



# P3 Viability Screening Worksheet

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# P3 Viability Screening Worksheet

This tool guides senior leaders through the first step of a more comprehensive evaluation process to determine a project’s P3 suitability. To use this tool effectively, leaders must possess a basic understanding of the scope, costs, risks, and revenue potential of the project under consideration.

To use the worksheet, score each of the 17 qualitative criteria based on the level of agreement with the statement, either zero (disagree), one (somewhat agree), or two (strongly agree). After scoring each criterion, record the answers on the scoring sheet on page 35 and follow the directions to calculate a total weighted score. The final score corresponds to the project’s level of P3 viability.

Criteria	Statement	Agreement Score	Relevance to P3 Delivery
<b>Organizational Capacity</b>	The institution possesses sufficient resources—either internal experts or ability to hire partners—to manage all phases of a P3 (e.g., development, procurement, negotiation, long-term contract oversight).		Developing and managing a P3 requires significant staff resources and technical expertise. Institutions must ensure they have the necessary resources and expertise to procure and manage a project as a P3, or have the capability to hire external consultants.
<b>Stakeholder Support</b>	Sufficient stakeholder (e.g., legislators, staff, faculty, students) support exists for a P3 project.		Local support can enhance viability of P3 bidding by reducing uncertainty and providing assurance to the potential partners/investors that a project will run smoothly. Institutions should assess the potential to secure strong stakeholder support early in the process.
<b>Project Size</b>	The project’s size and scope is sufficient to justify P3 costs (i.e., over \$100M).		Due to complexity of P3 agreements, the transaction costs associated with procuring and managing a P3 project are relatively higher. These additional costs may make it inefficient to pursue projects less than \$100 million in cost.
<b>Private Sector Expertise</b>	There are three or more viable private sector firms to deliver and maintain the facility and ensure a competitive bid process.		The availability of private sector expertise is critical to ensure a competitive bidding environment and to ensure that private sector capacity exists to perform the functions and manage the risks envisioned for the project.
<b>Contract Integration</b>	The project requires the integration of multiple elements (i.e., design, build, finance, maintain, operate) into a single, long-term contract.		P3s generate value through the integration of various elements (design, build, finance, operate/maintain) into one contract. The greater the potential for integration, the more likely a P3 will be viable.

Scoring Scale		
<b>Disagree = 0</b>	<b>Somewhat Agree = 1</b>	<b>Strongly Agree = 2</b>

Source: "The Guide to the New Building Canada Fund P3 Screen-Suitability Assessment," *PPP Canada*, [http://www.p3canada.ca/~media/english/resources/library/files/nbcf\\_p3%20screen\\_suitability\\_assessment\\_final\\_clean%20copy\\_new%20cover.pdf](http://www.p3canada.ca/~media/english/resources/library/files/nbcf_p3%20screen_suitability_assessment_final_clean%20copy_new%20cover.pdf); "P3 Delivery Options Screening Checklist," *FHWA*, [https://www.fhwa.dot.gov/ipd/pdfs/p3/p3\\_screen\\_supporting\\_guide\\_june2013.pdf](https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_screen_supporting_guide_june2013.pdf); EAB interviews and analysis.

# P3 Viability Screening Worksheet (cont.)

Criteria	Statement	Agreement Score	Relevance to P3 Delivery
<b>Project Complexity</b>	The project involves complex construction and operations & maintenance requirements, and/or combines various types of facilities/infrastructure (e.g., academic facilities, student housing), that would achieve economies of scale under a single contract.		P3s often better lend themselves to more complex investments, which arise as a result of the nature of the facility, the site on which it will be constructed, or the number of distinct facility types involved in the investment.
<b>Risk Allocation</b>	The project involves risks that the institution would benefit from allocating to a private sector partner that is better positioned to manage those risks.		Institutions should assess whether a P3 would generate value through the allocation of project delivery risks that a private partner may be more capable of managing.
<b>Facility/Asset Life</b>	The anticipated useful life of the building and/or asset is long enough (i.e., over 20 years) to achieve efficiencies, innovations, and cost certainty.		The duration of a P3 contract typically corresponds to the useful life of the facility, and longer-lived facilities tend to be better suited to a P3. A lengthy contracting period allows the public partner to benefit from efficiencies, innovations, and cost certainty, while the private sector partner can rely on a secure, a long-term source of revenue.
<b>Quality</b>	A P3 project delivery would yield a higher quality product/service.		Institutions should assess whether a P3 would create incentives for the private sector to deliver a higher quality facility, and/or deliver higher levels of maintenance and service than a traditionally procured and managed facility.
<b>Output and Performance Specifications (Construction)</b>	Output specifications for the construction of similar facilities exist and are easily available.		P3s involve establishing desired outcomes in the form of measurable technical output/service/performance specifications. Institutions should consider whether they can rely on conventional or preexisting construction output specifications for similar facilities, or if they will need to develop them from scratch.
<b>Performance Specifications and KPIs (O&amp;M<sup>1</sup>)</b>	Performance outputs and KPIs for operations and maintenance of similar facilities are available.		Institutions must be able to articulate minimum O&M standards that they will monitor during the contract time frame. Institutions should consider whether they can rely on conventional or preexisting performance outputs and indicators for O&M activities, or if they will need to develop them from scratch.

