



# **P3 Project Evaluation Criteria**

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## **INTRODUCTION**

As part of its P3 Program, ADOT will be reviewing potential P3 transportation projects. Eligible projects, as defined in Section 28-7701 in House Bill 2396, can be initiated from a variety of sources, including by non-governmental entities, through the filing of an unsolicited proposal. In order to provide guidance on what constitutes a potential P3 project, ADOT has developed broad criteria for evaluating projects. These criteria will help to identify projects for which a P3 procurement is potentially warranted, assist both governmental and private entities wishing to pursue a P3 project in selecting projects to discuss with ADOT, and serve to protect Arizonans by ensuring that only viable projects are moved forward for further consideration and implementation.

## **P3 PROJECT EVALUATION CRITERIA**

Potential P3 projects will be evaluated based on a number of criteria, which are listed below. These criteria will serve as general guidelines, all of which may or may not be applicable to certain projects. As ADOT continues to develop its P3 program and begins to evaluate projects, it is anticipated that the P3 project evaluation criteria will continue to evolve. As deemed appropriate by ADOT, the applicability and / or weightings of the criteria may change, and additional criteria may be considered.

- Consistency with Statewide Transportation Plan
- Network Continuity Considerations
- Constructability
- Congestion Relief Potential
- Potential Safety Impacts
- Social Impacts
- Environmental Impacts and Status
- Project Revenue Potential
- Toll Operations Viability
- Project Costs
- Financial Feasibility
- Stakeholder and Citizenry Acceptability
- Attractiveness to the Private Sector
- Other Factors (e.g. solar and/or renewable aspects)

A brief description of each criterion is provided below.

### **Consistency with Statewide Transportation Plan**

This purpose of this criterion is to determine whether a project is consistent with an adopted statewide transportation plan. ADOT will consider whether or not a project is included in an adopted statewide transportation plan and, if so, what the project's ranking is in the plan. If a project is not included in an adopted statewide transportation plan, the assessment will consider whether the project is a potentially viable alternative to a project in an adopted statewide transportation plan, whether the project is included in any local or regional transportation plans, whether the project meets a transportation need, whether the project is consistent with the goals and objectives of the adopted statewide transportation plans, and other relevant issues.



### **Network Continuity Considerations**

The purpose of this criterion is to determine how well a project fits within the existing and planned transportation system. Network continuity considerations for a project will include its potential to function as an integral element of an overall network, including its potential to enhance multimodal aspects of a transportation network. If a project is not an integral element of an overall network, network continuity considerations will include its potential to reasonably operate in isolation; its potential to improve mobility; its potential to enhance the performance and / or viability of an adjacent facility; and other similar considerations.

### **Constructability**

The purpose of this criterion is to assess the ease or difficulty of constructing a project. Constructability will be evaluated based on a number of factors such as: potential conflicts with existing facilities or developments, constraints due to topographic features or environmental issues, problematic geotechnical conditions, the ease of facility maintenance, the likelihood of multiple construction phases that would significantly increase the project costs and schedule, the presence of sufficient construction access, and maintenance of traffic during construction and other applicable factors. As applicable, this criterion could include the ease of construction and operation of any required toll plazas, transfer stations, depots, or other site specific issues which may need to be addressed.

### **Congestion Relief Potential**

The purpose of this criterion is to assess the extent to which a project will provide congestion relief, taking into consideration current and anticipated future congestion levels within the vicinity of the project. This assessment will consider a project's potential to increase or decrease congestion on an adjacent facility, either by providing additional capacity or expanding the modal options. Where new capacity is being added, the congestion impact assessment will generally be based on the existing facilities being improved, both with and without the improvement. Where new facilities are being added, particularly in non-urban locations, alternative measures of determining congestion relief potential will be utilized.

### **Potential Safety Impacts**

The purpose of this criterion is to assess the positive and negative safety impacts associated with a project. Safety is an important consideration for transportation projects. While most projects would be expected to have positive impacts on safety, such impacts may come in a number of forms. This assessment will be based on general observations of existing conditions within the vicinity of the proposed project and on the general nature of the proposed improvements.

