

P3-Pro<sup>TM</sup>

# The Public-Private Partnership Pursuit Risk and Opportunity Index

## First Quarter 2018



# Executive Summary

Political risk is a primary concern for firms considering pursuing a public-private partnership (P3). P3s allow governments to leverage private expertise in the finance, design, construction, operations, and maintenance of vital infrastructure assets. Due to the private sector taking a larger role and the long term nature of these agreements, the bids are submitted on a “best value” basis rather than a “lowest cost” basis. In the United States, this typically means that states must have specific legislation that authorizes departments of transportation or other state and local government units to assign contracts to bidders that are not necessarily the lowest cost possible for the asset. The prospect of awarding large infrastructure contracts to bidders that are not the absolute cheapest delivery option can make these projects fraught with controversy and political opposition.

In response to these political challenges, Aon developed the Public-Private Partnership Pursuit Risk and Opportunity Index (P3-Pro™). The index is among the only products of its kind that helps contractors, investors, and governments understand the political and regulatory risks they face when pursuing a P3 in the United States and Canada. The index uses two primary measurements of certainty: Readiness and Friendliness. Readiness describes the procurement, regulatory, and policy mechanisms that outline a state’s or province’s legal ability to procure P3 projects. Friendliness describes the public sector’s willingness and drive to successfully procure P3 projects. Within these two measurements are 16 sub-factors that Aon has identified as key contributors to assessing the likelihood that a state will bring a project to a successful financial close once embarking on the procurement process.

Aon’s P3-Pro™ Index, in its third iteration, is developed through a combination of a survey of industry leaders and an analysis of the legislative, regulatory, and political climate of each state and province in the United States and Canada. The survey is intended to assess how the industry weighs each of the 16 sub-factors in their decision-making process of whether to pursue a project in a given jurisdiction. Survey respondents comprised a variety of stakeholder positions in the P3 landscape, including construction companies, investment firms, operations and maintenance providers, financial advisors, technical advisors, and other consultants. The survey responses guided Aon’s weighting of each factor to align with the relative importance that the industry places on it. For example, based on this year’s survey responses, a state’s score is reduced by more if it is in an election year than if legislation requires final approval of a project by an elected official.

The following report gives an overview of the methodology of the index, including the survey and the weighting and scoring process, followed by a general commentary on contributing factors to the overall scores of highlighted states and provinces. P3-Pro™ and this report are intended to provide contractors and investors with another tool in their toolbox as they make their decisions in where they plan to pursue P3 projects.

Aon clients can access the most up to date P3-Pro™ scores on the Aon Construction Risk Portal (CRP), where scores are updated quarterly. This report is general in nature and gives a high level view of the status of state and provincial procurement; however the model can be applied to specific jurisdictions at the sub-state or province level or on a project specific basis through a more thorough analysis provided by Aon.

# Political Risk and Public-Private Partnerships

Though public-private partnerships (P3) have become more common in the United States in recent years and have been a mainstay in Canada for the last decade, there continues to be significant political challenges to getting these projects to a successful financial close. The mismatch in understanding of what a P3 is and is not provides opportunity for those opposed to P3s from moving these projects forward. The confusion over whether a P3 is the privatization of government assets allowing private profit at public expense, giving away its sovereignty of decision-making, or simply not providing adequate value-for-money means that there are many opportunities for those opposed to P3s to negatively affect the procurement process. Stakeholders on all sides of a P3 project should recognize the nuances and importance of transparent decision-making processes that lead a government to settle on a preferred procurement method.

The P3 model, through long-term concession agreements that seek to efficiently allocate risk to the appropriate party, incentivizes private firms to invest in quality design and materials that will reduce the lifecycle costs of an asset. The pricing-in

of lifecycle costs can make a P3 appear to be more expensive than infrastructure procured through the traditional design-bid-build model, which often awards contracts to the lowest bid rather than the bid that provides best value. Due to this potential for sticker shock by taxpayers and a misperception of these projects as privatization, there is a heightened risk that these projects can face cancellation at any point in the process due to political considerations. When this happens, this can hurt both the private and public sector's reputation and future procurement attempts. The private sector invests significant sums in composing their bids and will become weary of participating in projects that may not come to fruition. On the other hand, the public sector can lose the confidence of high quality firms and thus limit the field of potential bidders for future projects. Aon's Public-Private Partnership Pursuit Risk and Opportunity Index (P3-Pro™) aims to help governments, contractors, and investors better understand the political and regulatory environment for P3s, leading to more effective implementation of this procurement method.

## P3-Pro<sup>TM</sup> Methodology

In P3-Pro™, political risk is evaluated using two measurements of the procurement environment: Readiness and Friendliness. Readiness is a measure that describes the procurement, regulatory, and policy mechanisms that outline a state's or provinces' legal ability to procure P3 projects. Friendliness is a measurement that describes the public sector's willingness and drive to successfully procure P3 projects.

