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Unsolicited Proposal Framework and Guideline



DECEMBER 2020

Alberta 

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Infrastructure, Government of Alberta

December 1, 2020

Alberta's Unsolicited Proposal Framework and Guideline

ISBN 978-1-4601-4898-3

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1.0 - Introduction to Alberta's Unsolicited Proposal Framework and Guideline

1.1 Introduction

Alberta and other jurisdictions have realised that the private sector provides opportunities for both innovation and capacity to meet public infrastructure needs. Based on these realisations, the Government of Alberta (GOA) is interested in partnering with the private sector entities to contribute in the provision of public infrastructure while at the same time creating new job opportunities and supporting Alberta's economy.

Alberta's Unsolicited Proposal (USP) Framework and Guideline (Framework) is intended to ensure that projects initiated as USPs follow similar principles as the publicly initiated Public-Private Partnership (P3) projects during project development, procurement, and implementation.

This document aims to harness private-sector innovation in the delivery of infrastructure projects, while protecting public policy objectives, encouraging innovation, and ensuring transparency and accountability.

The GOA encourages private entities to present only USPs that either:

- Identify infrastructure needs that the GOA has not identified but which conform with the GOA's stated infrastructure policy, plans or objectives; or
- Propose innovative solutions to infrastructure needs that has been previously identified by the GOA in its infrastructure policy or plans.

1.2 Definition of an Unsolicited Proposal

A USP is a proposal for a project submitted by a private entity (USP proponent) to Alberta's Ministry of Infrastructure (Infrastructure) without an explicit request by the GOA.

Under no circumstances shall a USP involve a project that:

- has been approved on the Capital Plan;
- is already under procurement; or
- has been substantially developed for procurement by the GOA.

For the purpose of this Framework, a P3 is defined as any project that is procured as a result of an unsolicited proposal submitted by the private sector.

1.3 Amendment Protocol

On occasion amendments will be made to this Framework to update information or to expand on existing material. The most current version of the Framework is available on the Alberta Infrastructure website (www.alberta.ca/infrastructure.aspx).

1.4 Tips on how to use this Framework and Guideline

This Framework employs a user-friendly numbering protocol for ease of navigation and reference. Updates will be made by Infrastructure, and to ensure users are looking at the most current version of the Framework a date-stamp can be found in the footer section of each page.

At the front of the Framework is a Table of Contents as well as an index of the tables contained in the Framework. The final section is a glossary that lists and defines terms and acronyms used in the Framework or generally applicable.

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2.0 - Unsolicited Proposals in Alberta

2.1 Key Principles

In the initial review of a USP, the GOA will consider whether the proposal meets its key principles, including: public interest conformation, value for money, affordability, fair market pricing, and transparency and accountability. When proponents are developing a USP, these aspects must be addressed to the fullest extent as possible.

2.2 Public Interest Conformation

The GOA will ensure that the proponent's USP project conforms with one or more public need and is in the public interest. The assessment of whether a USP project is in the public interest should consider the Province's infrastructure strategy, policies, and development goals, and the wider interest of Albertans.

This public interest assessment is most relevant during the initial evaluation of a USP project, and it may be revised and reconfirmed throughout the project development and procurement stages. If the GOA believes that other project solutions or actions may better address the public's need, it may either reject the USP or propose amendments to align it with public interest needs.

In assessing USP projects, the GOA will consider the public interest criteria that may include a review of the proposed project's impact on the economic and social development of Alberta, environment and climate change, and other criteria that captures longevity and sustainability dimensions.

2.3 Value for Money

For the purpose of USPs, the Value for Money (VfM) assessments will be a primary consideration of economic and financial viability, social and sustainable development and any other parameters that can demonstrate value for money for Albertans. These criteria will be used to inform key approvals throughout the USP process.

The USP should be developed in a way to enhance the project's market interest and value proposition with the possibility of a competitive procurement process, if required.

2.4 Affordability

Proponents may submit USPs that request direct or indirect government support.

The GOA will assess the government's affordability of such request by the proponent in the assessment of USPs.

The GOA will also assess the direct and contingent liabilities associated with the USP and determine whether these can be adequately managed throughout the contract term.

2.5 Fair Market Pricing

The GOA may utilize any method available to analyse and ensure that contracts resulting from USPs reflect market prices, reasonable private sector returns, and include risk allocation appropriate for the GOA.

The GOA may use market testing to determine whether there is likely to be market interest in the project to determine whether or not to organize a competitive approach.

The GOA may negotiate a contract directly with the USP proponent. In this instance, the GOA may use benchmarking and other available approaches to determine fair market pricing.

2.6 Transparency and Accountability

The Alberta *Freedom of Information and Protection of Privacy Act* (FOIP Act) applies to all aspects of the USP processes and documentation.

USP proponents are to be advised that it is their responsibility to read and understand the FOIP Act especially what information from the USP the GOA is required to disclose.

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3.0 - Unsolicited Proposal Management Framework

3.1 Framework Objectives

- The objectives of the Framework are:
- To ensure clarity, predictability, transparency, and accountability for both public agencies and private entities.
- To provide clarity to USP proponents in terms of the procedures and treatment of USPs, which helps foster and maintain private-sector interest in infrastructure development projects.
- To provide guidance to public officials, helping them to process USPs effectively and efficiently using consistent and transparent procedures.
 - This Framework identifies a consistent approach but also allows for flexibility to process different types of USPs. The Framework also allows changes to the methodology provided appropriate approvals are obtained.
- To articulate the GOA's policy objectives, ensuring that submitted USPs are in line with the government's infrastructure priorities and development plans.
- To understand the approval process, and allowing sufficient time in the procurement to obtain the required approvals, will help ensure timely completion of procurements.

By establishing this Framework, the GOA is defining what it considers a USP, setting out the principles on which USPs are based, establishing key criteria for projects that could be considered for USPs and their processing.

3.2 Framework Components

The Framework include submission principles and criteria, an assessment and procurement process that is somewhat aligned with the P3 Framework and Guideline.

The Framework sets out the principles and process to assess the procurement options once the USP project is accepted and to conduct either the negotiated or competitive P3 procurement.

As the USP and P3 Frameworks cannot anticipate every event and USPs are complex undertakings, judgment needs to be applied within both the USP and P3 principles.

Table 1 provides a visual overview of the components, systems, and interactions required to achieve each of the objectives underlying the frameworks.

Table 1: USP Process Flow

Stage	USP Process	USP Process Flow		USP Approvals	Timelines*
1	Submission	Proponent submits USP to Infrastructure	Infrastructure may request clarifications from USP proponent	<p>COMPLIANCE CHECK (completeness review)</p> <p>Infrastructure checks whether the USP submission is compliant</p>	Confirmation of compliance within 30 Business Days
2	Evaluation	<p>Infrastructure:</p> <ul style="list-style-type: none"> Verifies whether the USP meets evaluation criteria Requests evidence of USP proponent qualifications (if relevant) Uses benchmarking and market testing (if relevant) to evaluate the project Discloses relevant documentation Determines the most appropriate development and procurement for the project 		<p>PROJECT EVALUATION</p> <p>Infrastructure verifies whether the USP meets the evaluation criteria</p>	Completion of assessment within 3 months
				<p>DEVELOPMENT & PROCUREMENT DECISION</p> <p>Infrastructure selects project development and procurement method</p>	Issuance of Decision within six0 days to move to the Project Development Stage

