

## What is a Public Private Partnership (P3)?



A P3 is a contractual agreement between a government agency, such as the Arizona Department of Transportation, and a private entity, such as a contractor, that allows the private entity to have greater participation in the delivery of a transportation project.

## Why P3?



Using traditional project delivery methods, ADOT bears all of the risks and responsibilities for a project. A P3 procurement gives ADOT more flexibility in managing projects, and encourages innovation from the private entity. The P3 approach for qualified projects has significant benefits.

## P3 Benefits



- Lower transaction costs.
- Expedited delivery.
- Cost certainty.
- More flexibility in managing projects.
- Innovation.
- Competitive bidding.

## 1 PROJECT IDENTIFICATION AND SELECTION

- ✓ Determine overall project direction and goal.
- ✓ Identify size and scope of project.
- ✓ Evaluate and select projects to deliver as P3 projects.

## 2 DETAILED PROJECT EVALUATION BEGINS

- ✓ Gather stakeholder input.
- ✓ Refine the project scope.
- ✓ Conduct a cost/benefit analysis.
- ✓ Conduct a risk/cost analysis.
- ✓ Establish the type of P3 delivery method, such as Design-Build, Design-Build-Operate-Maintain, or Design-Build-Operate-Maintain-Finance.

## 3 PROCUREMENT PROCESS BEGINS

- ADOT generally follows a two-step process for bids: 1) Request for Qualifications (RFQ) and then 2) Request for Proposals (RFP).
- ✓ After the RFQ is issued, respondents are evaluated on their experience with multiple aspects of completing comparable projects. Outside consultants, experts and/or other government agencies assist with evaluations.
  - ✓ Eligible proposers then receive an RFP.
  - ✓ A “short list” of qualified-proposer finalists are selected from the list of eligible proposers that submitted an RFP.\*
  - ✓ The finalists are reviewed and the final Developer team is recommended based on the “best value” bid, determined by factors such as price, qualifications/experience of the team and the team’s technical approach.

*\*Proposers can identify portions of a proposal or other submission considered to be trade secrets or confidential commercial, financial or proprietary information. This facilitates competitive bidding, innovation and flexibility; encourages proposers to engage in public private partnerships; and ultimately identifies the “best value” bid.*

## 4 CONTRACT NEGOTIATIONS BEGIN

This process determines the contract dollar amount the Developer will be paid and the specific work the Developer must complete in a specific time frame.



**FINALIZE CONTRACT**



**ADOT DIRECTOR APPROVES THE SELECTION**



**NOTICE TO PROCEED IS ISSUED — PROJECT ENTERS ITS DELIVERY PHASE**