Executive Council on Infrastructure

BIPARTISAN POLICY CENTER

Priority Actions for State Governments

BPC's Executive Council on Infrastructure released recommendations to achieve a *New American Model for Investing in Infrastructure*. This new model aims to increase the flow of private capital into U.S. infrastructure projects by:

- addressing the pervasive underappreciation of future infrastructure liabilities in America;
- encouraging partnerships with the private sector to share risks and maximize the value the public receives from infrastructure assets; and
- ensuring communities across the country have tools to make necessary investments.

To achieve these aims, state governments must commit to implementing the Executive Council's recommendations and create the necessary conditions for private investments and partnerships. The following priority actions are the first steps toward achieving the new model.

Pass Enabling Legislation

All states should adopt broad enabling legislation to allow for the full range of partnerships between the public and private sectors for all types of infrastructure. Seventeen states do not allow public-private partnerships (P3) for infrastructure at all, and, even among those that do have P3 laws, existing statutes are most often limited to use of P3s for specific types of infrastructure—particularly transportation—or include provisions that it make alternative procurements difficult in practice—such as prior legislative approval.

Build In-House Expertise

Nationwide, actual experience with negotiating and delivering P3s is limited. States should establish expert offices to provide technical assistance and serve as one-stop shops for private investment in infrastructure for the state. This will help combat the inertia among public agencies that leads them to using familiar, conventional methods of procurement without exploring alternatives that could reduce costs or result in better infrastructure over the long term.

Public Assets

All public infrastructure owners should develop a complete list of infrastructure assets owned, the condition of the assets, cost of maintaining over remaining useful life, cost of replacement, and the potential impact of a failure. Lack of information about the full scope of future costs and risks skews decision-making toward short-term priorities, not long-term needs.

Expedite Permitting

Where possible, states should help ensure early identification of all necessary permits, clearly delineate decision-making authority, utilize simultaneous – not sequential – permitting processes, and prioritize consensus-building and transparency.

Prioritize Long-Term Value

Public agencies should prioritize infrastructure needs and match projects with the most cost-effective delivery and financing options. States can make strategic choices in project delivery to maximize long-term value and save public dollars while incentivizing localities to follow suit.

Use Innovative Funding

Public funding will continue to be essential for modernizing infrastructure. But project sponsors should also maximize the use of emerging funding sources that directly engage the private sector: value capture, naming rights, crowdfunding, and private development capital. Failure to embrace these options leaves dollars on the table.

For more information, view the report:
bipartisanpolicy.org/library/modernize-infrastucture

10 things you need to know about:
Private Investment in Infrastructure

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The Executive Council on Infrastructure has released *Bridging the Gap Together: A New Model to Modernize U.S. Infrastructure*, making a series of recommendations for increasing private investment in infrastructure. Here are the key takeaways.

1 **Despite the $1 trillion funding gap for U.S. infrastructure, billions of dollars of private capital are left on the table each year** that could be used to fix crumbling roads, bridges, water and wastewater systems, ports, airports and civic buildings.

2 **State laws are an essential building block to expanding private investment in infrastructure,** yet 17 states lack laws allowing partnerships with the private sector. Even fewer states allow the full range of partnerships. BPC's Executive Council calls on states to pass new and improve existing laws enabling public-private partnerships or P3s.

3 **The true extent of our nation's infrastructure needs is unknown.** BPC's Executive Council calls on public agencies to inventory assets in an effort to create a publicly available project pipeline. Such inventories empower communities to make informed decisions and tackle their infrastructure needs through strategic investments and partnerships with the private sector.

4 **Public agencies face deteriorating infrastructure assets, but a lack of data and information on the state of those existing assets skews their decision-making about what to do.** More often than not, risks are revealed only after infrastructure fails, a danger to the health, safety, and security of communities.

5 **Degraded infrastructure in the need of repair and new investment, coupled with other necessary competing pressures on public budgets creates a perfect storm**. With limited resources, public officials have often focused on immediate maintenance needs. However, in discounting the life cycle costs inherent in any project and the mounting risks of unsafe infrastructure, new investments fail to be made.

6 **Infrastructure projects are long-term investments.** Partnerships between the public and private sectors can incentivize long-term thinking about design, construction, finance, operations, and maintenance. But too few projects are put forward today that incorporate long-term thinking, are attractive to private investors, and are tied to a clear public benefit.

7 **A clear understanding of the public value of an investment is a founding principle in public-private partnerships**, since the private sector is only paid when it provides the level of service expected by the public.

8 **A transparent process for public outreach and engagement, with ongoing opportunities for stakeholder feedback, is essential to the success of public-private collaboration**. In fact, it is essential to overcoming risks associated with competing stakeholder interests and NIMBY-type opposition.

9 **To increase private investment in our nation's infrastructure, we must simplify project development and permitting**. Too often, lengthy, uncoordinated permitting and review make projects costly and unattractive to private capital.

10 **By partnering, public and private sector stakeholders can reduce the fiscal burden** on public sector balance sheets, transfer risks, and enable government agencies to exercise their most important responsibility—ensuring community health and safety.