



Implementation of PPPs for Transit: The Request for Proposal Process

ADVISORY

Agenda

- **KPMG Introduction**
- **The Gotham – BIA Connector**
- **The initial stages – RFI to RFQ**
- **The final stages – RFP to Evaluation**

KPMG Infrastructure

- KPMG has acted as **Financial Advisor** and service provider to both **public and private clients globally and within the US**
- Experience and insights on **Project Financing** and **Public-Private Partnerships**
- **Broad experience** in procurement/financing of infrastructure, including:
 - **Transportation** (transit, rail, roads, airports and seaports)
 - **Social Infrastructure** (schools, healthcare, housing, parks, courts)
 - **Utilities** (power, renewables, waste, water)
- **500 people** servicing infrastructure **globally**

Industry league tables rank KPMG as the leading financial advisor on global PFI/PPP deals for 2008



Transport Deal of the Year
Capital Beltway I-495 Virginia
Hot Lanes

2008

AUDIT • TAX • ADVISORY



PPP Deal of the Year
FSTA

2008

AUDIT • TAX • ADVISORY



Financial Advisor of the Year - PPP

2008

AUDIT • TAX • ADVISORY

PPP Program Experience

 <p>Texas Department of Transportation</p> <p>Trans-Texas Corridor</p> <p>\$10+ billion</p> <p>Ongoing</p>	 <p>Virginia Department of Transportation</p> <p>VDOT CDA Program</p> <p>\$1.9 billion</p> <p>Ongoing</p>	 <p>Florida Department of Transportation</p> <p>Alligator Alley</p> <p>Ongoing</p>
 <p>State of Michigan</p> <p>State-wide PPP Program</p> <p>Ongoing</p>	 <p>Nevada DOT</p> <p>PPP Program</p> <p>Ongoing</p>	 <p>Government of Alberta</p> <p>Alberta Schools</p> <p>Ongoing</p>

PPP Project Experience

 <p>Virginia Department of Transportation</p> <p>I 495/Capital Beltway</p> <p>\$1.9 billion</p>	 <p>Texas Department of Transportation</p> <p>North Tarrant Expressway</p> <p>\$2+ billion</p>	 <p>Florida Department of Transportation</p> <p>Alligator Alley</p> <p>Ongoing</p>
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U.S. Experience

Washington

- Carrix: Accounting, Commercial, and Tax due diligence, Tax structuring

Colorado

- Northwest Parkway: Accounting and Tax due diligence

Utah

- UDOT: Developed a manual to guide implementation of PPP projects

Nevada

- Programmatic and project advisor to NDOT

California

- City of Anaheim Transit Hub: Financial and PPP Advisory
- CSU-Monterey Bay: PPP Opportunity Scan
- Long Beach Courthouse: Adviser to Meridiam Consortium
- MTC Holdings: Accounting and Tax due diligence, Tax Structuring
- Riverside County Transportation Commission: Financial and PPP advisory
- San Bernardino Associated Governments: Financial and PPP Advisory

Texas

- TxDOT: Financial & Other PPP Advisory on CDA Program - including
 - SH 130, Segments 5&6 – achieved financial close in 2008 (\$1.35 billion)
 - SH 121 – resulted in \$3.3 billion payment from NTTA in 2007
 - North Tarrant Express – conditional award in 2009 (\$2.5 billion)
 - IH 635 – conditional award in 2009 (\$4 billion)
 - DFW Connector – conditional award in 2009 (\$900 million)
 - SH 161 – anticipated payment of \$458 million from NTTA in 2010
 - Other projects currently being assessed for PPP feasibility

Minnesota

- MnPASS: Assisted on assessing PPP feasibility of the MnPASS program

Illinois

- Chicago Downtown Public Parking : Accounting, Commercial and Tax due diligence, Tax structuring
- Chicago Metered Parking: Transaction due diligence
- Chicago Midway Airport: Transaction due diligence
- Chicago Skyway: Accounting advisory, Tax Structuring

Michigan

- Statewide PPP Advisory
- MDOT advisor: M21 Bridge and I-69

Indiana

- Indiana DOT I-69: Financial and PPP Advisory
- Indiana Toll Road: Accounting and Tax due diligence

New York

- Icon Parking: Accounting, Commercial and Tax due diligence, Tax structuring
- JFK Terminal 4: Successful bid, development and financing
- Orient Overseas: Accounting, Commercial and Tax due diligence, Tax structuring

New Jersey

- P&O North America: Vendor assistance; Accounting, Commercial and Tax due diligence, Tax structuring
- Maher Terminals: Accounting and Tax due diligence, Tax structuring

