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Public Interest Protections

In order for the Screening tool to be applied in a practical manner, a number of minimum Public Interest Protections must be assumed to be binding requirements of all future PPP projects. Such protections are implementable and enforceable through statutes and / or mandatory guidelines at a project level (through RFP and Concession Agreement control mechanisms), and include:

1. Maintaining control and/or ownership over the asset
2. Use of upfront funds generated by PPP projects
3. Quality of service
4. Setting and controlling fares/tolls
5. Preventing excessive returns
6. State Apprenticeship Requirements
7. Responding to poor service delivery
8. Solvency of private partners
9. Termination of the concession
10. Handback and asset condition
11. Prevailing Wage
12. Minority and Women-Owned Business Enterprises (MWBEs) should be encouraged to participate in P3 initiatives

1 Tier 1 - Fatal Flaw Category (Pass or Fatal Flaw)

	Criteria	Description of Criteria	Fatal Flaw (Yes, No or Project Specific)		Select from Drop Down Menu	Directly input value	Rating scale between 1 (lowest) and 4 (highest)	Comment
1.01	**Category 1 - Public Interest**							
1.01.01	Affordability	While the private partner may provide the initial funding for capital improvements, there must be a means of repayment of this investment over the long term of the partnership. The income stream can be generated by a variety and combination of sources, but must be assured for the length of the partnership.	**Project Specific**		**Pass with Limitations**	**4**	**Choose level of limitation**	
1.01.02	Support from elected officials and the public	This criterion will help determine the level of support that a project has among stakeholders, elected officials, transportation officials, and the public at large. The procuring authority must consider the existing levels of support, the issues raised by any project opposition, and potential means to mitigate any opposition.	**Yes**		**Pass**			
1.02	**Category 2 - Is there ability for PPP to potentially add value to the project**							
1.02.01	Financial Feasibility	A PPP project is considered financially feasible if lenders are willing to finance it (generally on a project finance basis), debt is a cheaper source of funding than equity, as it carries relatively less risk. Lending to PPP projects looks to the cash flow of the project as the principal source of security. The State and its advisers need to assess financial risks thoroughly. The financial risks experienced by PPP projects tend to be related to some or all of the following factors: • reliance on optimistic revenue assumptions and on levels of demand from a poorly chosen “baseline” case; • lack of attention to financing needs in the project feasibility, which leads to larger amounts of debt in projects; • long-term PPP projects that are financed with short-term debt, coupled with a sometimes unjustified assumption that the short-term debt can be rolled over at the same or even better refinancing conditions; floating rate debt that creates interest rate risk; • refinancing that can create unforeseen benefits for the PPP Company, which the State might not share if the contract does not explicitly provide for this possibility	**Yes**		**Pass with Limitations**	**4**	**Choose level of limitation**	

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1	**Tier 1 - Fatal Flaw Category (Pass or Fatal Flaw)**							
1.03	**Category 3 - Will the project attract private sector interest**							
1.03.01	Return justifies risk	When assessing the viability of a P3 project it is critical to determine if the likely returns that the private sector will realize will be commensurate with the risks they are assuming. Projects that have risks which are hard to quantify, unknown, difficult to control, and dispersed will be less attractive to the private sector. It is important to continually consider whether the risks being transferred can be better managed by the private sector.	**Yes**		**Pass**			
1.03.02	Suitable deal size	Is the deal size appropriate at current market condition between 100 million and 4 billion	**Yes**		**Pass**			
1.04	**Category 4 - Regulatory, legal, and political feasibility**							
1.04.01	Environmental approvals expected within three years	Completion or near-completion of requisite early planning work, including environmental assessment, is a strong indicator of project implementation state-of-readiness. Private sector bidders will more likely respond to Request for Proposals for projects that have achieved, or are close to achieving, environmental approval and supported by the requisite feasibility studies.	**Yes**		**Pass**			
1.04.02	Are land ownerships issues likely to stop the project	The public partner should examine its ability to assemble the necessary land. Evaluate the capacity for the right of eminent domain. Consider the potential for land banking to avoid any land assembly issues if the opportunity makes itself available.	**Yes**		**Pass with Limitations**	**2**	**Choose level of limitation**	

Total number of Criteria	7
Maximum value of Limitations	11
Total value of Limitations	10

Has a Fatal Flaw occurred?	No
Why has a fatal Flaw occurred?	

Project Suitability	Potentially suitable for Public Private Partnership (P3) Delivery Method