Within these two measurements of the procurement environment, we identify a subset of 16 state- or province-level characteristics that capture the key aspects of procurement readiness and political friendliness.

Readiness	Friendliness
The state/province has established requisite legislation allowing it to pursue P3s	The state/province has a political champion or strong leader that is a strong supporter and advocate for P3s
The state/province has the ability to procure projects as P3s in both the transportation and “social” (vertical) infrastructure sectors	There is no existence of a known opposition that actively opposes P3 projects in the state/province
Municipal entities have legislative authority to procure P3s without further state approval	The state/province has an existing project track record and has executed P3 projects successfully
The state/province has founded and runs a dedicated P3 procurement entity to manage P3 procurements	The state/province has a project pipeline or established list of projects that the state/province would like to procure as P3s
The P3 legislation allows private developers to toll civil infrastructure projects	The credit rating of the state/province is high enough to support successful P3 procurement
The state/province does not have demand/availability model restrictions, so P3 procurement is not restricted to a particular payment mechanism	The procurement approval procedures do not provide for a final approval from elected officials
The state/province has established standard tendering procedures for P3 projects	The state/province has committed to use P3s to address a budgetary shortfall related to infrastructure spending
The state/province provides unsuccessful bidders with stipends to compensate them for their P3 pursuit costs	State/provinces is in a current election year, potentially affecting how they promote P3s

### P3-Pro™ Industry Survey

Aon surveys key market participants from the leading construction firms, infrastructure investors, designers, financial advisors, and other advisors to gain additional private sector insights into how each of the readiness and friendliness factors impacts their decision-making process for P3 project pursuits.

Respondents cited “the political climate of the procuring state, province, or municipality” as the most important criteria impacting the firm’s decisions to submit or participate in a bid when considering pursuing a P3 project in the U.S. and Canada. On a scale of 1-10, this factor received an average score of 8.25. The political climate ranked higher than the firm’s professional bandwidth, the

firm’s past experience with the particular asset class, and the deal terms (such as DB vs. DBFOM).

#### Readiness vs. Friendliness

Respondents were asked to rate the importance of readiness – the regulatory and legal regime – and friendliness – the public sector’s willingness to drive a transaction to a successful close. This year’s survey results resulted with slightly more favor to the importance of readiness (8.14) over friendliness (7.52).

The two most important readiness sub-factors that respondents identified were that the state or province has the requisite enabling legislation to pursue P3 projects and whether the state

allows municipal entities to pursue P3 projects. The fact that having requisite legislation in place is an important factor in firms' decision-making is not surprising and is consistent with previous versions of this report. The relative importance of the ability for municipal entities to pursue a P3 project has increased since the first publishing of this report, perhaps due to more cities and counties that are considering pursuing P3s on their own in recent years.

On the friendliness side of the P3-Pro™ scoring, respondents pointed to whether the state or province is currently in an election year as the top factor this year. After seeing the cancellation of the George Massey Tunnel Replacement project after elections in British Columbia last year and the 2016 cancellation of the Indianapolis Courthouse after a mayoral election, it is understandable that elections can be worrisome for bidding teams.

Finally, we asked respondents to highlight any other issues they consider before pursuing a P3 project.

#### What other factors do you evaluate before pursuing a P3 project?

"Project is essential and a priority in the capital plan"

"Project viability and the revenue source"

"Competitive advantage"

"A transparent selection process free from politics"

"The project makes economic and political sense, regardless of delivery model"

"Cost of pursuit"

"In-house team availability"

"The likelihood of the project proceeding"

"Legal quirks of the procuring state or province"

"Involvement of elected officials is a major negative"

## P3-Pro™ Model and Scoring

The P3-Pro™ Index is a weighted sum model. Constructing the index as a weighted sum model allows for certain factors to carry more weight than others in accordance to the survey respondents' perceived importance of each factor. For example, the readiness measurement received a weight of approximately 52% while the friendliness measurement received a weight of 48%, indicating that respondents placed slightly more importance on the readiness measure this year.

Using the average responses from the industry survey, each factor is rated from not important to very important in contributing to a successful P3 procurement. The factor weights are assigned based on the importance given to each factor by the survey respondents.

Each factor is applied to each state and province using a standardized, primarily binary method of a 0 to 100 score. To score each state and province requires a detailed analysis of relevant legislation and a thorough analysis of political

climates, such as examining governors' and premiers' statements and voting records on P3s. Aon's P3 legislation database records current statutes and pending legislation relating to P3s. After performing an in-depth review of current legislation, political issues, and past experiences in P3 procurement, Aon scores each factor for each state and province, which is then multiplied by each factor's weight from the result of the industry survey to produce the P3-Pro™ Index score.