3	Project Development	<p>Infrastructure:</p> <ul style="list-style-type: none"> • Either: <ul style="list-style-type: none"> (1) undertakes project development which may require external advisors, or (2) signs a project development agreement with the USP proponent for specific studies • Uses benchmarking and market testing (if relevant) to evaluate the project • Discloses relevant documentation • Confirms the most appropriate procurement method 	<p style="text-align: center;">PROJECT APPROVAL</p> <p>Infrastructure determines whether the project should proceed to procurement</p>	<p style="text-align: center;">Completion of project development within a period of six to 12 months</p> <p style="text-align: center;">Issuance of Decision within 40 days to move to the procurement stage</p>
4	Procurement	<p>To prepare for procurement, the GOA:</p> <ul style="list-style-type: none"> • Secures right-of-way and/or acquires land, if required • Develops a draft contract (which may require external advisors) • If competitively procuring, develops draft procurement documentation • If preparing for a direct negotiation, signs the direct-negotiation protocols • Uses benchmarking and market testing (if necessary) 	<p style="text-align: center;">PROCUREMENT APPROVAL</p> <p>Infrastructure approves procurement documentation</p>	<p style="text-align: center;">Completion of direct negotiation preparation within a period of six to 12 months</p> <p style="text-align: center;">Completion of procurement preparation within a period of six to 24 months</p> <p style="text-align: center;">Issuance of decision within 40 days to award the contract</p>

		<p>Infrastructure either</p> <p>(1) directly negotiates the contract with the USP proponent according to the direct-negotiation protocol; or</p> <p>(2) undertakes a competitive process</p>	<p>CONTRACT AWARD</p> <p>Infrastructure awards the contract subject to approval from Treasury Board or Cabinet (at the discretion of TB)</p>	<p>Publication of procurement result and redacted version of the contract within 90 business days</p>
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*Infrastructure will work with the USP Proponent to reduce any applicable process timelines

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4.0 - Unsolicited Proposal Submission Process

4.1 Submission Principles

The principles identified in Section 2 form the basis for the assessment of USPs and procurement of the projects resulting from a USP. As the Framework cannot anticipate every situation, the principles can only provide broad direction. Infrastructure should be consulted when interpretation or direction is required.

The Framework is consistent with the principles, but when the Framework does not provide specific guidance, the principles will lead USP decisions.

The principles on which USPs are selected and procured are described below.

4.2 Definition of Roles and Responsibilities

During the submission stage, the roles and responsibilities of the USP proponent and Infrastructure are as follows:

- The USP proponent submits a well-developed proposal to Infrastructure within the timeframe specified. The USP must meet the submission requirements and align with the evaluation criteria.
- Infrastructure receives the proposal and checks the USP for compliance. Infrastructure communicates in written form with the USP proponent.

4.3 Submission Requirements

4.3.1 Process Requirements

USPs can be submitted to GOA through email at unsolicited.proposals@gov.ab.ca as stated in the USP portal website.

In the event of receipt of multiple USPs, Infrastructure shall prioritize the proposals according to public interest, project feasibility, competitive or negotiated P3 suitability, affordability and other considerations at the full discretion of the Province.

The USP proponent shall submit the following information and documentation as part of the USP. Studies should be at the pre-feasibility level at this stage.

The USP proponent are required to pay a non-refundable review fee of \$20,000 (in Canadian dollars) when they proceed to Stage 3 - Project Development of the USP review process. The USP will not be reviewed further until the review fee have been paid in full and cleared.

- The review fee shall be in the form of a certified cheque or bank draft payable to the “Government of Alberta”.

- Payment of the review fee does not create any obligation on the part of the GOA toward the USP proponent.

Public-Interest Requirements:

- A description of the proposed project, including conceptual design, sketches, or alignment maps;
- A preliminary assessment of the public need for the proposed project, including a description of the benefits to Albertans and alignment with the GOA's infrastructure policies, plans and objectives;
- A description of the environmental and social features of the proposed project, including the proposed project's resilience to climate change/contribution to sustainability; and
- A preliminary assessment of economic feasibility or a cost-benefit analysis.

Project Feasibility Requirements:

- A preliminary technical description of the proposed project, including project delivery approach, high level construction schedule and requirements for connections to existing assets/infrastructure or services (if required);
- A preliminary assessment of financial feasibility, including costs and revenues, and a preliminary funding and financing plan; and
- A preliminary service and operating plan for the proposed project.

USP Suitability Requirements:

- A preliminary assessment of project risks and proposed risk allocation.
- A preliminary assessment of competitive or negotiated P3 suitability.

Affordability Requirements:

- Confirmation that the proposed project does not require any GOA support, or
- A description of the type and range of GOA support that the proposed project is expected to require.

By submitting a USP, the proponent grants the GOA the right to investigate the veracity of the proponent's declaration.

4.3.2 Requirements for Engagement in Project Development

The USP proponent shall submit information that enables Infrastructure to evaluate the USP proponent's experience and qualifications with project development.

The USP proponent shall demonstrate their capability and capacity to develop the project that the USP proponent is proposing. This includes but may not be limited to developing the following:

- Designs and Technical Feasibility Studies

- Financial Feasibility Studies
- Economic Feasibility Studies
- Social and Environmental Impact Studies
- Legal Feasibility Studies

4.3.3 Requirements for Engagement in Project Implementation

The USP proponent shall submit information that enables Infrastructure to evaluate the USP proponent's capability and capacity, or methodology to develop and implement the project.

4.4 Protection of Confidential and Proprietary Information

USP submissions are subject to Alberta's FOIP Act.

If the USP proponent wishes to request protection of confidential and proprietary information contained within its USP submission, it is required to submit one version of the USP including the confidential and proprietary information (clearly marking both the confidential and proprietary information separately) and another clean version of the USP without any markups.

The FOIP Act disclosure rules supersedes any information identified as confidential or proprietary. The USP proponent is responsible to ensure that any information identified as such aligns with the FOIP Act.

4.5 USP Compliance Confirmation

During the submission stage, Infrastructure shall confirm compliance 'completeness check' of the submitted USP.

Infrastructure shall deem a USP compliant if the USP meets the following two criteria:

- The USP complies with the definition of USP in Clause 1.2; and
- The USP meets the submission requirements in Clause 4.3 in its entirety.

Infrastructure shall confirm compliance of the USP within 30 business days after receipt of the USP.

Infrastructure will reject any USP that does not comply with the submission criteria. If Infrastructure rejects a USP for submission non-compliance, it will notify the USP proponent in writing and provide reasons for non-compliance, and will inform the USP proponent if resubmittal is permitted.

Subject to the GOA permission, the USP proponent may resubmit a USP that was rejected for submission non-compliance after addressing the reasons for non-compliance. However, the same project can only be resubmitted once unless otherwise agreed upon in writing with Infrastructure.

If the USP is compliant, Infrastructure shall notify the proponent that the USP is compliant to proceed to evaluation stage. Compliance of the USP does not create any obligation on the part of the Province or GOA.

5.0 - Unsolicited Proposal Evaluation Process

5.1 Introduction to Stage 2 – Evaluation Process

The USP evaluation process starts when Infrastructure has deemed the USP submission as compliant. This stage is comprised of two components: assessment and approval.

The assessment criteria has been developed to ensure that the GOA only accepts USPs that meet the following requirements:

- **Public Interest:** Determines if the USP project advances the public interest and is aligned with the GOA's infrastructure priorities.
- **Project Feasibility:** Evaluates the proposed project's technical, financial, economic, environmental and social feasibility at a preliminary level.
- **Public-Private Partnership Suitability:** Assesses whether the proposed project is expected to be suitable for development, based on factors such as infrastructure development goals and objectives and proposed risk allocation between public and private sector.
- **Affordability:** Assesses the proposed project's implications for government support, including direct and contingent liabilities.

5.2 Definition of Roles and Responsibilities

During this stage, the roles and responsibilities of the USP proponent and Infrastructure are as follows:

The USP proponent is not required to submit any additional information at this stage, unless requested by Infrastructure, at which point the USP Proponent shall provide clarifications about the USP in written form.

Infrastructure, in consultation with relevant departments, shall evaluate the USP against the evaluation criteria and shall complete the evaluation process within 90 business days of having declared the USP submission compliant.

