ATTACHMENT D

Factors Considered Related to P3 Delivery

Compared to traditional procurement and project delivery approaches, P3 can realize benefits as outlined below. All of these will be considered in identifying the optimum delivery method for this specific project – based on the best value to Metro.

P3's Provide Accountability: The concept of "pay for performance" is at the heart of the P3 delivery methodology. Performance standards are clearly defined and payment is linked to the Private Partner's ability to deliver against these standards. P3s will enable Metro to spread cost of infrastructure investment over the lifetime of the asset.

Reduce Risk: Risk allocation is at the heart of a project's value for money and follows the guiding principle that a risk should be transferred to the party best able to control or mitigate it at the lowest cost. P3's can reduce public sector risk by transferring those risks that are better managed by the Private Partner. Examples of such risks include: adherence to construction schedule, construction and site risks, quality management, utility works, and lifecycle and capital maintenance costs.

Improve service delivery: Metro will be able to better able to focus on core activities such as customer service, user experience, and system management, rather than non-core functions, such as the construction, and potentially operations and maintenance, if transferred to the Private Partner.

Efficient use of assets: Private Partners are motivated to adhere to the performance obligations of the Partnership Agreement (PA) resulting in higher levels of service, greater accessibility, and reduced costs for the public sector.

On-time & on-budget delivery: Payments are aligned to the delivery of project objectives.

Ensure assets are properly maintained: Well-designed P3s maintain infrastructure by transferring maintenance requirements to the Private Partner.

Fiscal planning: P3s result in contracts that set out fixed payments over the life of the contract allowing Metro to budget costs over multiple years in their fiscal plans.

Cost savings through quality and innovation: Shifting long-term operation & maintenance responsibilities to the Private Partner creates incentive to ensure long term construction and operations quality and innovation

Leveraging strengths: P3s require a full infrastructure solution to be developed and implemented with cost certainty over a long-term contract. This requires consortia to bring firms whose core businesses are in construction, finance, operations and maintenance to ensure that the asset is properly constructed and built to produce over the life of the contract.