After calculating the scores, P3-Pro™ produces three scores, a readiness score, a friendliness score, and an aggregate score, which is the weighted sum of the readiness and friendliness scores. The scores are then categorized into one of five categories of 20 index points each, ranging from Not Certain to More Certain. These scores illustrate the varying differences between the states and provinces on the regulatory, legislative, and political environments for P3 procurement.

# P3-Pro™ Results<sup>1</sup>

Aon's P3-Pro™ aims to help industry partners successfully identify those jurisdictions that are most likely to successfully drive a P3 agreement to a financial close, while identifying those states and provinces that have work to do to add more certainty around the P3 process. This report is conducted at the state and provincial level, but the model can be applied to any jurisdiction including cities, counties, or special purpose governments. Additionally the analysis can be conducted on a project-specific basis to help inform the decision-making process of whether to pursue a given project. The maps shown on pages 14 show states' and provinces' aggregate scores. These scores are a weighted average of the readiness and friendliness scores. The scores are dynamic, responding to the changes in a given state's or province's political climate as it relates to P3s.

Last year may be seen as somewhat of a disappointment compared to the expectations that were set at the beginning of the year. These disappointments spread across both sides of the United States-Canada border. In the United States, industry participants eagerly awaited an introduction of a comprehensive federal infrastructure package that would heavily favor the P3 model; however the industry continues to wait for this package to pass through Congress. The number of U.S. greenfield projects to reach a close in 2017 fell by nearly 50% from 2016, from nine to five, while the deal value fell by more than half, from \$10.14 billion to \$4.77 billion.<sup>2</sup> Additionally, the market saw an injunction placed on the Fargo-Moorhead Flood Diversion Channel that has yet to be lifted. The P3 market also experienced some surprising disappointments in Canada as a new government in British Columbia canceled the \$2.8 billion George Massey Tunnel Replacement while other large civil infrastructure projects experienced delays.

Colorado and Virginia topped the P3-Pro™ Index for the United States and were particularly vital to the P3 market this year, with each state seeing two large projects reach financial close. These two states have been long-time promoters of the P3 model, showing commitment to it through the creation of dedicated P3 offices, a track record of successful procurements, and the establishment of standard procurement guidelines. Though Indiana has had some high profile challenges in the past, the state has friendly legislation and hallmark projects like the Indiana Toll Road lease and the East End Crossing Bridge. In addition, the Maryland and Georgia departments of transportation have proposed massive potential projects that will likely start to come to market later in 2018, while Florida and Washington, DC have a wide variety of projects in the pipeline across multiple asset classes.

## Top 10 U.S. States

1. Colorado	6. Washington, DC
2. Virginia	7. Maryland
3. Indiana	8. Florida
4. Pennsylvania	9. North Carolina
5. Kentucky	10. Georgia

## Election Impacts

In this year's scoring, many states dropped in certainty from last year's index for a variety of reasons. The primary cause for the decline in score is that 36 states have gubernatorial elections in November. On the one hand, gubernatorial elections can add significant uncertainty if a given project in procurement is seen as a priority or pet-project of the incumbent governor. Though not during an election year, the Illinois I-55 managed lanes project that stalled last spring is a clear example of the potential challenges a project champion can face when sparring with an opposing party. The project was held up by members of the

<sup>1</sup>The information contained in this report is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

<sup>2</sup>According to Infraction data as of January 2018

general assembly for seemingly political purposes to thwart the governor's ability to get a political win in the middle of a budget standoff and ahead of the kickoff of the gubernatorial race. On the other hand, election years may spur governors to champion specific projects to demonstrate a commitment to investment in infrastructure or as a crown jewel before the expiration of their term.

On the readiness side of the P3-Pro™ Index, multiple states improved their scores by passing legislation that enables P3s or expands on existing legislation to allow state or local agencies the ability to consider the use of P3s for future infrastructure development. Oklahoma and Arkansas each passed comprehensive enabling legislation that permits both civil and social infrastructure projects. The Oklahoma legislation mandates the creation of the Partnership Committee within the Office of Management and Enterprise Services (OMES) that is tasked with the identification of potential P3 projects, review and endorsement of a shortlist, approval of RFPs, and will work with the assistance of a newly established Office of Public-Private Partnerships within OMES. The Arkansas legislation allows the state to pursue projects across asset classes, including for the anticipated Grand Prairie Irrigation project. Nevada passed legislation authorizing Clark County to pursue P3s in the development of high capacity transit systems while Louisiana passed legislation authorizing the New Orleans Regional Transit Authority to enter into P3 agreements.