Pennsylvania

- Pennsylvania Turnpike: Transaction due diligence

US Government

- DoD – Guam base realignment: Policy, financial and planning advisory

Virginia

- Virginia DOT: Financial and PPP Advisory
 - Capital Beltway HOT Lanes
 - I-95/I-395 HOT Lanes
 - Route 460
 - Port of Hampton Roads

Florida

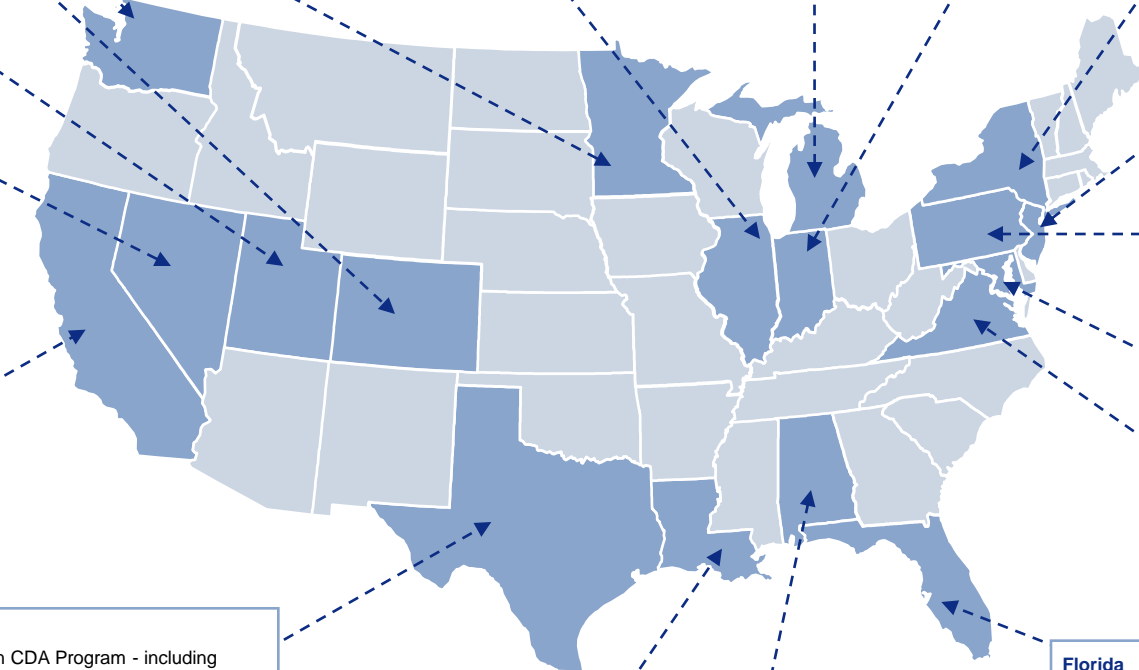
- AMPORTS: Accounting and Tax due diligence, Tax structuring
- Florida DOT: Advising on Alligator Alley; Statewide Financial Advisory Pool
- Florida East Coast Industries: Accounting and Tax due diligence
- Florida's Turnpike Enterprise: Management consulting services
- Port of Miami Tunnel: Accounting and Tax due diligence, Tax structuring