This evaluation will be based on the best judgement and sole discretion of the evaluators. The evaluation will be final and binding.

The evaluation will take place at the level of preliminary feasibility. Infrastructure may retain external advisors when necessary, to verify aspects of the proposal or to provide additional guidance in decision making.

Infrastructure shall review the USP Proponent against the integrity requirements.

Infrastructure may contact the USP proponent with requests for clarification or additional information. Communication shall take place in written form.

Infrastructure shall assess and recommend whether the USP should proceed to the project development stage. Infrastructure shall also provide a recommendation regarding the role of the USP proponent in project development, and the most appropriate procurement approach.

5.3 Assessment

5.3.1 Public Interest Criteria

Infrastructure will ensure that the proposed project meets the public interest using the following sub-criteria by:

- confirming that the proposed project aligns with the GOA's stated infrastructure needs, policy objectives and priorities, and
- evaluating the societal need for the proposed project. Infrastructure may require the USP proponent to provide needs or options analysis to confirm the benefit to society, if not provided with the initial proposal.

5.3.2 Project Feasibility Criteria

Infrastructure will evaluate the proposed project's feasibility using the following sub-criteria by:

- confirming that the proposed project aligns with the GOA's stated infrastructure needs, policy objectives and priorities;
- confirming the technical feasibility of the proposed project at a preliminary level; and
- evaluating the expected social and environmental impact and/or the economic feasibility of the proposed project.

5.3.3 P3 Suitability Criteria

Infrastructure will evaluate the proposed project's suitability using the following sub-criteria by:

- confirming that the proposed project has the potential to generate Value for Money (VfM), as defined in the USP Glossary of Terms.
- Confirming that the proposed project includes an assessment of the risks.
- Evaluating the advantages and disadvantages of the proposed project in general.

5.3.4 Affordability Criteria

Infrastructure will evaluate the proposed project's affordability to GOA by:

- Evaluating expected direct and contingent liabilities, or
- Confirming that the proposed project is affordable to the end user, if a user-pays model is being proposed.

*For detailed guidance on developing Evaluation Criteria, refer to [Tool 2: Evaluation Criteria](#).

5.4 Benchmarking and Market Testing In Project Evaluation

Infrastructure may undertake benchmarking to inform the evaluation of the proposed project. If benchmarking is not able to provide the required information, Infrastructure may use market testing and any other method to inform the evaluation of the proposed project.

Benchmarking allows Infrastructure to undertake a structured comparison of the proposed project with similar projects in the same sector or jurisdiction, thereby testing the reasonableness of specific elements of the USP.

Where benchmarking yields insufficient information, market testing and other methods may also help to inform project evaluation. The scope of market testing shall be narrow and precise, specifying only the questions Infrastructure needs answered to complete a full USP evaluation.

** For detailed guidance regarding benchmarking and market testing, refer to [Tool 5: Benchmarking in the USP Process](#) and [Tool Six: Market Testing in the USP Process](#).*

5.5 Assessment Timeframe

Infrastructure will undertake to complete a USP assessment within 3 months of its receipt. However, for more complex projects or those that require government support, Infrastructure will work with the USP Proponent to develop a mutually acceptable timeframe.

5.6 Determining Project Development and Procurement Methods

Infrastructure may consider any one of the following project-development methods:

- project development by USP proponent (which may require inputs from the GOA); or
- project development by the GOA (which may require services from external advisors, consultants and other GOA departments).

Infrastructure may consider any one of the following procurement methods:

- direct negotiation with the USP proponent; or
- procuring USPs through competitive processes (with or without incentives for the USP proponent); or
- competitively procuring components of USPs while allowing direct negotiation in specific circumstances.

5.7 Disclosure Requirements and Approvals

5.7.1 Disclosure Requirements

Following Infrastructure's decision to accept the USP, Infrastructure will disclose critical elements of the USP submission, the process and results of the assessment phase, and a description of the proposed project-development and procurement process, including any special conditions and advantages that will be provided to the USP proponent.

While disclosing information, Infrastructure must respect any agreements with the USP proponent related to the protection of proprietary or confidential information with the exception of any identified proprietary or confidential information that is contrary to the requirements of Alberta's FOIP Act.

5.7.2 Approvals

Infrastructure shall provide its assessment based on the evaluation criteria and the recommendation to the Deputy Minister Capital Committee (DMCC) within 30 business days of the USP being declared acceptable to proceed to project development stage.

The DMCC shall determine whether the proposed project will enter the project development stage. It shall also determine which project development and procurement method will be followed.

The DMCC shall issue its decision within 30 business days of receiving the assessment and recommendation from Infrastructure.

As a basis for its decision, the DMCC shall use the recommendation and assessment provided by Infrastructure, which will include any backup information supporting the recommendation.

The DMCC may also undertake additional due diligence and solicit independent advice from internal and external resources.

Approval of the USP during the evaluation stage does not create an obligation on the part of Infrastructure or the GOA toward the USP proponent.

5.8 Conclusion of Evaluation Stage

The evaluation stage ends when the DMCC has approved the proposed project for entry to Stage 3 - Project Development.

6.0 - Unsolicited Proposal Project Development Process

6.1 Overview of the Project Development Stage

During the project development stage, Infrastructure determines whether the proposed project is feasible; whether it is expected to generate value for Albertans through the proposed USP project, and how it should be structured to achieve those objectives.

The feasibility studies undertaken during this stage are significantly more detailed than the preliminary feasibility studies developed by the USP proponent as part of its USP submission.

At the end of this stage, Infrastructure reassesses the project against the same evaluation criteria used during the evaluation stage. Based on the assessment, Infrastructure determines whether the project should be recommended to enter Stage 4 - Procurement.

6.2 Definition of Roles and Responsibilities

The roles and responsibilities of the parties for this stage are subject to the project development approach which is determined at the sole discretion of Infrastructure.

The project development approaches are as follows:

6.1.1 Approach 1 – Project Development by the USP Proponent

Under this approach:

- The USP proponent shall undertake specific project development activities requested by Infrastructure.
- The project development process and requirements shall be governed by a Project-Development Agreement between the USP proponent and Infrastructure.
- Infrastructure, in consultation with relevant departments and external advisors, shall oversee any studies developed by the USP proponent. Infrastructure may directly/jointly hire external advisors with USP proponent to independently assess the studies developed by the USP proponent.
- Infrastructure or GOA will not compensate USP proponent for any of the work during this stage.

6.1.2 Approach 2 – Project Development by the GOA

Infrastructure is responsible for the project development process and limits the role of the USP proponent to providing clarifications. This approach helps establish equal opportunities in case GOA chooses to go for a competitive procurement for the proposed project. In this case, other than clarifications the role of the USP proponent concludes at the end of the Stage 2 - Evaluation.

Under this approach:

- If requested by Infrastructure, the USP proponent shall provide clarifications about the USP in written form.
- Infrastructure, in consultation with relevant departments and external advisors (if required), shall undertake project development.
- Infrastructure may contact the USP proponent with requests for clarification or additional information. Communication shall take place in writing.

Infrastructure shall evaluate the USP against the evaluation criteria and determine whether the proposed project should proceed to the procurement stage.

Before entering the procurement stage, Infrastructure shall seek approval from Treasury Board through the DMCC.

Table 2 below identifies the documentation and studies that the USP proponent may be required to develop and complete with recommended roles and responsibilities.