Scoring Scale		
<b>Disagree = 0</b>	<b>Somewhat Agree = 1</b>	<b>Strongly Agree = 2</b>

1) Operations and maintenance.

Source: "The Guide to the New Building Canada Fund P3 Screen-Suitability Assessment," *PPP Canada*, [http://www.p3canada.ca/~media/english/resourceslibrary/files/nbcf\\_p3%20screen\\_suitability\\_assessment\\_final\\_clean%20copy\\_new%20cover.pdf](http://www.p3canada.ca/~media/english/resourceslibrary/files/nbcf_p3%20screen_suitability_assessment_final_clean%20copy_new%20cover.pdf); "P3 Delivery Options Screening Checklist," *FHWA*, [https://www.fhwa.dot.gov/ipd/pdfs/p3/p3\\_screen\\_supporting\\_guide\\_june2013.pdf](https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_screen_supporting_guide_june2013.pdf); EAB interviews and analysis.

# P3 Viability Screening Worksheet (cont.)

Criteria	Statement	Agreement Score	Relevance to P3 Delivery
<b>Lifecycle Costs</b>	The total facility lifecycle costs are well understood and the institution can develop accurate cost estimates.		To determine the appropriate length of term of a P3 contract and estimate its value for money, the institution must understand the anticipated lifecycle costs of the facilities.
<b>Market Precedent</b>	Investments of similar size and scope have been delivered as P3s in higher education.		The existence of P3s for similar projects/facilities is a good indicator of P3 viability.
<b>Efficiency</b>	Pursuing a P3 project delivery format has the potential to achieve cost/schedule savings.		Institutions should assess the potential for a P3 to expedite the project timeline and deliver the project at a lower cost than under conventional procurement.
<b>Innovation</b>	The institution would derive technological or other types of innovation through private sector delivery of the project.		P3s should give private partners an opportunity to use innovative methods to deliver and maintain the project more efficiently than a conventionally delivered project.
<b>Nature of Development Site</b>	The project involves new construction on an undeveloped site.		In general, investments involving all new construction on sites not previously developed (known as greenfield developments) lend themselves to maximizing risk transfer to the private sector.
<b>Revenue Generation</b>	The planned investment will generate revenue and the private sector may be willing to assume associated revenue risk.		While revenue generation is not a requirement for a successful P3, revenue-generating facilities are typically better suited to P3 delivery as institutions can compensate the private partner directly without taking on additional debt.

Scoring Scale		
<b>Disagree = 0</b>	<b>Somewhat Agree = 1</b>	<b>Strongly Agree = 2</b>

Source: "The Guide to the New Building Canada Fund P3 Screen-Suitability Assessment," PPP Canada, [http://www.p3canada.ca/~media/english/resources/library/files/nbcf\\_p3%20screen\\_suitability\\_assessment\\_final\\_clean%20copy\\_new%20cover.pdf](http://www.p3canada.ca/~media/english/resources/library/files/nbcf_p3%20screen_suitability_assessment_final_clean%20copy_new%20cover.pdf); "P3 Delivery Options Screening Checklist," FHWA, [https://www.fhwa.dot.gov/ipd/pdfs/p3/p3\\_screen\\_supporting\\_guide\\_june2013.pdf](https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_screen_supporting_guide_june2013.pdf); EAB interviews and analysis.

# P3 Viability Screening Scoring Sheet

After scoring each criterion, record the answers in the **Score** column below. Each criterion is weighted according to its importance in determining P3 viability. For each criterion, multiply the score by the criterion weight to calculate a weighted score. Finally, add the weighted scores in the last column of the table to calculate a total weighted score. The total weighted score corresponds to the level of P3 viability: high, medium, or low.

Criteria	Score	Weight	Weighted Score
Organizational Capacity		3	
Stakeholder Support		3	
Project Size		3	
Private Sector Expertise		3	
Contract Integration		3	
Project Complexity		3	
Risk Allocation		3	
Facility/Asset Life		2	
Quality		2	
Output and Performance Specifications (Construction)		2	
Performance Specifications and KPIs (O&M)		2	
Lifecycle Costs		2	
Market Precedent		2	
Efficiency		2	
Innovation		2	
Nature of Development Site		1	
Revenue Generation		1	
<b>Total Weighted Score</b>			

Total Weighted Score	P3 Viability
0 to 26 points	<b>Low</b>
26 to 52 points	<b>Medium</b>
48 to 78 points	<b>High</b>



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