#### **Texas and California**

Two important states to the P3 market saw significant declines in their readiness scores as their state legislatures failed to extend authorization to pursue transportation P3s. Texas failed to extend the deadline for its Regional Mobility Authorities to enter into P3 agreements and the authority expired on August 30, 2017. The Regional Mobility Authorities had been prolific procurers of P3s in the past decade and had a significant pipeline

of projects that are no longer authorized to be procured as P3s. Another major participant in the P3 space, California, similarly saw its state level transportation P3 authorization expire in 2017. The California state legislature failed to pass a bill extending authorization indefinitely to the California Department of Transportation with opposition coming from the Professional Engineers in California Government. Going forward, any P3 project in the state highway system will require project-specific legislation. However, California remains a key state for the P3 industry as sub-state level governments are still committed to the P3 model, particularly in Los Angeles.

#### **New York**

While New York has been fairly active in the P3 market with some of the largest and most innovative projects, the state scores low on the P3-Pro™ Index. Governor Cuomo has championed P3s through the Port Authority of New York and New Jersey and they have been a key theme in the Governor's vision for the state and PANYNJ's capital plan, including the \$4 billion LaGuardia Terminal B project, the \$1.5 billion Goethals Bridge replacement, and a proposed LaGuardia AirTrain. However, the Governor has not pushed for enabling legislation at the state level and therefore the state scores relatively low on the readiness side of the index, even though PANYNJ has a robust pipeline and track record of projects in the state.

#### **Alabama and Michigan**

Two large projects that are in the early stages of procurement are also coming from states that do not score particularly high in the P3-Pro™ Index. These are the I-10 Mobile River Bridge and Bayway project in Alabama and the I-75 Modernization project in Michigan. Alabama scores relatively low due to its transportation-limited enabling legislation, lack of project experience, minimal project pipeline, and the upcoming election.



Michigan tells a slightly different story, as it has past experience in procuring P3s and it did so in a smart manner. In 2015, Michigan signed a 15 year agreement for the delivery and maintenance of the state's freeway lighting infrastructure. The project was relatively small but allowed the Michigan Department of Transportation to gain P3 procurement experience before moving on to a larger project like the \$650 million I-75 modernization. Michigan's score suffers due to its lack of explicit P3 enabling legislation. Michigan's Department of Transportation has procurement guidelines that allow it to pursue P3s without the explicit enabling legislation. The state legislature introduced a bill last legislative session that would have created more structure and certainty to the procurement process, but the bill did not make it out of committee.

Many of the states that score lower on the P3-Pro™ Index are less populated, more rural states; where politicians have often highlighted a lack of density that would make P3 projects in those states viable. However, some of these states have made efforts to become more ready and friendly to P3s in the last year. Utah passed legislation modifying its existing legislation, while New Mexico and Hawaii each unsuccessfully introduced legislation last year to authorize P3s. Though it may be difficult for more states to enact or amend existing enabling legislation given that it is an election year, the promise of a federal program that rewards states and municipalities for finding innovative funding and financing for infrastructure projects may encourage more states and municipalities to open up to the potential of P3s.

## Canada

Canada saw a relatively steady stream of projects closed in 2017 compared to 2016, with 12 greenfield projects closed compared to 11, respectively. However, there was another steep decline in the amount of capital invested in these projects, with only \$1.9 billion compared to \$3.15 billion in 2016.<sup>3</sup> This was already a significant decline from 2015 when nearly \$11 billion was invested across 23 projects. Last year had the potential to be a successful rebound from the decline in project activity in 2016, but the Canadian market experienced a surprising amount of delays of the much larger civil infrastructure projects like the \$900 million Finch LRT, the \$1.4 billion Gordie Howe International Bridge, and the \$4.2 billion CDPQ-led Montreal LRT. While these delays limited the highlights for Canada's 2017 numbers, these projects are expected to reach financial close this year.

Like prior years, Ontario claimed the top spot as the most certain jurisdiction to pursue a P3 project, in either the United States or Canada. The province is in a general election year, but this is not expected to derail the progress that Infrastructure Ontario continues to make in developing the province's infrastructure. The province has more than a dozen projects that are in the shortlisted proponents stage and many more in the early phases of development. The strong track record, vibrant pipeline, and overall institutional commitment to the P3 model make Ontario the premier province to pursue P3s.

While Canada has traditionally been more consistent in the successful procurement of P3s, there was an unusual amount of tumult in 2017. Elections in British Columbia brought in a new coalition government, which upon taking power, canceled the George Massey Tunnel Replacement project. This cancellation came after more than a year of active procurement and four years since

the project was initially approved. This project, and other infrastructure projects like the Kinder Morgan pipeline and the Site C dam, became a major campaign issue for the New Democrats and the Greens. The election last year was the primary driver in bringing British Columbia's score down from the most certain range to the certain range in the 2017 P3-Pro™ report. However, now that the new government has taken power and canceled the project that they had opposed, the certainty for projects in B.C. has increased. The province has a number of projects that are in procurement and successfully reached financial close on two projects in 2017, though no new projects have gone to tender since the election.