Alabama

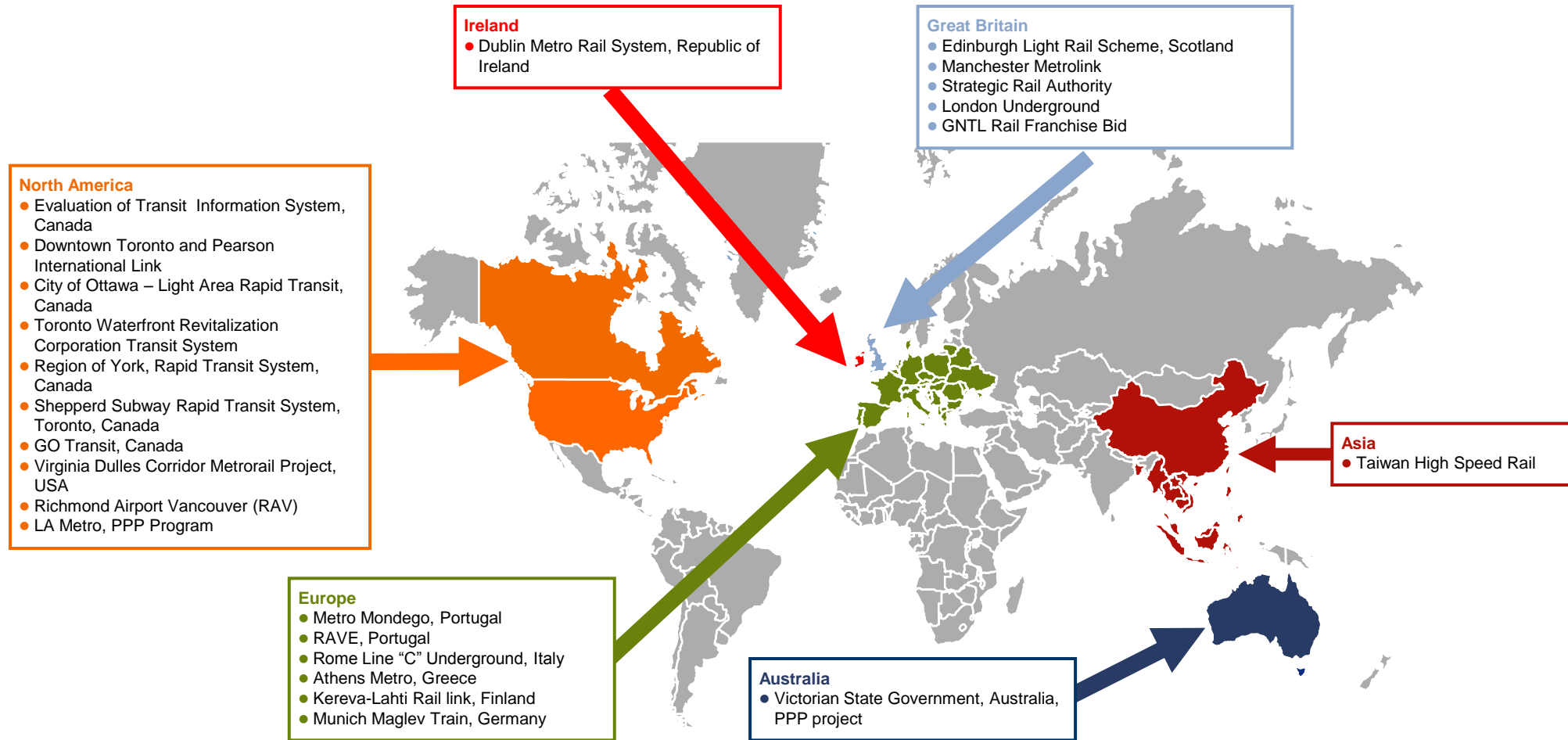
- Assisting a private consortium on evaluating financial feasibility of a major new motor sports facility

Louisiana

- Baton Rouge Toll Loop: Financial feasibility analysis and advisory



Transit Experience



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The Gotham - BIA Connector

Background Information

- Gotham economy is booming, but its infrastructure systems are old and crumbling
- Tourism and movie industries are key for Gotham economy
- A fast, reliable, modern rail connector from downtown to the Batman International Airport (BIA) is instrumental to economic growth
- Mr. Wayne – young and innovative new mayor of Gotham – has tasked GTA to develop a new light rail between downtown and BIA



Project Information

- 15 miles of light rail
- 5 stations
- TOD options at all stations
- Right-of-ways already acquired
- Estimated construction cost – \$2 billion

GTA (Gotham Transportation Authority)

- AAA rating but capital constrained due to large deferred maintenance expenses on existing rail and bus lines
- Good operation and maintenance know-how but limited experience in developing mega capital projects
- Resource constrained

