliver the project. An RFQ, or an RFP in the case of a one-phase procurement, will require information concerning the experience, expertise, technical competence, and qualifications of the Proposer and of each member of the Proposer's management team. This may include any key employees and subcontractors, including the name, address, and professional designation.

Sufficient financial information may be required in the solicitation documents to enable ADOT to assess whether a Proposer has the appropriate financial capacity to assume the responsibilities and obligations required to deliver the project on schedule and on budget. For example, ADOT may require the inclusion of financial statements (including audited financial statements where available) and disclosure of material changes in the Proposer's financial position.

(A) Project Description

Solicitation Documents will include a project description with the following, as applicable:

- i. The limits, scope and location of the proposed project, including where applicable, project length, termini, number of lanes, lane mile numbers, and type of structures (or other information associated with relative project size for non-highway projects), rolling stock, capital equipment, etc.
- ii. ROW requirements and acquisition status.
- iii. Interconnections to other transportation facilities and improvements to those facilities that will be necessary if the project is developed.
- iv. A conceptual project design, if available.
- v. A statement of the project's consistency with the STIP and relevant MPD plans and expected results, including financial performance and improvements to mobility and capacity.
- vi. All studies that may have been completed by ADOT concerning the project.
- vii. Information on environmental review requirements and status.
- viii. Information concerning the ADOT anticipated roles and responsibilities in connection with the proposed project, including estimated ADOT financial or other contributions.
- ix. Maps, charts, or other graphics, as applicable.

(B) Schedule

To the extent possible, a schedule showing relevant anticipated dates, including shortlisting of Proposers (if applicable), agreement award, commercial close, financial close (if applicable), start of construction, completion of construction, start of operations, and any other anticipated major maintenance or reconstruction activities during the procurement and term of the proposed agreement.

(C) Bonds, Letters of Credit, Guarantees, Insurance

Solicitation Documents may require a Proposer to demonstrate that it or its lead contractor is able to obtain and deliver performance and payment bonds, a letter of credit, a parent company guarantee, or other security acceptable to ADOT and consistent with the size and complexity of the project. Similarly, ADOT may ask Proposers to demonstrate that they are able to obtain insurance covering builder's risk, general liability, auto liability, pollution liability, liability for errors and omissions, and other policies, as applicable to the project. Note that under the P3 statute, ADOT is allowed to require performance and payment bonds at less than 100% of the value of the contract, based on what is needed to protect the public (See A.R.S. § 28-7705(A)(14)).

(D) Licenses and Certifications

Solicitation Documents may require a Proposer to demonstrate that it and its members, subcontractors, and consultants possess or can obtain by the date of award the licenses and certificates necessary to carry out their respective functions within the State.

6.05 Public Records and Confidentiality

Pursuant to A.R.S. § 28-7707(A), Proposers must identify those portions of a proposal or other submission that the Proposer considers to be trade secrets or confidential commercial, financial, or proprietary information. For confidential and proprietary information and trade secrets to be exempt from disclosure, the private entity must do all the following:

- (a) Invoke exclusion on submission of the information or other materials for which protection is sought.
- (b) Identify the data or other materials for which protection is sought with conspicuous labeling.
- (c) State the reasons why protection is necessary.
- (d) Fully comply with any applicable State law with respect to information that the Proposer contends should be exempt from disclosure.

Blanket claims of exemption from disclosure will not be acceptable.

Pursuant to A.R.S. § 28-7707(B), an RFP will require each Proposer to include with its proposal an executive summary covering the major elements of its proposal that do not address the Proposer's price, financing plan, or other confidential or proprietary information or trade secrets that the Proposer considered to be exempt from disclosure. The executive summary will be subject to release and disclosure to the public at any time. Notwithstanding any other law, to maximize competition, no part of a proposal other than the executive summary shall be subject to release or disclosure by ADOT before execution of the P3 Agreement and the conclusion of any protest or other challenge to the award, absent an administrative or judicial order requiring release or disclosure. After the execution of the agreement and the conclusion of any protest or other challenge to the award, Arizona's Public Records Law (A.R.S. Title 39) applies to any release of any part of the proposal.

6.06 Stipulated Fees/Stipends

(A) A.R.S. § 28-7705(I)

Pursuant to A.R.S. § 28-7705(I), ADOT is required to award a stipulated fee equal to four-tenths of 1% of the project's estimated cost of design and construction to each shortlisted Proposer who provides a responsive but unsuccessful proposal. This obligation only applies to two-step P3 procurements involving hard bids for DB services (e.g., procurements for DB, DBOM, and DBFOM agreements). Conversely, this obligation does not apply to single-step procurements (procurements that do not involve shortlisting) or procurements that use a purely qualifications-based selection or do not require a hard bid for DB services (e.g., procurements for PDAs).

If ADOT officially cancels the procurement after shortlisting but before reviewing the Technical Proposals, ADOT must award each Proposer on the selected shortlist a stipulated fee equal to four-tenths of 1% of the project's

estimated cost of design and construction. If ADOT receives proposals but officially cancels the procurement without executing a P3 Agreement, all responsive shortlisted Proposers shall receive the stipulated fee. ADOT must pay the stipulated fee to each Proposer within 90 days after the “award” (meaning “execution”) of the P3 Agreement or official cancellation of the procurement. ADOT is not required to pay stipulated fees under the following circumstances:

- i. ADOT cancels a procurement before shortlisting Proposers;
- ii. A Proposer drops out of the procurement or fails to submit a responsive proposal;
- iii. A Proposer does not comply with any conditions to payment in the RFP or stipulated fee agreement (if any) (e.g., submission of a protest, failure to submit an invoice);
- iv. A Proposer is selected for award and executes the P3 Agreement;
- v. A Proposer is selected for award but fails to comply with any of its obligations associated with P3 Agreement execution set forth in the RFP; and
- vi. A Proposer does not execute a stipulated fee agreement (if any) or otherwise waives its right to a stipulated fee (discussed below).