Aside from the dramatic cancellation of the George Massey Tunnel Replacement project, much of the news in the Canadian infrastructure world centered on the advancement of the Canada Infrastructure Bank. The Canada Infrastructure Bank is replacing PPP Canada, which in its operations had contributed C\$1.3 billion to 25 projects. The Canada Infrastructure Bank will invest C\$35 billion in transit, trade and transportation corridors, and green infrastructure, among other assets. As the bank ramps up operations, Canada will likely continue to be among the most certain jurisdictions for P3s.

The scatterplot on page 13 shows the distribution of the scores of readiness and friendliness across all states and provinces. Compared to last year's results, there was a compression in the friendliness scores in the majority of states and a few provinces due primarily to the upcoming 2018 elections. Similar to prior reports, the greatest range is shown in the readiness scores, as there is a large variation among the regulatory environment in states, ranging from not having any authorizing legislation to having comprehensive legislation that permits the state and local governments to pursue social and civil P3s and has the ability to provide stipends to losing bidders.

<sup>3</sup>Analysis of Inframation data as of January 2018

# Applications of P3-Pro™

A key theme on the American side of the P3 industry in 2017 was the growth in projects launched by sub-state governments. The District of Columbia Office of Public-Private Partnerships began the procurement process for its first P3, the D.C. Street Light Modernization project in June of 2017, and has a published pipeline of about a dozen other projects. After the successful procurement of the Denver Great Hall project, the City and County of Denver has moved forward on establishing its own P3 office that may aid in the procurement of projects including the National Western Center, the Colorado Convention Center, and the Denver Performing Arts Complex. And the City of Chicago's Chicago Infrastructure Trust has launched multiple procurements in the last year, including the O'Hare Express System.

As more local governments embrace the P3 model of infrastructure delivery, there will be increasing complexity in understanding the particular procurement climate in each jurisdiction. While this P3-Pro™ report generalizes about the conditions of states and provinces at the highest level, the index can be applied to specific jurisdictions or projects. As firms with limited bandwidth need to make informed decisions about where to pursue projects, Aon can help provide insights to bring

some clarity to the readiness and friendliness of these jurisdictions making forays into the P3 model. To highlight this application, this report provides a brief overview of P3-Pro's™ model applied to Miami-Dade County, which recently finalized an ordinance outlining procurement guidelines and recently released an RFQ for its courthouse.

## Miami-Dade County P3-Pro™ Outlook

### Pursuit Risk Overview

Miami-Dade County scores a 70.8 for certainty of a successful P3 procurement in the 2018 P3-Pro™ Index. This score places Miami-Dade County in the "certain" range. While there is favorable legislation in place, a robust pipeline of projects, and a strong commitment to the model by the government, there is still some uncertainty due to the fact that the county does not have a track record of successfully procuring P3s and requires that P3 projects be voted on four separate times by the Board of County Commissioners before the project can reach financial close. Despite these factors, pursuing a P3 project in Miami-Dade County appears to be a fairly certain endeavor. The following pages give a brief overview of the 16 P3-Pro™ factors applied to Miami-Dade County.

Readiness	Miami-Dade County Score	Friendliness	Miami-Dade County Score
Enabling Legislation	14.7	Political Champion	11.6
Transportation and Social Authorization	13.3	Known Opposition	0
Municipal Entities	13.9	Project Track Record	0
P3 Procurement Entity	0	Project Pipeline	13.4
Tolling Authority	4.9	Credit Rating	12.3
Demand and Availability Models	11.7	Approval by Elected Officials	0
Standard Tendering procedures	12.2	Budgetary Shortfall	12.4
Provision of Stipends	6.7	Election Year	14.0
<b>Total Score</b>	<b>77.4</b>	<b>Total Score</b>	<b>63.7</b>
<b>Overall Aggregate Score</b>			<b>70.8</b>

## Readiness

### **Enabling Legislation: 14.7**

The state of Florida's enabling legislation authorizes the procurement of P3s that serve the public interest. This authorization flows down to Miami-Dade County. Miami-Dade County recently passed an ordinance that aligns the procurement of P3 projects with the existing section 255.065 of the Florida Statutes.

### **Transportation and Social Authorization: 13.3**

The Florida statute defines a qualifying project as any facility or project that serves a public purpose including transportation facilities, medical or nursing care facilities, educational facilities or any other public facility that will be used by the public at large. This legislation flows down to Miami-Dade County.

### **Municipal Entities: 13.9**

The Florida legislation allows responsible public entities to solicit proposals for qualifying projects and defines a responsible public entity as a county, municipality, school district, special district, or any other political subdivision of the state. Miami-Dade County is able to P3s without the explicit permission of the state.