Table 2: Studies and Documentation with Recommended Roles and Responsibilities

STUDIES AND DOCUMENTATION	RECOMMENDED ROLES AND RESPONSIBILITIES
Definition of the Project Scope Technical Feasibility Study Financial Feasibility Study Social and Environmental Impact Assessment Economic Feasibility Study Legal Feasibility Study Preliminary deal structure and high-level Risk Matrix Stakeholder outreach to ensure support for the Proposed Project.	These studies will be developed by the USP proponent, as the USP proponent should have the required information, analysis, experience and abilities. Appropriate supporting information will be required by Infrastructure. Infrastructure takes on a review role, supported by relevant GOA departments and its internal/external advisors, if required.
Procurement Structure and Contract Procurement Strategy P3 Suitability Assessment Fiscal Impact Assessment Legal Feasibility Assessment	Infrastructure shall always lead the development of these documents (supported by its legal and internal/external advisors) These assessment studies will be conducted by Infrastructure along with relevant GOA departments and its internal/external advisors, if required.

6.3 Project Development Activities

The project development stage shall consist of the activities necessary to enable Infrastructure and DMCC to undertake a detailed evaluation of the proposed project.

This stage consists of the following activities:

- Development of a detailed functional and geographical scope and schedule of the proposed project, any land (and land-acquisition) requirements, as well as a description of its alignment with GOA priorities;
- Development of a technical feasibility study, including a preliminary technical design and technical requirements;
- Development of a financial feasibility study, including a detailed risk assessment, complete with proposed risk allocation;
- Development of a legal feasibility study, including an assessment of legal risks and uncertainties;
- Development of a social and environmental impact assessment;
- Development of an economic feasibility study or cost-benefit analysis;
- Development of a fiscal impact assessment or affordability assessment;
- Development of an assessment of P3 suitability;
- Development of a procurement strategy for the procurement stage;
- Development of a preliminary deal structure and high-level risk matrix, and
- Stakeholder outreach to ensure support for the proposed project.

6.4 Timeline for USP Evaluation and Approvals

Infrastructure requires the completion of project development within a period of six to 12 months after the proposed project enters the project development stage.

If additional time is required to complete project development, Infrastructure will:

- submit a request in writing to the DMCC;
- provide a rationale for requiring additional time; and
- propose a new timeframe.

6.5 Benchmarking and Market Testing

Infrastructure may use benchmarking in cases where it requires additional information to support decision-making during the project development stage. If this information cannot be sourced through benchmarking, Infrastructure may undertake market testing or/and any other suitable methods.

6.6 Project-Development Agreement with the USP Proponent

Infrastructure shall enter into a Project-Development Agreement with the USP proponent that outlines the terms under which the USP proponent will undertake project development.

The Project Development Agreement shall, at minimum, outline:

- Objectives of the project and of the Project Development Agreement;
- Responsibilities of Infrastructure and the USP proponent;
- Modalities for coordination and communication between Infrastructure and the USP proponent;
- Timelines for Project Development;
- Provisions for termination of the Project Development Agreement;
- Ownership of intellectual property rights, copyrights and moral rights;
- Any legal or regulatory obligations; and
- Policies related to transparency, accountability, confidentiality, and conflicts of interest.
- GOA will not compensate USP proponent for any project development activities and cost; however, the GOA may provide incentives for procurement during the competitive process.

One of the key terms of the Project Development Agreement is the compensation scheme for costs incurred by the USP proponent.

- If the USP proponent enters into a direct negotiated contract or is successful in a competitive process, there will be no compensation.
- The USP proponent may receive procurement incentive for its project development activities if the project proceeds to competitive procurement.

6.7 Disclosure Requirements and Approvals

6.7.1 Disclosure Requirements

At the end of the project development stage, Infrastructure will publish the feasibility studies and project documentation used to evaluate the proposed project. Infrastructure shall only be required to publish this information once the DMCC and Treasury Board has approved the proposed project to continue to the procurement stage.

6.7.2 Approvals

Infrastructure shall evaluate the project development documentation as per the evaluation criteria.

Infrastructure shall provide an assessment and recommendation to the DMCC within 20 business days of completing project development.

Based on the recommendation of Infrastructure, the DMCC will recommend to Treasury Board to make one of the following decisions:

- The project meets public interest, project feasibility, P3 suitability, and affordability criteria, and the project should move on to the procurement stage and to be procured as direct negotiation or through a competitive process.
- The project does not meet public interest, project feasibility, P3 suitability and affordability criteria, and should be restructured to meet the evaluation criteria.
- The project does not meet public interest, project feasibility, P3 suitability and affordability criteria, and should be abandoned.

The DMCC shall endeavor to make its decision and inform Infrastructure within 20 business days. The DMCC may also provide further recommendations to Infrastructure for undertaking procurement.

6.8 Conclusion of Project Development Stage

The project development stage ends when the Treasury Board on the recommendation of DMCC has:

- approved the proposed project for entry to Stage 4 – Procurement, or
- has determined not to proceed to Stage 4.

7.0 - Unsolicited Proposal Procurement Process

7.1 Overview of the Procurement Stage

During the procurement stage, Infrastructure manages the procurement process.

An effective procurement process ensures that the contract represents value for Albertans, sustainable and robust risk allocation as well as protecting the public interest.

A transparent and accountable procurement process also ensures stakeholder support and minimizes the potential for legal or political challenges.

At the end of this stage, Infrastructure will conclude the procurement process which may result in signing of the contract between GOA and the proponent or abandoning of the project.

7.2 Definition of Roles and Responsibilities

The roles and responsibilities of the parties during the procurement stage are subject to the project procurement approach which is determined at the sole discretion of Infrastructure.

The project procurement approaches are:

- Direct Negotiation;
- Competitive Process with Incentives; or
- Competitive Process without Incentives.

Table 3: Roles and Responsibilities of Parties in the Various Procurement Approaches

COMPETITIVE PROCESS (WITH OR WITHOUT INCENTIVES)	DIRECT NEGOTIATION
<p>The USP proponent has no obligation to participate in the competitive process.</p> <p>Should the proponent decide to participate in the competitive process, they will have no advantages over other competing Proponents. The USP proponent will have the same rights and obligations as any other competing proponents, as outlined in the documentation issued for the competitive process.</p> <p>OR:</p> <p>Should the USP proponent be obliged to participate in the competitive process, it will receive an incentive, providing an advantage over competing proponents.</p> <p>Except for the incentive, the USP proponent will have the same rights and obligations as any other competing proponents, as outlined in the documentation issued for the competitive process.</p>	<p>The USP proponent shall engage in a direct negotiation with Infrastructure regarding the contract.</p> <p>If the USP proponent will continue to undertake project development activities, these will be governed by an extension of the project-development agreement.</p> <p>Other rights and obligations of the USP proponent shall be defined in the Direct-Negotiation Protocol.</p>
<p>Infrastructure will follow the procurement management plan and the procurement strategy developed during the project development stage.</p> <p>Infrastructure will prepare for a competitive process by developing the procurement documentation.</p> <p>Prior to obtaining approval from Treasury Board on the recommendation of the DMCC to launch the competitive process, the GOA may look into its obligations such as securing the right of way and/or necessary land acquisition (if required).</p> <p>The DMCC shall approve the procurement documentation, including the contract, prior to launching the competition.</p> <p>Infrastructure shall organize a competitive process that strives to maximize competition and value for Albertans.</p>	<p>Infrastructure shall draft the contract and undertake due diligence regarding the terms of the contract.</p> <p>Prior to obtaining approval from Treasury Board on the recommendation of the DMCC to enter the direct negotiation, the GOA may look into its obligations such as securing the right of way and/or necessary land acquisition (if required).</p> <p>The DMCC shall approve the draft contract prior to entering the direct negotiation.</p> <p>Infrastructure, along with Justice and Solicitor General, Treasury Board and Finance, and other client ministries, shall negotiate the terms of the contract with the USP proponent to maximize value for Albertans. Infrastructure will lead the negotiations.</p>

7.3 Procurement Preparation Requirements

7.3.1 Determination of Procurement Approach

Infrastructure shall determine the project procurement approach based on the information provided in the USP and in consideration of the information in the following table.