In consideration for paying the stipulated fee, ADOT may use any ideas or information contained in the proposals (or any other information submitted by Proposer during the procurement) in connection with any agreement awarded for the same project or any other project, or in connection with any subsequent ADOT procurement, without any obligation to pay any additional compensation to the unsuccessful Proposers.

ADOT may use a project’s RFQ, RFP, or separate stipulated fee agreements with shortlisted Proposers to clarify stipulated fee rights and requirements, including ADOT’s rights to utilize any pre-proposal submissions (e.g., ATCs) and any conditions to the shortlisted Proposers’ receipt of a stipulated fee.

An unsuccessful shortlisted Proposer who is otherwise entitled to receive a stipulated fee may elect to waive the fee. If an unsuccessful shortlisted Proposer elects to waive the fee, ADOT may not use ideas and information contained in the Proposer’s proposal, except that this restriction does not prevent ADOT from using any idea or information if the idea or information is also included in the proposal of a shortlisted Proposer that accepts the stipulated fee.

(B) A.R.S. § 28-7704(D)

In addition to A.R.S. § 28-7705(I), the P3 law includes another section that addresses stipulated fees—A.R.S. § 28-7704(D). This section was adopted as part of the original P3 statute and authorizes ADOT, in its sole discretion, to pay a “stipend” (it does not use “stipulated fee”) to Proposers who, among other things, have submitted responsive proposals. The stipend authorized under A.R.S. § 28-7704(D) is set based on ADOT’s estimate of the value of the work product ADOT receives. In light of the requirements in A.R.S. §§ 18-7704(D) and 28-7705(I), ADOT interprets Section 28-7705(I)’s mandatory language to control only ADOT’s two-step procurements (RFQ followed by RFP) of P3 contracts involving hard bids for DB services. The permissive language in Section 28-7704(D) applies to all other procurements under Chapter 22 (Public-Private Partnerships) of A.R.S. Title 28, including one-step P3 procurements and procurements for PDAs and other qualifications-based selections.

6.07 Rights Reserved

ADOT reserves all rights available by law and in equity in its procurement process, generally including, but not limited to, the sole right to:

- (a) Modify the procurement process to address applicable law and/or the best interests of ADOT and the State of Arizona;
- (b) Develop the project in any manner that it deems necessary;

- (c) Issue an RFQ relating to a project described in an unsolicited proposal after the rejection or termination of the evaluation of the unsolicited proposal and any competing proposals;
- (d) Modify all dates set or projected in an RFQ or RFP;
- (e) Reject any and all submittals, responses, SOQs, and proposals, whether internal or unsolicited, at any time;
- (f) Terminate evaluation of any and all SOQs or proposals, whether internal or unsolicited, at any time;
- (g) Suspend and/or terminate negotiations with any Proposer at any time, elect not to commence negotiations with any responding Proposer, and engage in negotiations with other than the highest ranked Proposer;
- (h) Negotiate with a Proposer without being bound by any provision in the proposal, whether internal or unsolicited;
- (i) Negotiate with a Proposer to include aspects of unsuccessful proposals in the agreement;
- (j) Require confirmation of information furnished by a Proposer, additional information from a Proposer concerning its SOQ and/or proposal, and/or additional evidence of qualifications to perform the work described in the RFQ and RFP, including holding meetings and exchanging correspondence with the Proposers to seek an improved understanding of the SOQs and proposals. If individual Proposer informational meetings are held, all Proposers submitting a responsive SOQ and proposal, as applicable, will be afforded the same opportunity to participate in individual Proposer informational meetings;
- (k) Seek or obtain data from any source that has the potential to improve the understanding and evaluation of the responses to an RFQ, RFP, or other ADOT requests;
- (l) Add or delete Proposer responsibilities from the information contained in the RFQ or RFP;
- (m) Revise and modify the evaluation factors or otherwise revise or expand the evaluation methodology set forth in the SOQ at any time before the SOQ due date or set forth in the proposals at any time before the proposal due date. If such revisions or modifications are made, ADOT will post an Addendum setting forth the changes to the evaluation criteria or methodology;
- (n) Cancel an RFQ or RFP in whole or in part at any time prior to the execution of an agreement without incurring any cost obligations or liabilities other than its obligation to pay a stipulated fee as described in Section 6.05;
- (o) Issue a new RFQ and/or RFP after withdrawal of the original RFQ and/or RFP;
- (p) Not shortlist or prequalify any Proposer responding to an RFQ;
- (q) Not issue an RFP after issuing an RFQ;
- (r) Issue Addenda, Supplements, and Modifications to an RFQ and/or RFP;
- (s) Appoint Evaluation Committees to review SOQs and proposals, make recommendations, and seek the assistance of outside technical, financial and legal experts, and consultants in SOQ and proposal evaluation;
- (t) Waive immaterial deficiencies in a proposal or SOQ, accept and review a nonconforming proposal or SOQ, or permit clarifications or supplements to a proposal or SOQ;
- (u) Disqualify any Proposer that changes its SOQ, proposal, or other procurement-related submittal without ADOT approval;
- (v) Disqualify any Proposer under an RFQ, RFP, or during the period between the RFQ or RFP for violating any rules or requirements of the procurement set forth in the RFQ, the RFP, or in any other communication from ADOT;

- (w) Not issue a Notice to Proceed (NTP) after execution of the agreement;
- (x) Not pursue TIFIA credit approval on behalf of the Proposers;
- (y) Not seek an allocation for PABs on behalf of the Proposers;
- (z) Develop some or all of a project itself;
- (aa) Disclose information contained in a response submitted to ADOT as governed by the law and/or the solicitation documents;
- (bb) Exercise any other rights reserved or afforded to ADOT under a procurement document, applicable law, or in equity;
- (cc) Disqualify any Proposer for any conflict of interest, including use of any key former ADOT employee in the pursuit of an agreement, if the Proposer hired such an employee within 12 months of the start of the procurement.