Gotham – BIA Connector – Alternative Delivery Objectives

- **Project Schedule Acceleration**

Faster delivery leveraging private sector technical know-how

- **Minimize use of public funding**

Access to alternative funding sources through use of private financing

- **Predictability of future funding outlays**

Budget certainty by implementing an availability payment mechanism

- **Reduced public sector's project risk exposure**

Transfer of delivery and operational risks to the private sector

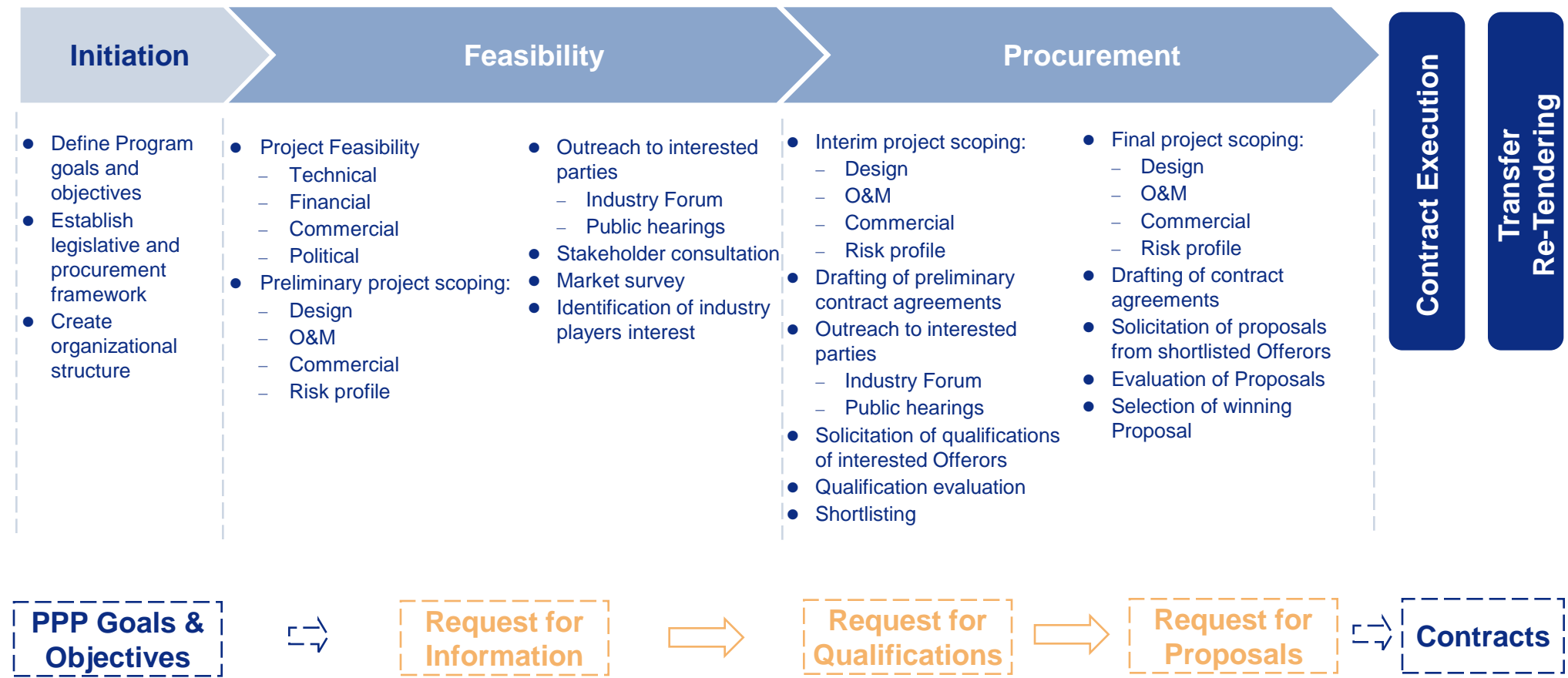
- **High level of consistent customer satisfaction**

Enforceable operation and maintenance standards

- **Creation of additional economic development opportunities**

Opportunities for revenue enhancement through TODs (Transit Oriented Development)

Key steps in the PPP implementation process



RFI, RFQ, RFP are important tools in the successful implementation of a PPP

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Request for Information

Contents	<ul style="list-style-type: none"> • Project Overview <ul style="list-style-type: none"> – Describe Agency's policy objectives and public benefit goals – High level summary of project scope and desired outcomes • High-level procurement schedule
Submittal Requirements	<ul style="list-style-type: none"> • Background information and corporate profile • Capacity and experience as it relates to the project • Comments on scope, structure, objective and timetable • Identify key commercial issues and solutions
Objectives	<ul style="list-style-type: none"> • Gather industry feedback to better define project scope • Assess industry appetite for the project to better inform project structuring effort • Gain better understanding of current market trends and their impacts to the projects

	RFI - Goals	Results
Gotham – BIA Connector	<ul style="list-style-type: none"> • Assess industry appetite for project in the current market • Identify and assess viability of alternative approaches 	<ul style="list-style-type: none"> • Industry interest is high • Project is technically feasible, but with challenging project financing attributes

Request for Qualifications

Contents	<ul style="list-style-type: none"> • Project Information <ul style="list-style-type: none"> – Information necessary to Proposers for evaluating the project opportunity – Preliminary commercial structure concepts, draft term sheets – Well-defined project technical scope • Procurement Process <ul style="list-style-type: none"> – Overview of procurement steps and estimated project timeline – Clear explanation of evaluation process (criteria, methodologies) for short-listing
Submittal Requirements	<ul style="list-style-type: none"> • Technical and financial experience in developing similar projects <ul style="list-style-type: none"> – Project details – References • Finance Capacity <ul style="list-style-type: none"> – Financial statements – Bank letters – References and others supporting documents • Comments on preliminary commercial structure
Objectives	<ul style="list-style-type: none"> • Gather additional industry feedback to finalize project scope • Identify potential conflicts of interest • Select Proposers that have technical and financial capabilities to deliver the project