Table 4: Procurement Approaches

	COMPETITIVE PROCESS (WITHOUT INCENTIVES)	COMPETITIVE PROCESS (WITH INCENTIVES)	DIRECT NEGOTIATION
Description	The proposed project is submitted to competitive process procedures in accordance with GOA's procurement policies, procedures and applicable regulations.	The proposed project is submitted to competitive procurement procedures in accordance with the GOA's procurement policies, procedures and applicable regulations. An incentive is provided to the USP proponent during the procurement process.	The contract will be directly negotiated between the USP proponent and Infrastructure.
When to Use	The proposed project is expected to generate market interest under a competitive procurement.	The proposed project is expected to generate market interest under a competitive procurement.	If Infrastructure has determined that the proposed project is unlikely to generate market interest under a competitive procurement, it may undertake a direct negotiation. There may be lack of market interest because, for example, the proposed project includes innovative components that other private entities are less able to execute.
Advantages	This procurement approach is most likely to achieve an optimized market solution and value for money for Albertans.	A competitive procurement approach with incentives may still achieve an optimized market solution and value for money than a direct negotiation.	If no other private entities are interested in competing for the project, a direct negotiation with the USP proponent may be the only way to still implement the project.
Disadvantages	Private entities may consider it less attractive to submit a USP if they are not provided with an incentive during a competitive process.	Providing an advantage to the USP proponent over other possible proponents may reduce market interest, compared to a competitive process without incentives.	It is challenging to ensure an optimal solution and value for money in a direct negotiation.

7.3.2 Competitive Procurement Preparation Activities

Infrastructure will prepare for a competitive process by undertaking the following activities:

- market testing;
- developing a final deal structure and risk allocation;
- finalizing the procurement strategy considering proprietary information, intellectual property, copyrights and moral rights issues;
- developing a contract; and
- developing procurement documentation, including Request for Proposals (RFP) and Evaluation Criteria.

In the case of a material delay between the end of the project development stage and the procurement stage, Infrastructure will reconfirm the project development documentation.

7.3.3 Direct Negotiation Procurement Preparation Activities

Infrastructure will prepare for direct negotiation with the USP proponent by undertaking the following activities:

- developing the final deal structure in discussion with USP proponent;
- developing the direct negotiation protocol; and
- developing the draft contract.

Infrastructure will also extend the Project Development Agreement with the USP proponent for the continuation of project development activities during the procurement stage.

Infrastructure shall draft and finalize the contract. Wherever possible, Infrastructure shall adhere to the GOA's standardized contract terms in drafting the contract. This draft contract will be the basis of negotiation and finalizing the contract with the USP proponent.

In the case of a material delay between the end of the project development stage and the procurement stage, Infrastructure will reconfirm the project development documentation.

7.3.4 Benchmarking and Market Testing During the Procurement Stage

Infrastructure may use benchmarking to help inform the design of the deal structure, procurement strategy, and draft contract.

In cases where Infrastructure requires further information to validate the proposed structure or promote the project, it may undertake market testing with the market.

7.3.5 Clearance and Approval Activities

The USP proponent shall be responsible for all the approvals, permitting, licensing etc., required for implementing the USP proposal unless it is specifically identified in the Project Development Agreement and in the final contract.

7.4 Procurement Timelines

7.4.1 Competitive Procurement Approach

Infrastructure shall establish clear and realistic timelines for procurement preparation and the competitive process. Considering the nature of USP projects, Infrastructure shall strive to undertake procurement preparation in a timeframe of six to 18 months, and the competitive procurement process in a timeframe of six to 24 months. However Infrastructure will work with the USP proponent to reduce any applicable process timelines.

Should Infrastructure require additional time for procurement, it shall submit a request to the DMCC in writing, requesting an extension of the procurement stage and providing reasons.

7.4.2 Direct Negotiation Approach

Infrastructure shall establish clear and realistic timelines for preparing and undertaking the direct negotiation. Infrastructure shall strive to complete the preparation for the direct negotiation in a timeframe of six to 12 months, and the direct negotiation process in a timeframe of six months.

Should Infrastructure require additional time for direct negotiation, it shall submit a request to the DMCC in writing, requesting an extension and providing reasons.

7.5 Competitive Procurement Process

7.5.1 Competitive Procurement Approach

Should Infrastructure determine the procurement shall proceed without incentives for the USP proponent; it will closely follow similar acquisition procedures as for publicly initiated P3 projects, as specified in Alberta's Public-Private Partnership Framework and Guideline

Alberta's Public-Private Partnership Framework and Guideline is available for viewing at (www.alberta.ca/infrastructure.aspx).

If the USP proponent requests any incentive in the competitive procurement, Infrastructure shall determine if such an incentive will significantly deter competition and the request will be denied.

If Infrastructure determines that the use of an incentive will not significantly deter competition, at its own discretion, it shall base its competitive incentive as follows:

- Automatic Shortlisting:
 - If the USP proponent has the required experience in project Implementation or have gone through the whole project development stage, it will be automatically shortlisted into the competitive process.

- Bonus:
 - No incentive bonus; in event GOA is developing project development as per article 5.6.1
 - In event USP proponent is involved in project development as per article 5.6.2), GOA shall provide incentive as:
 - Price Based Procurement - A financial incentive bonus of 10% reduction of their bid (financial bid); or
 - Value Based Procurement - An incentive bonus of 10% increase of their overall scoring.

7.5.2 Preparation Time for Competing Proponents

Infrastructure shall provide all proponents with a reasonable amount of time for preparation and submission of responses.

To determine a reasonable amount of time for preparation of proposals/ financial submissions, Infrastructure may conduct market sounding with private entities that may be interested in the project.

The time provided for proponents to prepare and submit in response to the USP competitive process may be extended in cases where Infrastructure deems the project complex enough to justify a longer time.

7.6 Disclosure Requirements and Approvals

7.6.1 Disclosure Requirements

At the end of the procurement stage, Infrastructure will publish the procurement result and redacted version of the contract within 90 days of the contract signing.

The above disclosure requirements are applicable to both direct negotiation and competitive procurement processes.

7.6.2 Approvals

- Infrastructure shall, in the case of a competitive procurement, evaluate the procurement responses against the evaluation criteria identified in the procurement documentation.
- Infrastructure shall provide an assessment and recommendation to the DMCC within 20 business days of completing the procurement.
- Based on the recommendation of Infrastructure, the DMCC may make one of the following two decisions:
 - The project continues to meet public interest, project feasibility, P3 suitability, and affordability criteria. The DMCC recommends to Treasury Board that the contract be awarded to the successful proponent.
 - The project no longer meets public interest, project feasibility, P3 suitability and affordability criteria. The DMCC recommends to Treasury Board that the project should be abandoned.

- For a direct negotiation, Infrastructure shall prepare a summary of the negotiation activities and results.
- Infrastructure shall provide an assessment and recommendation to the DMCC within 20 business days of completing negotiation.

Based on the recommendation of Infrastructure, the DMCC may make one of the following three decisions:

- The project continues to meet public interest, project feasibility, P3 suitability, and affordability criteria. The DMCC recommends to Treasury Board that the contract be awarded to the successful proponent.
- The project no longer meets public interest, project feasibility, P3 suitability and affordability criteria. The DMCC recommends to Treasury Board that the project should be abandoned.
- The project somewhat meets the public interest, project feasibility, P3 suitability and affordability criteria. The DMCC directs Infrastructure that the project continues to be procured under competitive process, with incentive bonus to USP proponent.

The DMCC shall endeavor to make its decision and inform Infrastructure within 20 business days.

7.7 Conclusion of Project-Procurement Stage

The Project-Procurement Stage ends when Treasury Board or Cabinet at the discretion of Treasury Board, on the recommendation of DMCC has:

- approved the award of the P3 contract, or
- has determined not to proceed with the project.