### **P3 Procurement Entity: 0**

Miami-Dade County does not currently have a dedicated P3 procurement entity. However, the county established a task force to recommend P3 procurement procedures to the Board of County Commissioners. The task force recommended that the Mayor create a P3 cell within the Office of the Mayor comprised of a lean core county staff.

### **Tolling Authority: 4.9**

The Florida statute authorizes the imposition of user fees on qualifying projects. The legislation states that comprehensive agreement may authorize the private entity to impose fees to members of the public for use of the facility, however the comprehensive agreement must state a methodology for and circumstance that allow for changes to user fees. This may limit the private entity's control of user fees if the project is a revenue risk project.

### **Demand/Availability Model: 11.7**

The Florida statute allows for the use of both revenue-risk and availability-based P3s.

### **Standard Tendering Procedure: 12.2**

The county recently passed an ordinance outlining its tendering procedures. This new ordinance should give bidders important clarity about the process for project assessment when pursuing projects in Miami-Dade County.

### **Stipend: 6.7**

The recently passed county ordinance does not explicitly state that the county will pay stipends to unsuccessful bidders that submit compliant proposals. However, the P3 task force recommended to the Board of County Commissioners to include the provision of stipends in the P3 program. The county ordinance does allow the commissioners to waive any of the provisions in the ordinance with a two-thirds vote, and this may include a vote to allow stipends on a case-by-case basis.

## Friendliness

### Political Champion: 11.6

The Mayor of Miami-Dade County, Carlos Gimenez, has been a vocal supporter of the use of P3s to bring about increased investment in county infrastructure and efficient operations of that infrastructure. In addition to the mayor, many county commissioners have expressed support for the findings of the task force and are supportive of the P3 initiative.

### Known Opposition: 0

There is known opposition in Miami-Dade County to the P3 initiative. There has been opposition to the prospect of replacing the county courthouse and the public rejected a bond proposal in 2014 for the project. In addition to the rejection of the bond proposal, there is general opposition to the county engaging in long term contracts with private partners.

### Project Track Record: 0

The county has not successfully procured a P3.

### Project Pipeline: 13.4

The county has recently published a relatively long list of projects that it is considering pursuing as P3s. These projects include the 600,000 square foot courthouse, a potential street lighting project, a biosolids processing facility, and a number of other projects.

### Credit Rating: 12.3

Miami-Dade County has a credit rating of AA by S&P, making it a creditworthy counterparty for potential P3 pursuits that are structured as availability-based projects.

### Approval Procedure: 0

The Miami-Dade County ordinance that outlines the procurement guidelines for the county requires four separate votes by the Board of County Commissioners before a project is awarded. The board must approve the authorization of the procurement of a P3 after determining that it is in the best interest of the county. The board must then approve of the shortlist of bidders, and then the board must also approve of the RFP before it can be sent to the shortlisted bidders. And finally, the board must approve of the award and comprehensive agreement.