Specific reservations of rights will be included in the solicitation documents for a project. Except as set forth in the solicitation documents, should the procurement process or negotiations be suspended, discontinued, or terminated, the Proposer shall have no rights of recourse, including reimbursement of Proposal Review Fee or costs associated, directly or indirectly, with the proposal development or presentations.

6.08 Ex Parte Communications

The Proposer or its representative must not have any ex parte communications during review of an unsolicited proposal or the procurement for a proposed project with any member of the State Transportation Board or with any of ADOT's staff, advisers, contractors or consultants involved with the procurement or review, except for communications expressly permitted in these guidelines, by the RFQ, RFP, or except as approved in advance by the ADMP Division Director or their designee, in such individual's sole discretion. The foregoing restriction will not, however, preclude or restrict the Proposer from communications regarding matters unrelated to the RFQ, RFP, or from participating in public meetings. ADOT, in its sole discretion, may disqualify any Proposer engaging in prohibited communications. Additional requirements and limitations on communications may be included in the solicitation documents for a project. ADOT may provide a list in the solicitation documents of agencies, organizations, stakeholders, consultants, and contractors with whom Proposers must not communicate, provided that such lists may not be exhaustive and ADOT reserves the right to modify such lists at its discretion.

6.09 Disclaimers and Conditions for Proposals

Unless otherwise stated in the solicitation documents, except with respect to ADOT's obligation to pay a stipulated fee as described in [Section 6.05](#), under no circumstance shall ADOT, the State of Arizona, or any department or agency thereof be liable for or reimburse the costs incurred by the Proposers whether or not they are selected, or if the procurement process is delayed, altered, or terminated.

Except as expressly provided in the solicitation documents, any and all information ADOT makes available to Proposers will be as a convenience to the Proposer without representation or warranty of any kind.

7 P3 RFQ AND RFP EVALUATION

SOQs and proposals submitted to ADOT will be evaluated based on many factors, including, but not limited to, the structure of the Proposer team; the background and experience of the Proposer; individual team members; key personnel experience on P3 projects; designing, constructing, financing, operating, and/or maintaining comparable projects; the quality of the experience with comparable projects; financial capacity; and anticipated workload. The specific nature of experience, key personnel, and background required will depend on the specific project as well as the project delivery mechanism proposed.

While the P3 law does not require the use of any statutorily imposed formula in evaluating the proposals, the Proposer will be assessed on the approach to the development, design, construction, financing, operations, or maintenance of the proposed project, as applicable, including relative roles and responsibilities between ADOT and the Proposer, innovation, and risk management.

The overall capability of the Proposer may be assessed to determine whether the Proposer has sufficient financial capacity to assume the responsibilities and obligations required to deliver the project on schedule and on budget.

7.01 General RFQ Evaluation

Evaluation criteria will vary depending on the actual project and will be clearly specified in the solicitation documents.

Proposers may, at ADOT's discretion, be required to submit, as part of their SOQ, a description of their approach and conceptual plan for implementing some, or all, of the development, design, construction, financing, operations, and maintenance of the project for which the SOQ is submitted. Such required information may include a commitment of resources and the use of subcontractors and suppliers. The RFQ may also require that the SOQ include, among other things, the following:

- (a) The Proposer's view of the roles and responsibilities of the owner, key personnel, and third parties in connection with the project (in terms of allocation of work or risk and implementation/delivery);
- (b) A description of how certain elements of the project will be achieved;
- (c) A list of the major risk issues and factors associated with the project and how they will be addressed; and
- (d) A description of the availability of Proposer resources for the project.

In a two-phase procurement, upon making a positive determination of shortlisted Proposers for a particular project, ADOT will issue an RFP, which in most cases will require the Proposers to provide a proposal containing at least two basic components: a technical proposal and a financial proposal. ADOT may also issue an RFP without first issuing an RFQ or issue only an RFQ. If the project delivery model involves a PDA or an integrated model, then components of the technical and/or financial proposals, as well as additional components, may be required as discussed in Section 8.04. Specific solicitation documents may require Proposers to submit information different from or in addition to the general information referenced in these guidelines.

7.02 General RFP Evaluation

Technical Proposal Evaluation – ADOT may require the Proposer to provide technical information regarding the project's Technical Requirements as ADOT deems appropriate. Such required information may include, without limitation, design elements; approaches for design, construction, operations, maintenance, and/or quality control and assurance; schedule; phasing; and other information as appropriate for the project's development. The intent of the technical proposal evaluation is to provide assurance that the Proposer selected has:

- (a) A sufficient understanding of the project or desired service;
- (b) An approach that meets technical and contractual requirements contained in the solicitation documents; and

- (c) The ability to timely and efficiently deliver the project or service in a quality manner, consistent with contractual requirements contained in the solicitation documents.

ADOT may choose to include a process for ATCs as part of the RFP process. If ATCs are utilized, the details for how they will be submitted, reviewed, and approved will be included in the RFP.

Financial Proposal Evaluation – The type and extent of financial documentation to be submitted and evaluated as part of the financial proposal will depend on the delivery mechanism. The RFP may require that the Proposer update the financial information provided from the SOQ (if applicable) and will require disclosure of any material changes in the Proposer’s financial position.

If the RFP and project scope require the Proposer to finance any or all of the project, the RFP will generally require the financial proposal to include a financial plan and a financial model. The nature of the project, project delivery method, and market conditions at the time of the proposal will dictate:

- (a) The contents and level of detail of the financial plan;
- (b) Whether the financial proposal is fully or partially committed; and
- (c) The permitted commitment and closing conditions that may be included by the Proposer.