8.0 - Unsolicited Proposal Toolkit

8.1. Compliance Check Form

This tool provides USP Proponents with indicative submission requirements to inform them of the minimum information expectations of the GOA to support acceptance and completeness of a USP as identified under Chapter 4.

This tool also provides an indicative template for the compliance /completeness check that will be undertaken by the GOA in addition to others, prior to entering the evaluation stage.

USP Submission Documents	Compliance Check Criteria		Justification
Public Interest Requirements	USP Definition		
<input type="checkbox"/> A description of the proposed project, including a conceptual design, sketches, or alignment maps. <input type="checkbox"/> A preliminary assessment of the public need for the proposed project, including a description of the benefits to Albertans and alignment with GOA’s infrastructure policies, plans and objectives. <input type="checkbox"/> A description of the environmental and social features of the proposed project, including the proposed project’s resilience to climate change/contribution to sustainability <input type="checkbox"/> A preliminary assessment of economic feasibility or a cost-benefit analysis	Does the USP submission meet the definition of a USP set out in Article 1.2 of the USP Framework and Guideline	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Submission Requirements		
	Does the USP meet all the submission requirements in Clause 4.3 of the USP submission requirements?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Project Feasibility Requirements	Integrity Due Diligence Criteria		
<input type="checkbox"/> A preliminary technical description of the proposed project, including project delivery approach, high level project schedule and requirements for connections to	Does the USP meet the integrity due-diligence criteria in Clause 4.3.2 of the USP submission requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

<p>existing assets /infrastructure or services (if required).</p> <p><input type="checkbox"/> A preliminary assessment of financial feasibility including costs and revenues and a preliminary funding and financing plan</p> <p><input type="checkbox"/> A preliminary service and operating plan for the proposed project.</p>				
P3 Suitability Requirements	Overall Assessment			
<p><input type="checkbox"/> A preliminary assessment of project risks and proposed risk allocation.</p> <p><input type="checkbox"/> A preliminary assessment of competitive or negotiated procurement suitability</p>			<input type="checkbox"/> Yes	
Affordability Requirements (GOA Support)	Does the USP meet the USP submission compliance criteria?			
<p><input type="checkbox"/> Confirmation that the proposed project does not require any GOA support, or</p> <p><input type="checkbox"/> A description of the type and range of GOA support that the proposed project is expected to require.</p>				

8.2 Evaluation Criteria

The purpose of this tool is to conduct assessment of the USP submission as per assessment process under Chapter 5:

- provide possible USP Proponents with an understanding of the information that should be included in a USP to optimize the possibility of success, and
- to provide evaluators with indicative criteria to be considered in the detailed evaluation of a USP related to the topics of public interest, project feasibility, P3 suitability and affordability criteria.

TOPIC & QUESTION	EVALUATION CRITERIA
<p>PUBLIC INTEREST Does the USP project advance the public interest?</p>	<ul style="list-style-type: none"> • The USP should be consistent with GOA priorities, objectives and the GOA’s development agenda. • The USP should be aligned with the policy priorities of the relevant GOA ministry/ministries or agency and other long-term infrastructure development plans. • The USP should address a demonstrated infrastructure need that may or may not have been articulated in relevant infrastructure plans. • The USP should propose an innovative and/or cost-effective service delivery mechanism for an important public service.
<p>PROJECT FEASIBILITY Is the project technically feasible?</p>	<ul style="list-style-type: none"> • Project site/project site options and land should either be available or not be too difficult to acquire. • Technical scope of the project should be feasible, and specifications and standards proposed should meet project, industry and regulatory requirements. • Preliminary design, including any innovative technological solutions proposed, should be feasible and practical. • Operations and maintenance plans should be technically feasible and practical. • Identified major permitting requirements and strategy for their acquisition, and incorporated in the project schedule. • Proposed project schedules should be practical, attainable and manageable. • Major technical and operational risks of the project should be identified along with an appropriate plan for managing risks. • Major dependencies with existing infrastructure and resources such as access, utilities and power, external infrastructure, etc., should be identified along with an appropriate plan for addressing the dependencies. • Preliminary assessment of environmental and social impacts should be acceptable.

TOPIC & QUESTION	EVALUATION CRITERIA
	<ul style="list-style-type: none"> • Preliminary assessment of climate change /sustainability impacts.
<p>PROJECT FEASIBILITY Is the project economically and financially feasible?</p>	<ul style="list-style-type: none"> • All assumptions for major cost components included in the preliminary assessment of financial feasibility should be reasonable and in line with market conditions. • Assumptions about tariffs/prices/tolls etc. included in the preliminary market demand analysis should be justifiable and in line with the market and comparable projects. • Assumptions regarding operations and maintenance costs of the project should be reasonable. • If a preliminary financial model is submitted, all assumptions and projections over the project horizon period should be reasonable. • Major sources/approach of funding and financing for the project should be identified and reasonable. • Important financial ratios should be realistic, including internal rate of return (IRR) and net present value (NPV). • If expected economic benefits generated by the project are included in the cost-benefit analysis, they should be reasonable.
<p>USP SUITABILITY Is P3 delivery a suitable solution for this project?</p>	<ul style="list-style-type: none"> • P3 delivery for this USP should be allowed under existing legal frameworks. • The USP project must be of a sufficient scale and complexity to warrant P3 delivery. • The proposed roles of the public and private sectors should be appropriate and reasonable. • The proposed risk allocation should be appropriate, reasonable and acceptable to GOA. • On the basis of comparable projects, there should be a realistic expectation that P3 delivery for the USP will offer VfM.
<p>AFFORDABILITY Is the project affordable for the government and users?</p>	<ul style="list-style-type: none"> • Any proposed direct and indirect contingent liabilities of the project to be borne by the GOA should be acceptable from a GOA perspective. • The level of GOA support, if requested, should be affordable to the GOA from a fiscal perspective. • Any user fees or charges should be realistic and in line with willingness to pay.

8.3 Evaluation Form

This tool informs the GOA evaluation during evaluation stage of the USP process as identified under Chapter 5 in conjunction with Tool 2 – Evaluation Criteria.

USP SUBMISSION DOCUMENTS	EVALUATION CRITERIA	RANKING	JUSTIFICATION
General			
<input type="checkbox"/> Executive Summary	Provided	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Public Interest			
<input type="checkbox"/> Confirming that the proposed project aligns with the GOA's stated infrastructure needs, policy objectives and priorities. <input type="checkbox"/> Evaluating the societal need for the proposed project.	The USP project advances the public interest	<input type="checkbox"/> High <input type="checkbox"/> Med <input type="checkbox"/> Low	
Project Feasibility			
<input type="checkbox"/> Confirming that the proposed project aligns with the GOA's stated infrastructure needs, policy, objectives and priorities. <input type="checkbox"/> Confirming the technical feasibility of the proposed project at a preliminary level. <input type="checkbox"/> Evaluating the expected social and environmental impact and/or the economic feasibility of the proposed project.	The USP project is technically, financially and economically feasible for the GOA	<input type="checkbox"/> High <input type="checkbox"/> Med <input type="checkbox"/> Low	
P3 Suitability			
<input type="checkbox"/> Confirming that the proposed project has the potential to generate VfM.	The USP project meets the GOA	<input type="checkbox"/> High	

<input type="checkbox"/> Confirming that the proposed project includes an assessment of the risks. <input type="checkbox"/> Evaluating the advantages and disadvantages of the proposed project in general.	requirements for P3 project delivery	<input type="checkbox"/> Med <input type="checkbox"/> Low	
Affordability			
<input type="checkbox"/> Evaluating expected direct and contingent liabilities <input type="checkbox"/> Confirming that the proposed project is affordable to the end user, if a user-pays model is being proposed.	The project is affordable for the GOA and, if applicable, users.	<input type="checkbox"/> High <input type="checkbox"/> Med <input type="checkbox"/> Low	
Procurement Method			
<input type="checkbox"/> Direct negotiation with the USP proponent; or <input type="checkbox"/> Procuring USPs through competitive processes (with or without incentives for the USP proponent); or <input type="checkbox"/> Direct and competitively procuring components of USPs while allowing direct negotiation in specific circumstances	Selected Options		

8.4 USP Disclosure Requirements

The purpose of this tool is to provide information regarding the documentation that shall be disclosed at each stage of the USP process to ensure transparency and accountability, and compliance with Alberta’s FOIP Act throughout the USP process.