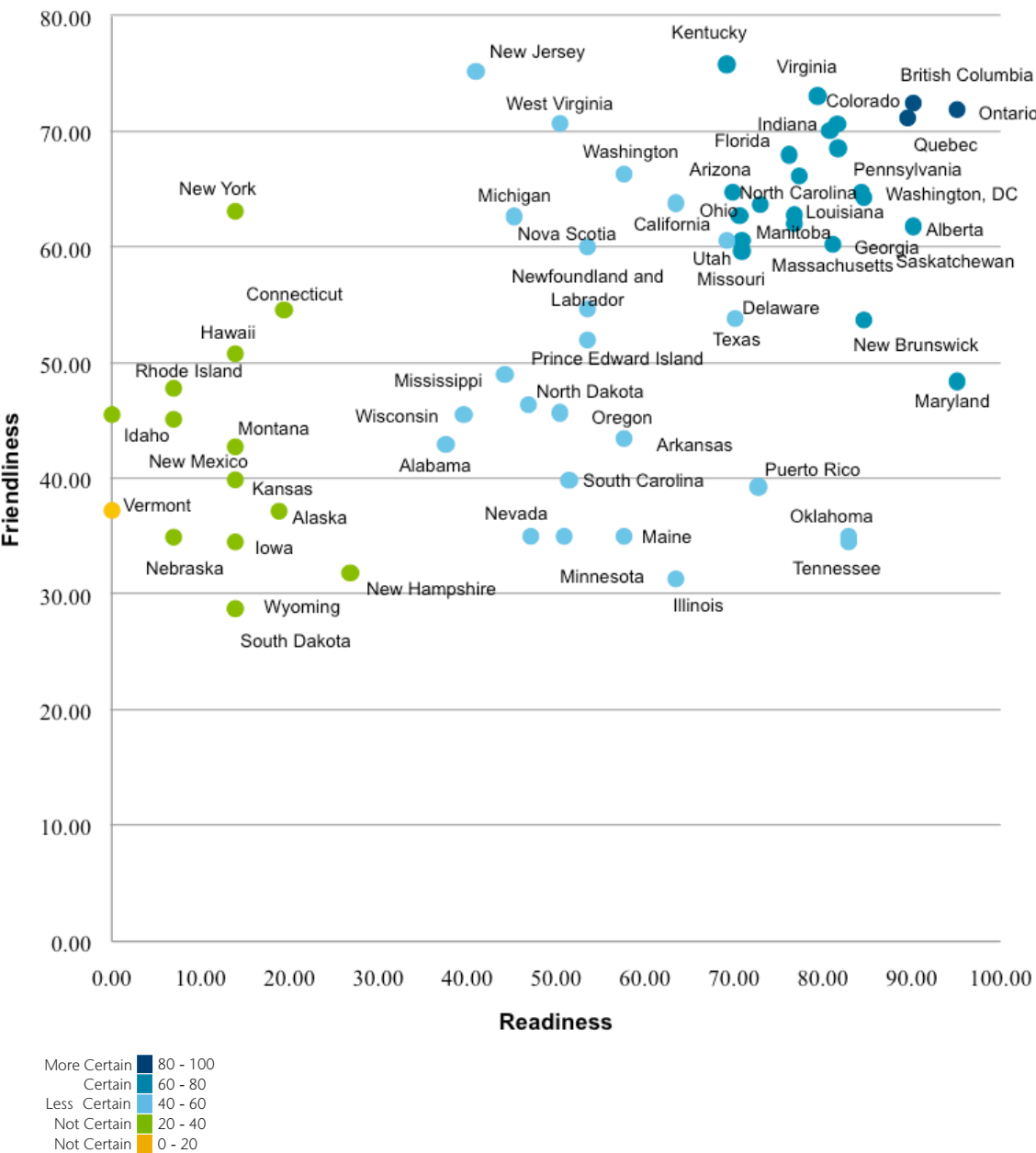
### Budgetary Shortfall: 12.4

The county has made a decision to look to P3s as a way to address a shortfall in funding for infrastructure assets. For example, in 2014, Miami-Dade voters rejected the ballot measure that would have authorized the county to borrow \$390 million to build a new courthouse. To make up for this rejected vote, the county is looking to a P3 that would allow the county to repay its potential partner through a variety of means without incurring general obligation debt, including the sale or lease of excess county property.

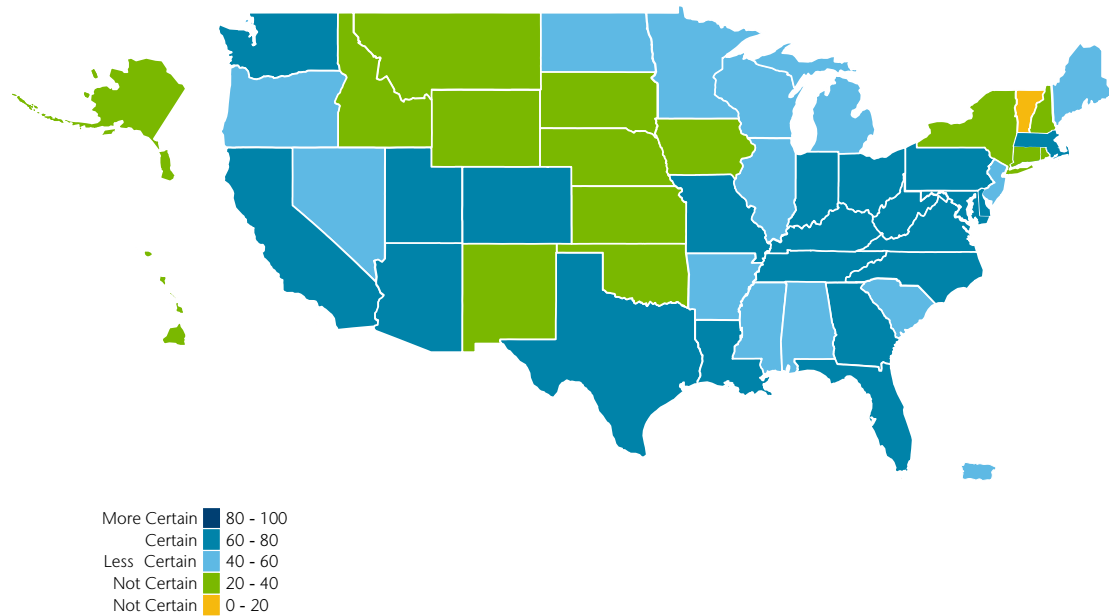
### Election Year: 14.0

Miami-Dade County does have a minority number of seats on the Board of County Commissioners up for election this year, with 6 of 13 board seats open for election in November. The county does not have a mayoral election this year. This risk factor primarily covers risks associated with the election of a jurisdiction's executive, and therefore the election does not negatively affect the county's score.