### **Social Impacts**

The purpose of this criterion is to identify potential social impacts of a project. This evaluation will consider issues such as the general magnitude of right-of-way required, potential relocation of residences and / or businesses, noise, disruption during construction, aesthetic impacts on adjacent property and environmental justice, the social impacts of tolling if applicable, and other similar issues.

### **Environmental Impacts and Status**

The purposes of this criterion are to determine if any previous environmental studies have been conducted for a project and, if so, the status of these assessments; to identify any potential



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environmental impacts, including cultural resource impacts, of a project; and to determine the ease of providing for mitigation of these impacts. The environmental screening will consider both physical impacts on the natural environment and other environmental impacts on adjoining properties and communities caused by the proximity of the project. For toll projects, any potential environmental impacts due to the construction, operations, and maintenance of the toll system will be taken into consideration.

### **Project Revenue Potential**

The purpose of this criterion is to assess a project's anticipated revenue. This information is critical in determining a project's financial feasibility. The revenue screening for a project will consider revenue projections over the anticipated project term. Only revenue projections based on credible revenue studies will be considered. Such studies may consist of a traffic and revenue study for a toll road or other appropriate revenue study based on project type. The reasonableness of the assumptions made in the revenue study will also be considered.

### **Toll Operations Viability**

The purpose of this criterion will be to determine if there are any "fatal flaws" in terms of the ability and practicality to assess tolls on potential toll projects. This assessment will consider the practicality of implementing tolls on a project. For example, it may be difficult to assess tolls on certain roadway segments based on access and egress considerations, project length, or physical constraints.

### **Project Costs**

The purpose of this criterion is to evaluate the total costs associated with a project. This information will be used to help assess the project's financial feasibility. Project cost considerations will include facility construction costs, toll system construction costs if applicable, facility operations and maintenance costs for the term of the project, and toll system operations and maintenance costs for the term of the project if applicable. "Soft" costs associated with design, right-of-way acquisition, and construction administration will also be considered. Unit cost factors must represent typical values for the project region, but may be adjusted to account for special considerations, such as major bridge crossings and interchanges.

### **Financial Feasibility**

The purpose of this criterion is to assess whether or not a project can generate enough revenue to pay for itself or if additional funding is needed. The financial feasibility screening will be based on a credible financial study utilizing typical financial structures. Considerations will include the levels of debt and equity financing that can be supported by a project's revenue stream. Any potential funding shortfalls will need to be clearly identified, as well as strategies for closing the shortfall. For anticipated project funding, all sources and the amount of funding expected from each source will also need to be identified.

### **Stakeholder and Citizenry Acceptability**

The purpose of this criterion is to determine the level of support that a project has among stakeholders, elected officials, transportation officials, and the public at large. ADOT will consider the existing levels of support, the issues raised by any project opposition, and potential means to mitigate any opposition. Evidence of support may include media coverage, letters of support and / or opposition, polling data, comments on ADOT's P3 website, and input from the Advisory Committee.



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### **Attractiveness to the Private Sector**

The purpose of this criterion is to assess a project's desirability from the private sector's perspective. For any project moving forward, it will be critical to package a project in such a way that maximizes competition from the private sector while achieving ADOT's goals and objectives for the project. To this extent, the attractiveness assessment will consider factors such as a project's location, preferred alternatives, allocation of project and financial risks, financial feasibility, status of environmental studies, appropriate P3 models, and other similar factors.

### **Other Factors**

Some projects have unique aspects that may warrant additional considerations that are not included in any of the project evaluation criteria. The purpose of this criterion is to ensure that all aspects of a project are considered when evaluating a project's potential as a P3.

### **CONCLUSION**

The P3 project evaluation criteria presented in this document serve as general guidelines for assessing potential P3 projects. It should be noted that some criteria may not be applicable to certain projects. The weightings and / or applicability of the criteria may change as ADOT deems appropriate.