USP PROCESS	REQUIRED DISCLOSURE
Stage 1 USP Submission	Upon receipt of the USP: Infrastructure will disclose basic information, including the relevant sector, services to be provided, proposed project locations, estimated capital cost, name of the USP proponent, and any other relevant information.
Stage 2 Evaluation	Following the GOA’s decision to accept the USP: Infrastructure will disclose critical elements of the USP submission, the process and results of the evaluation stage, and a description of the proposed project development and procurement process, including any special conditions and advantages that will be provided to the USP proponent.
Stage 3 Project Development	Following the GOA’s decision to proceed to procurement: Infrastructure will disclose the Feasibility Studies and project documentation used to evaluate the proposed project, and details on the subsequent procurement or negotiation process, including any incentives or advantages to be provided to the USP proponent.
Stage 4 Procurement and, if applicable, P3 Contract Award	During the procurement process and after P3 contract award: If the GOA plans to directly negotiate, the GOA will disclose information during the direct negotiation process to increase transparency, such as details on any government support, revenue earned by government, user charges, etc. If the GOA plans to organize a competitive process, the same documentation should be disclosed as for publicly initiated projects, including updated feasibility studies and procurement documentation.

8.5 Benchmarking

Benchmarking is the qualitative and/or quantitative analysis of projects in similar sectors and market settings. It may be used by the GOA to inform the assessment and structuring of the USP project.

This tool illustrates how benchmarking may be used (if required) throughout the USP Process. It provides key questions related to each Stage based on industry best practices, market data and comparators etc.

TEST TOPIC	KEY QUESTIONS	METHOD	KEY DECISION
Stage 2			
Evaluation			
Public Interest	Have similar projects solved a relevant societal problem? Have similar projects proven to be the best solution for the underlying societal problem?	High level and non-quantitative comparison of similar projects preferably in the same sector (or sectors with similar attributes)	Approval for the project to proceed to Stage 3.
Project Feasibility	Have similar projects been technically and financially feasible? Have similar projects shown a positive project net-present Value (NPV) and an acceptable project Internal Rate of Return (IRR)?		
P3 Suitability	Have similar projects been successfully implemented as P3s? Has the presented P3 structure been successfully applied for similar projects? Is the proposed risk allocation similar to the risk allocation in comparable P3 projects?		Approval to develop this project as a P3
Market Interest	Have P3s for similar projects generated sufficient market appetite? Are there any similar projects for which there was no, or very limited, market appetite? Have P3s for similar projects been implemented through a competitive process? What investment and financing requirements can be expected, based on experience with similar projects?		Decision on procurement method (competitive procurement or direct negotiation)

Stage 3		Project Development	
Project Feasibility	<p>Has the proposed technical solution proven to be sound in similar projects?</p> <p>How do the capital expenditure (CAPEX) and operational expenditure (OPEX) estimates relate to those in similar projects?</p> <p>How do the revenue projections compare to those of similar projects?</p> <p>Have similar projects resulted in acceptable returns for investors?</p> <p>Have similar projects met the requirements of financiers and investors (including debt-service coverage ratio (DSCR) and Equity IRR)?</p>	Detailed quantitative comparison of similar projects.	Approval for the project to proceed to Stage 4
Stage 3		Project Development	
P3 Suitability	<p>Have similar projects been successfully implemented as P3s?</p> <p>Has the presented P3 structure been successfully applied in similar projects?</p> <p>What scope, risk allocation, tenure and payment mechanism were used for similar projects implemented as P3s?</p>	Non-quantitative comparison of similar projects	Approval to develop this project as a P3
Market Interest	<p>Were similar projects able to generate sufficient market appetite and competition?</p> <p>Are there any similar projects for which there was no, or very limited, market appetite?</p> <p>Which conditions have made P3 procurements for similar projects competitive?</p>		
Stage 4		Procurement	
Fair Market Condition	<p>How does the risk allocation in the proposed P3 contract compare to similar projects?</p> <p>How do the CAPEX and OPEX unit costs in the pricing compare to those of similar projects?</p> <p>How do the user fees and projected revenues in the pricing compare with those in similar projects?</p> <p>How do the key financing conditions including return on equity, DSCR, interest rates and gearing/leverage of the pricing compare to those of similar projects?</p>	Detailed quantitative comparison of pricing	Approval to select the preferred proponent / award the P3 contract

8.6 Market Testing

Market testing is a market sounding exercise where the GOA interacts with potential private-sector proponents to solicit feedback on the USP project. Market testing should only be used when benchmarking is not able to provide the required information.

This tool illustrates how Market Testing may be used throughout the USP Process. It provides key questions related to each Stage based on industry best practices.

TEST TOPIC	KEY QUESTIONS	METHODOLOGY	KEY DECISION
Stage 2			
Evaluation			
Public Interest	Does this project solve a relevant societal problem or infrastructure challenge? Is the proposed project the best solution for the underlying infrastructure challenge?	Requests for information (RFI)	Approval for the project to proceed to Project-Development Stage.
Project Feasibility	Are you expecting that the project as proposed will be feasible (financially, technically, etc.)? Do you expect the project to have a positive NPV and an acceptable IRR? Have you been involved in similar projects that have been technically and financially feasible?	Requests for Expression of Interest (RFEI)	
P3 Suitability	How would you prefer the procurement and contracts to be structured? Does the P3 structure represent an appropriate delivery model for this project? Can you rank risk-allocation schemes in order of preference?	Questionnaires and surveys (structured, documented market sounding)	Approval to develop this project as a P3
Market Interest	Would you be interested in bidding for this project? What conditions would have to be met for you to participate in a competitive process for this project? What conditions would need to be met for lenders to finance the project?	Market sounding exercise through internal/external advisors	Decision on procurement method (competitive procurement or direct negotiation)
Stage 3			
Project Development			

TEST TOPIC	KEY QUESTIONS	METHODOLOGY	KEY DECISION
Project Feasibility	<p>Is the proposed technical solution sound? Are the CAPEX and OPEX estimates realistic? Are the revenue projections realistic? Will the project business case result in an acceptable return? Will the project business case be able to meet the financiers' and investors' requirements (including DSCR and equity IRR)?</p>	<p>Requests for Information (RFI) Requests for expression of interest (RFEOI) Questionnaires and surveys (structured, documented market sounding) Market Sounding exercise through internal/external advisors Industry forum / pre-tender conference</p>	<p>Approval to develop this project as a P3 Approval for the project to proceed to project-procurement stage</p>
P3 Suitability	<p>Does the P3 structure represent an appropriate delivery model for this project? Do you have suggestions regarding the scope, risk allocation, tenure, and payment mechanism?</p>	<p>Industry consultation session</p>	
Market Interest	<p>Would you be interested in bidding for this project? What conditions would need to be met for you to participate in a competitive tender for this project? What conditions would need to be met for lenders to finance the project?</p>	<p>One-on-one consultation meetings</p>	

8.7 Key Considerations for Project Development Agreement

The Project Development Agreement shall, at minimum, outline:

- Objectives of the project and of the Project Development Agreement;
- Responsibilities of Infrastructure and the USP proponent;
- Modalities for coordination and communication between Infrastructure and the USP proponent;
- Timelines for project development;
- Provisions for termination of the Project Development Agreement;

- Ownership of intellectual property rights, copyrights and moral rights;
- Any legal or regulatory obligations; and
- Policies related to transparency, accountability, confidentiality, and conflicts of interest.
- Infrastructure/GOA will not compensate USP proponent for any project development activities and cost; however, the GOA may provide incentives for procurement during the competitive process.