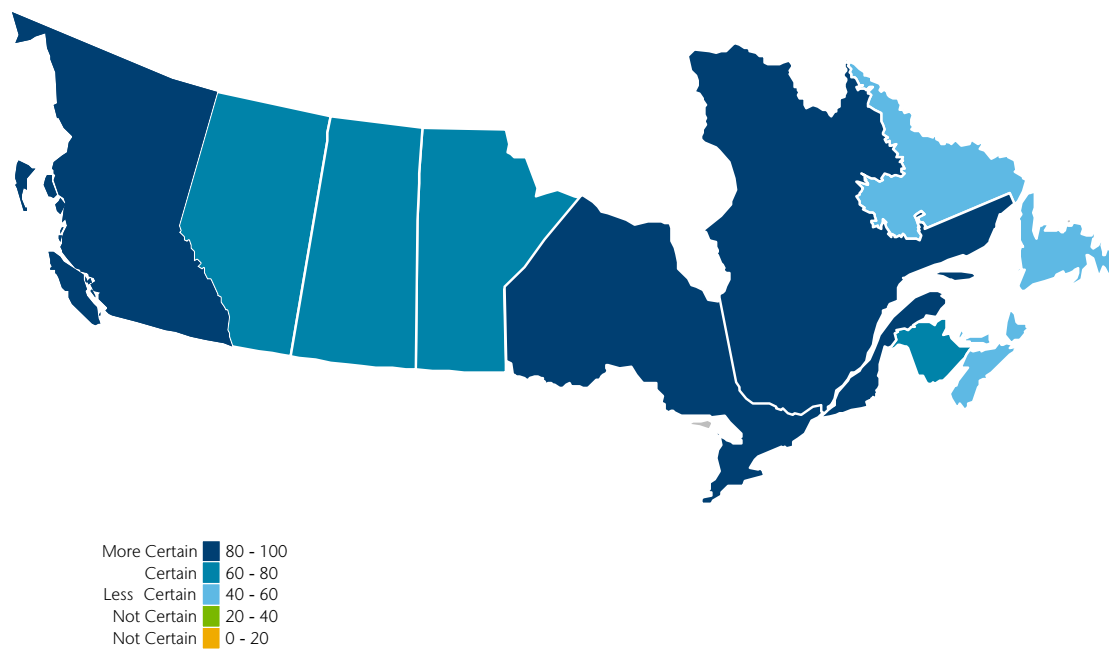
P3-Pro™: 2018 Scores for the United States and Canada as of January 2018



### P3-Pro™: 2018 Aggregate Scores for the United States as of January 2018



### P3-Pro™: 2018 Aggregate Scores for Canada as of January 2018



# Conclusions

Aon's Public-Private Partnerships Pursuit Risk and Opportunity Index (P3-Pro™) can be used to direct attention toward U.S. and Canadian jurisdictions that are likely to be the most stable and promising locations for P3 infrastructure procurement. The index's results help P3 stakeholders better understand the overall political and legal environment for P3s in each state and province so that stakeholders can make informed decisions as to where they wish to invest their resources pursuing P3 projects.

P3-Pro™ is accessible to Aon clients as a benefit of using the Aon Construction Risk Portal (CRP). CRP has become an essential tool to help clients and colleagues navigate and bring clarity to the risks associated with conducting work in specific jurisdictions. Subscribers can access the scores of each state and province in CRP, along with risk maps presented above in an interactive format. Since P3-Pro™ is dynamic and adjusts according to changes in the political and regulatory environment; CRP will contain the most updated maps displaying P3-Pro™ results.

P3-Pro™ results can also assist contractors and investors when determining whether or not to pursue a P3 project in a particular jurisdiction. Aon can produce more detailed reports that explain the nuances of each factor, including analysis of relevant statutes and original research that comprise the findings of P3-Pro™. Contractors and infrastructure investors will find the P3-Pro™ a valuable tool as they consider in which states and provinces to invest time and resources in pursuing P3 projects. If you are interested in more in-depth insight into particular jurisdictions or particular projects that you are considering pursuing, Aon can work with you to build a more comprehensive analysis of the various risk factors that participants face when pursuing projects in new geographies.

P3-Pro™ offers a new way to look at P3 political risk and goes beyond anecdotal P3 experience by pinpointing the environmental factors most likely to influence a P3 project. P3-Pro™ explains the relationship between a state/province's ability to procure P3 projects and its willingness to do so. Using a weighted sum model and detailed research, P3-Pro™ offers an assessment of the P3 landscape that can empower results for private bidders in the marketplace.





## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. For further information on our capabilities and to learn how we empower results for clients, please visit: <http://aon.mediaroom.com>.

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