Requirements for a financial plan may require the Proposer to:

- (a) Identify the financial institution(s) involved;
- (b) Provide a description of senior debt finance, mezzanine debt finance, equity and quasi-equity finance (including subordinated debt or loan stock), and/or any other forms of finance;
- (c) Identify investors, lead arrangers, lead managers, and/or underwriting banks, and/or quasi-equity providers that have given indications or commitments, and identify their level of project knowledge and due diligence performed;
- (d) Describe the type and purpose of each funding source and facility;
- (e) Describe the proposed steps and timeframes for reaching financial close; and
- (f) Provide specific information for each separate bank, loan facility, or other debt instruments, such as commitments, amounts, terms and conditions attaching to the loan, drawdown schedule, capital repayment moratorium, repayment schedule and final maturity date, events of default, security required (including any guarantees), any reserve accounts, interest rate, any proposed hedging arrangements in respect of interest rates, average life of debt, credit ratings, due diligence, and timetables.

Generally, requirements for a financial model submittal will include inputs (specific dates, periods, revenues, expenditures, contingencies and profit margins, macroeconomic assumptions, and inflation), outputs (cash balances, returns on equity, cost of capital, net present value of construction costs, and reserves), and calculations. Proposers will be required to provide detailed backup information, a list of assumptions, and details of how the financial model operates.

Proposers may be asked to demonstrate an understanding of ADOT’s traditional debt finance approach and any potential interactions between a project financed by the Proposer and ADOT’s existing budget and debt obligations.

The RFP will provide details regarding applicable requirements for the financial plan and financial model portions of the financial proposal. ADOT may choose to include a process for Alternative Financial Concepts (AFCs) as part of the RFP process. If AFCs are utilized, the details for how they will be submitted, reviewed, and approved will be included in the RFP.

8 P3 PROJECT AWARD AND IMPLEMENTATION

Upon approval of an award by a selection panel, all Proposers will be contacted within three business days by the ADMP Division Director or designee.

ADOT is not required to attach the final agreement to either an RFQ or RFP, allowing for more flexibility to modify the agreement during the procurement process up to the time of agreement execution.

ADMP may negotiate as needed and finalize whatever agreements are needed. Subsequently, ADOT may submit the agreement(s) to the Attorney General's (AG) Office to investigate and determine the validity of the agreement(s). If the AG determines that the agreement(s) comply with the law and will constitute a binding and legal obligations of ADOT that are enforceable according to the terms of the agreement(s), the AG shall certify in substance that the agreement(s) have been entered into in accordance with the Constitution and laws of this State. ADOT will then send the agreement to the Preferred Proposer for signature. ADOT is the last signatory to the agreement.

Once the Preferred Proposer signs the agreement, any performance and/or payment bond forms required must be provided to ADOT prior to issuance of any NTP.

Concurrent to getting the agreement signed, the Procurement Administrator will work directly with the appropriate ADOT procurement entity to ensure the agreement is properly filed and obtain all necessary internal documents and approvals to support project set up.

The ADOT division where the new project resides may coordinate all applicable development, design, construction, and/or maintenance services and will act as the principal contact for questions. The P3 Office will be available to assist the ADOT division as it works to implement the agreement.

8.01 Debriefing Meetings

Proposers not selected may request a debriefing from the Procurement Administrator, regardless of whether or not any debriefing language is included in the solicitation documents. If requested, debriefings will be provided at the earliest possible time after execution of the relevant agreement. The debriefing will include ADOT staff and stakeholders familiar with the rationale for the shortlist or final selection decision.

Debriefings will:

- (a) Be limited to discussion of the unsuccessful Proposer's submission and may not include discussion of a competing submission;
- (b) Be factual and consistent with the evaluation of the unsuccessful Proposer's submission;
- (c) Provide information on areas in which the unsuccessful Proposer's submission had weaknesses or deficiencies; and
- (d) Not include discussion or dissemination of the thoughts, notes, or rankings of individual evaluators or their identities.

8.02 Protests

Protest provisions will be described in the specific procurement documents. Those provisions will control the process for consideration and resolution of the protest.

A protest must completely and succinctly state the grounds for protest, legal authority, and factual basis, and must include all factual and legal documentation in sufficient detail to establish the merits of the protest. Response to a protest will not include discussion or dissemination of the thoughts, notes, or rankings of individual evaluators or their identities. A protest must not be viewed as a method to obtain evidence about competing proposals or Proposers.

Unless otherwise specified in the solicitation documents, the written decision of ADOT's Deputy Director of Transportation/State Engineer will be administratively final.

8.03 Contracting

When the agreement has been executed and an NTP issued to the Private Partner, the ADOT division or district office responsible for the project will take over administration of the agreement. This includes establishing any support contracts (such as for general engineering consultants, construction inspectors, etc.) that may be needed and finalizing any bond and/or insurance requirements of the Private Partner. The P3 Office can provide support as needed, but will not generally administer the agreement or monitor the day-to-day operation. For P3 projects administered by ADMP, more details regarding the contract administration process are provided in the *Design-Build Procurement and Administration Guide*.

A representative of the P3 Office may attend periodic project status meetings with the ADOT division or district office and Private Partner. ADOT will actively participate in final inspection and issuance of substantial and final completion of capital works and acceptance of the project at handback.

Because of the unique nature of every project and the potential for a variety of P3 approaches and project delivery methods, it is anticipated that final agreements may differ significantly. For instance, the initial agreement for a PDA will be very different from a long-term Concession. The agreement itself will define the rights and obligations of the parties regarding the project. ADOT will consider such policy, legal, financial, and technical advice as it deems necessary or appropriate to successfully develop, structure, and negotiate the agreements. ADOT may also seek the advice and involvement of affected state, regional, or local public entities during the negotiation process.

