

Politics in P3s – and How They Impact Risk Assessment

September 12, 2018

Lee Weintraub / Becker

Allan Blattner / University of North Carolina

Brad Noyes / Brailsford & Dunlavey

Julie Skolnicki, EdR



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



BRAILSFORD & DUNLAVEY

What type of due diligence is done on public sector to determine political risk?

- A. Identify layers of decision-makers and their views on, and understanding of, P3s
- B. Don't assume all departments within public sector are talking to each other – how do you get them in lockstep?
- C. What is done to ensure all stakeholders are involved and supportive?
- D. Avoid history of failed P3 procurements

What type of due diligence is done on public sector to determine political risk?

(continued)

- E. Are consultants retained and who are they?
- F. How stable is leadership / imminent elections and retirements?
- G. Any limitations on cross-over among public departments: mixed-use implicates more agency departments

Public sector's lack of understanding of P3s

- A. Gauging public sector commitment to P3 solution
- B. Is public sector committing financial resources to properly procure?
- C. How do you determine public sector's willingness to adjust to expectations?
- D. Diffusing public sector concern over failed P3s and outdated notions of the delivery method

Over-transfer of risk to private sector

- A. Evaluating public sector's goals: privatization of assets / off-balance sheet
- B. Overemphasis of need for project based financing
- C. Comes with a cost

Ways for public sector to assist in risk transfer through public stability

- A. Share in risk of project
- B. Regular, transparent communication with decision-makers and stakeholders
- C. Provide credit enhancements for private sector financing

How is federal and state legislation impacting
costs and attractiveness
of P3s overall?