One of the key terms of the Project Development Agreement is the compensation scheme for costs incurred by the USP proponent.

- If the USP proponent enters into a direct negotiated contract or is successful in a competitive process, there will be no compensation.

The USP proponent may receive procurement incentive for its project development activities if the project proceeds to competitive procurement.

Archived

Unsolicited Proposal Glossary of Terms

Affordability

The project's fiscal impact on public finances, including whether the resulting direct and contingent liabilities and project risks are sufficiently manageable.

Automatic Shortlisting

An incentive mechanism under which the USP proponent has the right to be shortlisted for competitive procurement bid(s). The price (financial bid) that a bidder proposes during a competitive procurement.

Bonus

The benefit that Infrastructure may provide to the USP proponent during the competitive procurement of a project that was initiated as a USP.

Competing bid(s)

Proposals submitted by competing bidders during the competitive procurement of a project that was initiated as a USP.

Competing Proponent(s)

Private sector firms that did not submit the USP but participate in the competitive procurement for a project that was initiated as a USP.

Competitive Process

A competitive situation in which shortlisted, interested proponents are allowed to submit a proposal for a project in response to an RFP that was initiated by a USP.

Contingent Liability

A government liability that is uncertain in size and timing. For example, it may include a government guarantee; early termination payments; or the allocation of substantial risks to the government that may impact the government's finances unexpectedly as the trigger materializes.

Commercial Close

The signing of the P3 contract by the GOA and the preferred proponent. Also known as contract close, commercial close takes place before financial close and project implementation.

Cost-benefit Analysis (CBA)

Also known as economic cost-benefit analysis (E-CBA) or economic feasibility study. Assesses whether society will be better off if the project is implemented versus pursuing an alternative project solution.

Deputy Minister Capital Committee (DMCC)

A high-level GOA authority that is required to approve whether a project that was initiated as a USP may proceed to the next stage of the USP process.

Direct Negotiation

A procurement approach under which Infrastructure negotiates the P3 contract one-on-one with the USP proponent. The direct negotiation is governed by a direct-negotiation protocol between the USP proponent and Infrastructure.

Direct-Negotiation Protocol

The document that governs the interaction between Infrastructure and the USP proponent during a direct negotiation. Outlines elements including: the criteria that Infrastructure may use to evaluate and approve the final terms of the contract; timeframes for completion of the direct negotiation; compensation schemes for delays or additional requests by Infrastructure; modalities for communication between Infrastructure and the USP proponent during the direct negotiation; rights and obligations of Infrastructure and the USP proponent; the potential outcomes of the direct negotiation; management of potential conflicts of interest; and requirements related to confidentiality or disclosure.

Direct Liability

A fixed government liability that is the result of a P3 contract. A direct liability may include a subsidy, grant, availability payment, or any other GOA financial contribution.

Economic Feasibility

An assessment of whether the social and economic Environmental benefits of the proposed project outweigh the socioeconomic costs. It assesses whether Albertans will be better off if the project is implemented rather than pursuing an alternate course of action. See cost-benefit analysis (CBA).

Financial Close

The signing of all project and financing agreements for the project. Financial close, which takes place after commercial close, allows the private entity to begin to implement the project.

Feasibility Study

The detailed assessment of the proposed project during the project-development stage in order to prepare it for the procurement stage. It may include assessments of economic feasibility, financial feasibility, technical feasibility, legal feasibility, and social and environmental feasibility.

Financial Feasibility

The extent to which the proposed project's revenues are sufficient to cover expected capital and operating expenditures, considering key project risks, and the project is able to provide acceptable returns to equity holders and to service its debt on time and in full. Outputs may include the net-present value (NPV) and internal rate of return (IRR). Financial feasibility is typically assessed in conjunction with the funding and financing plan.

Fiscal Impact

GOA's direct and contingent liabilities associated with the project.

Funding and Financing Plan

The proposal for how the project will be funded and financed, including any required government support and expected levels of debt and equity.

Implementation (phase)

The phase of the USP process after the project has reached financial close. Also known as the construction and operating phases.

Legal Feasibility

An assessment of whether the proposed project meets legal requirements or is expected to involve any legal uncertainties or risks, such as the risk that a party to a contract will not be able to enforce its rights and obligations.

Needs Analysis

An assessment of the societal and economic needs for the project. Often developed in conjunction with the options analysis.

Net Present value (NPV)

Net Present Value (NPV) is the value of all future cash flows (positive and negative) over the entire life of an investment discounted to the present.

P3 Suitability

An assessment conducted during the evaluation and project development stages that enables Infrastructure to determine whether a proposed project is suitable for development.

Procurement

The phase of the USP process following the project development stage.

Procurement Strategy

The strategy that Infrastructure develops for the procurement stage of the USP process. Typically includes elements such as procurement process and documentation needs for negotiation or competitive approach, as the case may be.

Proposed Project

The project that is the subject of a USP, submitted by the USP proponent to Infrastructure.

Project Development

The third stage of the USP process, during which Infrastructure develops a feasibility study (or P3 business case) as well as the documentation required for the procurement stage. See feasibility study.

Project Development Agreement

The agreement between Infrastructure and USP proponent that governs the involvement of the USP proponent in project development.

Project Feasibility

The evaluation criteria that the public agency uses to assess a proposed project during the evaluation and project-development stages. It will include assessments of technical feasibility, economic feasibility, financial feasibility, legal feasibility, and social and environmental feasibility.

Public Interest

The evaluation criteria that the GOA uses to assess whether the proposed project is in the best interests of the GOA and society. Includes two sub-criteria: conformity with GOA infrastructure objectives and priorities, and ability to meet Albertans infrastructure need.

Public-Private Partnerships (P3)

A long-term contract between a private entity and the GOA, for providing a public asset or service. For the purpose of this Framework, “Alberta USP Framework and Guideline,” a public-private partnership is defined as any project that is procured as a result of an unsolicited proposal submitted by the private sector.

Public-Private Partnerships Office (P3O)

Centralized GOA entity within the Ministry of Infrastructure,)for all the GOA Ministries, dedicated to supporting, processing, developing, procuring and implementation of USP projects.

Risk Matrix

The document in the form of a matrix that outlines the proposed risk allocation between the public agency and the private entity.

Social and Environmental Impact Assessment

A qualitative or quantitative assessment of the intended and unintended social and environmental consequences of the project, both positive and negative. May be combined with the cost-benefit analysis or economic feasibility study.

Social and Environmental Feasibility

See social and environmental impact assessment.

Special-Purpose Vehicle (SPV)

The legal entity created to undertake the P3 project activities. The SPV's sole purpose is to carry out the project activities. It signs the P3 contract with the GOA and the project contracts with the subcontractors.

Technical Feasibility

The feasibility of the technical and engineering elements of the proposed project. Which includes, but may not be limited to, assessments of the project site; the proposed technology; equipment; sourcing of materials; supporting infrastructure; construction activities and schedule; physical outputs; performance standards; service levels; operations and maintenance standards; and major technical and operational risks.

Unsolicited Proposal (USP)

A proposal for a project idea submitted by a USP proponent to the GOA without an explicit request by the GOA.

USP Process

The four stages of USP implementation: Submission (Stage 1), Evaluation (Stage 2), Project Development (Stage 3), and Procurement (Stage 4).

USP Proponent

The private entity that has presented a USP submission to the GOA.

Value for Money (VfM)

For the purpose of USPs, the Value for Money (VfM) is the economic and financial viability, social and sustainable development and any other parameters that can demonstrate value for Albertans.