The agreement may include, but not be limited to, the following:

- (a) The right of the Private Partner to plan, develop, design, construct, finance, operate, and maintain, or any combination of the foregoing, the project; the date of termination of the Private Partner's authority; duties and rights with respect to the project; and the handback and other conditions under which the project will be returned to the responsible public entity;
- (b) The mechanism by which User Fees, if any, may be established and adjusted. Any User Fees will be set at a level that considers the nature of the project, any outstanding debt payments, capital costs (e.g., design, construction, rehabilitation, expansion), operation and maintenance costs, a return to the Private Partner and upfront, periodic, or revenue sharing payments, if any, to ADOT. A schedule of the initial User Fees may be included in the agreement, along with an adjustment methodology, and be made available by the Private Partner to any member of the public on request. If the project is a managed lanes/express lanes project, methodology for variable, congestion, and/or dynamic pricing will be addressed;
- (c) The performance milestones that will be required of the Private Partner, along with any security related to the development, design, construction, finance, operation, or maintenance of the project;
- (d) Responsibilities for the acquisition of necessary environmental approvals (if not already obtained) and other required permits and approvals for the project, including, but not limited to, railroad, waterway, and utility crossings;
- (e) The manner, if any, in which the Private Partner and ADOT will work together to establish interconnections and interoperability between the project and other public transportation facilities;
- (f) Responsibilities for ROW acquisition, including the procedures by and conditions under which ADOT will exercise its power of eminent domain to facilitate any ROW acquisitions necessary to construct the project;
- (g) The design, construction, operation, and maintenance standards and specifications with which the Private Partner must comply. At the end of the agreement's term with a Private Partner, the project will be required to be returned to ADOT at the level of technical standards and conditions specified in the agreement's Handback Provisions. After handback, ADOT may evaluate whether to extend the existing agreement, procure a new agreement, or operate and maintain the project itself;

- (h) The requirements of the Private Partner to submit plans for the project scope of work, which may include development, design, construction, operation, and maintenance of the project, that conform to standards set forth in the agreement, and the rights of ADOT and other parties to review, comment, and/or approve the same;
- (i) The requirements of the Private Partner to submit any design and construction submittals and the rights of ADOT and other parties to review, comment, and/or approve the same;
- (j) The role, if any, of an Independent Engineer and independent cost estimator, if applicable;
- (k) The rights of ADOT and any designated representative or an Independent Engineer, if any, to inspect, audit, and oversee the Private Partner's performance of the agreement;
- (l) The right of the Private Partner to make and enforce reasonable rules with respect to the project during any operations and maintenance phase;
- (m) The terms, if any, under which the Private Partner will reimburse ADOT for services provided;
- (n) Termination and performance suspension rights, and the terms under which compensation would be paid to the Private Partner in the event of termination of the agreement (including for convenience, excused failure to close financing, Private Partner default, ADOT default, or other specified termination event);
- (o) The terms for compensation to ADOT, such as revenue sharing and provisions that may apply to refinancing activities, if applicable;
- (p) The terms and conditions of financing for the project, including any terms or conditions under which ADOT will contribute financial or other resources to the project;
- (q) If applicable, the terms, conditions, and performance measures that apply to the payments to the Private Partner;
- (r) The events that will constitute default by the parties, notice and cure rights (including lenders' rights), and remedies available to the parties in the event of default;
- (s) Lender's rights and remedies with respect to Private Partner defaults and ADOT remedies, if appropriate and applicable;
- (t) The events that will constitute force majeure, or may result in time extensions or additional compensation, and the remedies the parties will have in the event of occurrence;
- (u) The insurance and bonding/letter of credit and reserve requirements the Private Partner will be required to meet at each stage of development, financing, design, construction, operation, maintenance, and handback of the project;
- (v) The allocation between the Private Partner and ADOT of responsibilities and liabilities for, among others, property damage, personal injury, repair, site conditions, utility relocations, ROW acquisition, and hazardous waste remediation;
- (w) The obligations of the Private Partner to maintain records, to allow inspection and audit, and to provide reports to ADOT;
- (x) The obligations of the Private Partner to file appropriate financial statements in form and frequency set forth in the agreement;
- (y) The conditions under which the Private Partner or ADOT may make distributions or assign its rights and obligations under the agreement and/or its rights to the project or the agreement;
- (z) The roles and responsibilities of ADOT and the Private Partner with respect to coordinating with external stakeholders and obtaining third-party approvals;

- (aa) The roles and responsibilities of ADOT and the Private Partner with respect to conducting public involvement activities;
- (bb) The process for identifying, assessing, and processing relief requests and potential change orders;
- (cc) The dispute resolution process parties will be required to follow to resolve any disputes that arise under the agreement; and
- (dd) Any other terms and conditions appropriate for the project.

8.04 Pre-Development or “Integrated” Agreements

A project that is developed as a PDA or in an integrated model (such as IDB) will have an initial developmental phase that could lead to a determination of feasibility and ultimately to a final scope, price, and financing plan. Under these agreements, additional concepts or provisions may apply and be included in the contract, such as:

- (a) An initial scope of work to assist ADOT with advancing and defining a feasible project that can be ultimately priced with financing secured. The scope of work may include a variety of activities, some examples of which include project planning and development; advance ROW acquisition; design and engineering; environmental review; cost and revenue estimates; conducting traffic or ridership modeling and transportation and revenue studies; and ascertaining the terms and conditions under which financing may be obtained for the proposed facility or facilities;
- (b) Relative responsibilities between ADOT and Private Partner during the pre-development phase;
- (c) The payment structure and terms and conditions under which the Private Partner will be compensated for undertaking the pre-development scope of work, including whether such work will be contributed at a discount or as “sweat equity;”
- (d) Schedule and milestones applicable to the pre-development scope activities;
- (e) Terms and conditions for right of first negotiation, or similar right, in favor of the Private Partner with respect to the design, construction, financing, operation, and maintenance, or any combination of the foregoing, when the project is ready to be priced, financed, and delivered, including how price reasonableness and VfM will be determined;
- (f) The process that applies if ADOT and the Private Partner are unable to agree upon the terms of an agreement under which the Private Partner will design, construct, finance, operate, and/or maintain the project, including the rights of ADOT to procure another entity to do the same, to use any materials developed by the Private Partner, and any compensation that may be payable to the Private Partner; and
- (g) Other elements necessary for completion of the PDA process.