	RFP - Goals	Results
Gotham – BIA Connector	<ul style="list-style-type: none"> • Gather additional information on risks private developers are willing to accept and on payment mechanisms • Shortlist viable Proposers 	<ul style="list-style-type: none"> • Three Proposers were shortlisted: <ul style="list-style-type: none"> – Gotham Developers – Robin & Associates – Joker & Partners

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Request for Proposals

The RFP is crucially important to the success of PPP initiatives as it addresses many PPP success factors

PPP Success Factors

- Clearly defined PPP program goals

RFP clearly defines overall PPP program intent

- Well defined project scope and objectives

RFP clearly articulates project scope and objectives

- Well defined, predictable, and transparent procurement process

RFP provides clear information on the procurement process, submittal requirements and evaluation criteria

- Thorough planning and risk assessment

RFP provides information on commercial terms and draft concession agreement

- Maximizes private sector innovation and competition

RFP allows bidders to propose innovative solutions and thus enhance competition

- Effective communication with internal/external stakeholders

RFP is well structured and organized

The development of the RFP requires the public sector to make critical decisions in areas that drive PPP

Request for Proposals (con't)

- **The objectives of a good RFP are:**

- Select the Proposer that can deliver the “best value” over the long term
- Assure the procurement process is fair, transparent and limit the opportunity for legal actions
- Promote public policy objectives
- Allow innovative solutions
- Generate robust competition

- **Key aspects of a good RFP are:**

- Well-defined project scope
- Transparent, objective, and predictable evaluation framework
- Submission requirements support well informed decision-making

Project Scope

Goals and Objectives

RFP should clearly articulate public needs and objectives rather than dictating the solution:

- Ridership targets/goals
- System and O&M performance
- Service level outputs
- Interoperability objectives
- Ancillary services
- Financial goals

Constraints

RFP should articulate the project constraints within which the private sector needs to develop the solution:

- Design and environmental requirements
- Operational requirements
- Hand-back requirements
- Project risks transferred to private sector
- Limited public sector funding



Evaluation Framework

- **RFP should clearly articulate how Proposers will be evaluated**
 - Legal and regulatory framework supporting the procurement process and potential appeals
 - Access to data and communication processes
 - Proposal review and selection process (methodologies, evaluation committees, roles/responsibilities)
 - Evaluation criteria
- **Evaluation criteria are fundamental for a successful procurement process**
 - Define entry level barriers for short-listed Proposers
 - Drive competition (up or down)
- **Considerations in developing evaluation criteria:**
 - Quantitative vs. qualitative criteria
 - Price vs. technical trade-offs
 - Pass/fail vs. ranking
 - Measurability

Submission Requirements

- **Supporting documents**

- Project development plans
- Operation and Maintenance Plan
- Project Finance Plan
- Alternative technical proposals
- Development and third party revenue opportunities
- Organizational Approach
- Updated RFQ Submittals (as needed)
- Bid bond

- **Mandated vs. optional requirements**

- Careful wording of submission requirements
- Mandated criteria (e.g. “Must”) implies that failure to provide material would result in rejection
- Optional criteria (e.g. “Should”) allows for more flexibility and therefore potential innovation and enhanced overall value

Additional RFP documentation

- **Documents to be considered**

- Concession Agreement
- Design & Technical standards
- Interoperability requirements
- Performance requirements
 - Operation requirements
 - Maintenance requirements
 - Customer service requirements
- Hand-back requirements
- Long term strategic plan

Evaluation

- **Goals and Objectives**

- Select Proposal that maximizes value for money and public benefit
- Demonstrate public accountability
- Minimize risks of Proposers’ protests

- **Fundamental principals of good evaluation**

- Confidentiality
- Conflict of Interests
- Planning, communication and documentation
- Fairness, consistency and transparency

	Evaluation – Goals	Results
Gotham – BIA Connector	<ul style="list-style-type: none">• Select the best value proposal that meets GCTA goals and supports Mayor Wayne’s economic development plan	<ul style="list-style-type: none">• Joker & Associates was selected as preferred Proposer• Joker & Associates will deliver:<ul style="list-style-type: none">– Scope: 55 mile/20 station/\$1.8 Billion light rail project– Concession: 30 years (3 construction + 27 operation)– Payment: Availability with no upfront payment to GTA– Net Present Value: whole of life costs 20% lower than traditional procurement option

Q&A