8.05 Liability for Private Obligations

ADOT, the State of Arizona, or a political subdivision of the State are not liable for any financial or other obligation of a project or service provided by a Private Partner except as explicitly agreed by ADOT, the State, or political subdivision in an agreement or allowed by statute. The credit of ADOT and the State will not be pledged by a Private Partner financing a project under the P3 program; provided, however, that the foregoing is not intended to restrict or limit the ability of ADOT, the State, or any other entity to act as a conduit issuer of PABs or initiate the TIFIA (or similar program) credit facility process with any federal agency.

8.06 Right-of-Way (ROW) Interests

No project under the P3 program will be “sold” to a Private Partner, but leasehold, easement, operating, license, right-of-entry permit, or similar rights may be provided to a Private Partner. The State, through ADOT, will retain ownership of all projects and project ROW, unless ADOT elects or is required to leave fee title to all or portions of

- 1 the underlying project with the Private Partner or another party. Upon completion of construction and acceptance,
- 2 all projects consisting of highways will be considered part of the State's highway system.

EXHIBIT 1 ABBREVIATIONS, ACRONYMS, AND DEFINITIONS**1 ABBREVIATIONS AND ACRONYMS**

ADOT	Arizona Department of Transportation
ADMP	Alternative Delivery and Major Projects
AFC	Alternative Financial Concepts
AG	Attorney General
A.R.S.	Arizona Revised Statutes
ATC	Alternative Technical Concepts
C&S	Contracts and Specifications
COG	Council of Governments
CSRA	Cost and Schedule Risk Assessment
DBE	Disadvantaged Business Enterprise
DBF	Design-Build-Finance Agreement
DBM	Design-Build-Maintain Agreement
DBFM	Design-Build-Finance-Maintain Agreement
DBFO	Design-Build-Finance-Operate Agreement
DBOM	Design-Build-Operate-Maintain Agreement
DBFOM	Design-Build-Finance-Operate- Maintain Agreement
IDB	Integrated Design-Build
LOI	Letter of Intent
MPD	Multimodal Planning Division
MPO	Metropolitan Planning Organization
NEPA	National Environmental Policy Act
NTP	Notice to Proceed
OJT	On-the-Job Training
P3	Public-Private Partnership
PAB	Private Activity Bond
PDA	Pre-Development Agreement
RFI	Request for Information
RFP	Request for Proposals
RFQ	Request for Qualifications

1	ROW	Right-of-way
2	RPO	Regional Planning Organization
3	SOQ	Statement of Qualifications
4	STIP	Statewide Transportation Improvement Program
5	TIFIA	Transportation Infrastructure Finance and Innovation Act
6	VfM	Value for Money

2 DEFINITIONS

These general definitions are provided to aid in the reading and comprehension of this guide and may be modified in the solicitation documents or agreements.

Agreement

A binding document between ADOT and a Private Partner that outlines the basis on which to develop, design, construct, finance, operate, and maintain (or any combination of these activities) an Eligible Facility (also referred to as a P3 Agreement).

Alternative Financial Concept (AFC)

AFCs are a mechanism to allow the private sector to submit alternatives that are equal or better than the stated financing requirements in the solicitation documents as a method of obtaining innovation from the private sector.

Alternative Technical Concept (ATC)

ATCs are a mechanism to allow the private sector to submit alternatives that are equal or better than the stated Technical Requirements in the solicitation documents as a method of obtaining innovation from the private sector.

Availability Payment

A periodic payment made to a Private Partner, a portion of which constitutes compensation for capital costs. Availability payments are subject to adjustment based on a payment scheme set forth in the contract, including downward adjustments if the Private Partner fails to meet performance requirements under the contract. Typically, beginning at the completion of a project, an availability payment structure is generally seen to protect the interests of the public by giving the Private Partner a financial incentive to maintain the facility in satisfactory condition and operating at a specified level of performance.

Business Case

A document defining the proposed project with cost estimates and risk assessments, summarized as a justification for undertaking a proposed project based on its expected benefit to the public.

Concession

Any lease, ground lease, franchise, operating agreement, easement, permit, or other binding agreement transferring rights for the use or control, in whole or in part, of an Eligible Facility by ADOT or other unit of government to a Private Partner.

Cost-Benefit Analysis

Cost-Benefit Analysis is an exercise for judging the net benefit or cost of a project or policy. It is a systematic process that is used to analyze which projects to prioritize or engage in or not, by summing up the potential rewards expected from the project and subtracting the total costs associated with the project. Many different elements of a program's technical baseline and cost estimate are involved. This includes technology maturity, supply chain integrity, quantities, schedules, and acquisition considerations.

1 Cost and Schedule Risk Assessment (CSRA)

2 CSRA is a complex and important aspect of a Cost-Benefit Analysis that focuses on building risk models and
3 simulations that enable the user to assign numerical values to risk. The most common quantitative risk analysis
4 would be a Monte Carlo simulation model. This method runs a number of variables through a mathematical model
5 to discover the different possible outcomes.

6 Council of Governments (COGs)

7 See Metropolitan Planning Organization

8 Design-Build-Finance Agreement (DBF)

9 An agreement that provides for the financing, design, and construction of an Eligible Facility by a Private Partner.

10 Design-Build-Finance-Maintain Agreement (DBFM)

11 An agreement that provides for the financing, design, and construction of an Eligible Facility by a Private Partner and
12 the maintenance of all or a portion of the Eligible Facility by the Private Partner for a specified time period.

13 Design-Build-Finance-Operate Agreement (DBFO)

14 An agreement that provides for the financing, design, and construction of an Eligible Facility by a Private Partner and
15 the operation of all or a portion of the Eligible Facility by the Private Partner for a specified time period.

16 Design-Build-Finance-Operate-Maintain Agreement (DBFOM)

17 An agreement that provides for the financing, design, and construction of an Eligible Facility by a Private Partner and
18 the operation and maintenance of all or a portion of the Eligible Facility for a specified time period.

19 Design-Build-Maintain Agreement (DBM)

20 An agreement that provides for the design and construction of an Eligible Facility by a Private Partner and the
21 maintenance of all or a portion of the Eligible Facility for a specified time period.

22 Design-Build-Operate-Maintain Agreement (DBOM)

23 An agreement that provides for the design and construction of an Eligible Facility by a Private Partner and the
24 operation and maintenance of all or a portion of the Eligible Facility for a specified time period.

25 Detailed Evaluation

26 A detailed evaluation is a critical step in the assessment of unsolicited proposals. This evaluation will be more
27 comprehensive than the Initial Evaluation and will examine technical, financial, and legal elements of the proposal
28 in greater detail. This evaluation will also assess whether the Proposer has clearly demonstrated that moving a
29 proposed project forward as a P3 project is advantageous as compared to other delivery methods.

30 Eligible Facility

31 Any facility, whether real or personal property, developed or operated after September 30, 2009, in accordance with
32 A.R.S. § Title 28, including any existing, enhanced, upgraded, or new facility that is any of the following:

33 (a) Used or useful for the safe transport of people, information or goods via one or more modes of transport,
34 whether involving highways, bridges, tunnels, conduits, railways, monorails, transit, bus systems, guided
35 rapid transit, fixed guideways, ferries, boats, vessels, airports, intermodal or multimodal systems or any
36 other mode of transport.

37 (b) Used by or useful to the department, including vehicle registration and driver licensing facilities, operating
38 systems, and information systems.

- (c) Related or ancillary to, or used or useful to provide, operate, maintain or generate revenue for, a facility under subdivision (a) or (b), including administrative buildings and other buildings, structures, parking, rest areas, maintenance yards, rail yards, ports of entry or storage facilities, vehicles, rolling stock, energy systems or other related equipment, items or property.

Evaluation Committee

A committee consisting of ADOT personnel, assisted as appropriate by ADOT staff, outside consultants, and other professionals, that evaluates SOQs and proposals against criteria established in the solicitation documents.

Handback Provisions

The terms, conditions, requirements, and procedures governing the condition in which a Private Partner is to deliver an Eligible Facility to ADOT upon expiration or earlier termination of the P3 Agreement, as set forth in the P3 Agreement.

Independent Engineer

Also known as the Lender's Engineer, this is the third-party representative of an owner or Lender/financier. An Independent Engineer offers their clients a non-biased assessment on the technical, contractual, and/or financial aspects of capital projects. The role of the Independent Engineer is to provide an independent technical assessment of a project or technical due diligence. The qualifications of an Independent Engineer are unusual in that, in addition to understanding the engineering aspects of a project, the Independent Engineer must also be well versed in the business aspects of project financing.

Industry Meeting

A meeting held to inform the industry about the P3 Office or a specific opportunity, and/or to obtain industry feedback. These may be informal One-on-One Meetings or general open meetings.

Initial Evaluation

An assessment conducted concurrently with the Pass/Fail Review in which the P3 Office seeks to find information within the unsolicited proposal sufficient for ADOT to evaluate the merits of the proposed project, financial viability of the project, and benefits to the State of the proposed project and of delivering said project using a P3 delivery method over a conventional method.

Integrated P3 or DB (IDB)

A delivery model that mimics the industry's progressive P3 or DB methodology, in which the most qualified Proposer, selected based on qualifications, performs design and preconstruction services through the integrated agreement. If ADOT determines that the Private Partner has been successful in meeting the goals of the project, the Private Partner may be given an opportunity to submit official bid(s) for construction (and/or financing, maintenance, and operations in the case of a P3) of all or part of the work.

Internal Proposal

Any procurement initiated internally and issued by ADOT as a result of it determining that a project may best be developed as a P3.

Letter of Intent (LOI)

The submittal by an entity interested in pursuing a potential P3 project in response to an RFI issued by ADOT. The LOI usually includes general qualifications of the submitter and answers to specific questions in the RFI.

Metropolitan Planning Organizations (MPO) / Council of Governments (COG) / Regional Planning Organizations (RPO)

An MPO is a federally mandated and federally funded transportation policymaking organization in the United States that is made up of representatives from local government and governmental transportation authorities to carry out the metropolitan transportation planning process. Federal legislation establishes that the metropolitan planning process for a metropolitan planning area provides consideration of projects and strategies that will support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity and efficiency.

COGs and RPOs are regional, typically rural, governing and/or coordinating bodies that exist throughout the United States and are normally controlled by their member local governments. A COG serves the local governments and residents of the region by dealing with issues and needs that cross city, town, county and even state boundaries. Tools used to address these issues may include communication, planning, policymaking, coordination, advocacy, and technical assistance.

National Environmental Policy Act (NEPA)

NEPA was signed into law on January 1, 1970. NEPA requires federal agencies to assess the environmental effects of their proposed actions prior to making decisions. The range of actions covered by NEPA is broad and includes:

- (a) making decisions on permit applications;
- (b) adopting federal land management actions; and
- (c) constructing highways and other publicly owned facilities.

Using the NEPA process, agencies evaluate the environmental and related social and economic effects of their proposed actions. Agencies also provide opportunities for public review and comment on those evaluations.

Notice to Proceed (NTP)

A written authorization from ADOT to the Private Partner to start work on an agreement or any unit or element of the agreement to be performed as specified in the agreement after the agreement has been signed.

One-on-One Meetings

Meetings between ADOT staff and representatives from one team interested in, or pursuing, a P3 project. The purpose of the meetings at the initial stage is to obtain candid industry input on the credibility of the project as a P3 and parameters that should be used to define the project. This input is used to define a project for the feasibility analysis. One-on-one meetings are also held later in the procurement process with the shortlisted teams to discuss specifics of the draft RFP, P3 Agreement, performance criteria, and Technical Requirements.

P3 Agreement

A binding document (or series of documents) between ADOT and a Private Partner that outlines the basis on which to plan, finance, design, construct, operate, and maintain (or any combination of these activities) an Eligible Facility (also referred to as a contract).

P3 Office

The ADOT Office of P3 Initiatives.

P3 Program

The activities of the P3 Office encompassing overall program oversight and administration, budgeting, identification, and procurement of P3 projects, pursuant to Chapter 22 of A.R.S. Title 28, and the evaluation and selection of Private Partners.

Pass/Fail Review

A review of an unsolicited proposal by the P3 Office to determine if the document meets the submittal requirements.

Pre-Development Agreement (PDA)

An agreement between ADOT and a Private Partner (also known as a Comprehensive Development Agreement) to provide development services for a project that is in a very early development stage and is not yet ready for a firm price. These services may include concept refinement, scope definition, conceptual financial plans, etc., necessary to advance a project to the stage at which project technical and financial feasibility can be determined and, if feasible, a firm price and/or financial arrangements can be negotiated and a subsequent agreement executed. The P3 Private Partner for a PDA is selected on the basis of qualifications, a conceptual proposal, and pricing for the development services.

Preferred Proposer

The team that submitted the proposal selected by the Evaluation Committee as offering the best value to ADOT. When the selection is approved and the P3 Agreement executed, this team is then called the "Private Partner," "Concessionaire," "Developer," "Design-Builder," or "Contractor."

Private Activity Bond (PAB)

PABs are tax-exempt bonds issued by or on behalf of a local or state government for the purpose of providing special financing benefits for qualified projects. The financing is most often for projects of a private user, and the government generally does not pledge its credit.

Private Partner

A person, entity, or organization that is not the federal government, the State of Arizona, a political subdivision of the State of Arizona, or a unit of government that enters a P3 Agreement with ADOT.

Procurement Administrator

The person or group responsible for overseeing the procurement of a new project, including being the Proposer's point of contact and publishing solicitation documents.

Project Owner

The ADOT division, district office, section, or group responsible for the project after procurement.

Project Team

A project-specific committee formed by ADMP as needed that is composed of designated personnel from ADOT and organizations responsible for transportation in the area of a proposed project.

Proposal

A submission by a potential Private Partner pursuant to an RFP or on an unsolicited basis for a P3 project.

Proposal Review Fee

Fee paid by an outside entity submitting an unsolicited proposal to ADOT to cover a small portion of ADOT's cost for a detailed evaluation. It is also meant to ensure that ADOT only receives a proposal from an entity that is committed to the project coming to fruition. This nonrefundable fee is paid only when the Initial Evaluation has ended and further evaluation, in the form of a detailed evaluation, is required to determine if the unsolicited proposal has any merit. This fee may be waived by ADOT in its sole discretion.

Proposer

A potential Private Partner that submits an SOQ or proposal to develop a P3 project.

Proposer Review Meeting

A meeting held to share ADOT information regarding an RFP with shortlisted Proposers (either jointly or individually) and obtain feedback, comments, and suggestions from such Proposers.

Public-Private Partnership (P3)

An agreement formed between ADOT and a private entity pursuant to Chapter 22 of A.R.S. Title 28 that allows for greater private sector participation in the delivery and financing of an Eligible Facility rather than by traditional delivery method.

Request for Information (RFI)

A request issued by ADOT to the appropriate industry(ies) to solicit the level of interest related to a potential project or any other aspect of P3 development.

Request for Proposals (RFP)

A Solicitation Document from ADOT requesting a proposal to develop, design, build, finance, operate, and/or maintain an Eligible Facility.

Request for Qualifications (RFQ)

A Solicitation Document from ADOT requesting an SOQ that demonstrates a Private Partner's ability to develop, design, build, finance, operate, and/or maintain an Eligible Facility.

Solicitation Documents

Procurement documents initiated by ADOT to request qualifications and/or proposals to develop a P3 project. An RFI is not a Solicitation Document.

State

The State of Arizona.

Statement of Qualifications (SOQ)

A response to an RFQ by a Private Partner that demonstrates its capabilities and capacity to develop, design, build, finance, operate, and/or maintain a project described in the RFQ.

Statewide Transportation Improvement Program (STIP)

The STIP is a staged, multi-year, statewide intermodal program of transportation projects, consistent with the statewide transportation plan and planning processes, as well as metropolitan plans, transportation improvement programs, and planning processes. The STIP must be developed in cooperation with the MPOs and COGs, public transit providers, and any other transportation planning organizations in the State.

Technical Proposals

A submittal that generally describes the work proposed to be performed to fulfill the requirements of the subsequent RFP on a project.

Technical Requirements

Also referred to as Technical Provisions, a part of the agreement that describes the scope of work and related standards, criteria requirements, conditions, procedures, specifications, and other provisions for a P3 project.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The TIFIA program provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects—highway, transit, railroad, intermodal freight, and port access—are eligible

for assistance. Eligible applicants include State and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities. TIFIA was designed to fill market gaps and leverage private co-investment through supplemental, subordinate investment in critical improvements to the nation’s transportation system. This is why TIFIA credit assistance is often available on more advantageous terms than in the financial market, making it possible to obtain financing for needed projects when that financing might not otherwise be available.

Unsolicited Proposal

Any submittal by a potential Private Partner that conforms to the statutory authority, any rules, and these guidelines with respect to a project that has not been initiated by ADOT.

User Fee

A fee charged for use of an Eligible Facility, usually a toll for a highway or fare for rail or bus travel.

Value Capture Agreement

Value capture is a type of public financing that recovers some or all of the value that public infrastructure generates for private landowners.

Value for Money (VfM) Analysis

VfM analysis involves comparing the value for money in various P3 delivery models with a “Public Sector Comparator”—that is, a model of the project if implemented through traditional public procurement. In this way, it provides a comparison of the net present value of the total life-cycle costs of the project with various delivery methods and considers both quantitative and qualitative costs and benefits, and the proposed risk transfers under a proposed P3 Agreement.

EXHIBIT 2 P3 PROCUREMENT FLOWCHART

