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Infrastructure Must Be the Top Priority for Congress this Year.

With fresh crops of lawmakers on Capitol Hill, infrastructure is a popular topic again. Will the conversation change or will urgent infrastructure needs knotted with unending debate over failed delivery plans continue to go unaddressed? Lasting positive economic benefits require aligning public financial incentives with compelling projects. Thoughtful dialogue is necessary on risks, returns, operations, maintenance, state and local responsibilities, and the mix of sector funding for the coming decades.

Infrastructure is a broad subject area with a leading purpose to increase nationwide economic productivity and social welfare. Our occasional infrastructure disruptions offer blunt reminders that essential services cannot be taken for granted. It is easy to project the long term fallout of critical infrastructure failure when it results in depressed productivity, stunted economic growth, and perhaps lower quality of life. Reducing federal regulatory red tape may no longer be the largest impediment.

While the federal government plays an important role, state and local governments are best positioned to advance new innovative solutions. Reinvigorating our infrastructure can be achieved through introduction of an updated process for the value over a full life cycle of the project including design, building, finance, operation, and maintenance. Better interagency coordination is also required. The challenges remain the same today as they always are with voluminous needs spread across multijurisdictional projects with far ranging levels of financial flexibility.

Greater consumption of data driven insights combined with changing economics, glaring upfront costs, dangling phantasmagoric federal incentives and impediments, and insufficient government interagency coordination make it virtually impossible to craft good policy addressing the nationwide needs in the short term. Finding the balance within legal and business frameworks to bring the best value to all regions, parties, citizens, and investors will be evolutionary rather than revolutionary.

Ideas embrace more than transportation, renewable energy, or water projects. Social infrastructure is ripe with opportunities such as health care, housing, and education. New construction is not required for every project. Years of pent up demand combined with innovative materials, engineering, and information can allow a publicly sponsored enterprise to provide a quality product while exhausting possibilities of each revenue stream, along with creating and capturing some value previously lacking.

Information technology can now precisely measure operational services including toll road use and electricity consumption. Many elements run under separate public agencies or governance structures. Exploiting value from existing operations through analytics can help achieve optimal utilization. Innovative financing strategies will also surface, but public private partnerships are establishing a strong beachhead. Diverse capital is available with many investors seeking to finance or take on projects.

In a public private partnership, the government transfers economic risks to the private sector for a set period while maintaining the ownership of public assets. Significant capital is available to finance viable projects through public private partnerships. Incentives are needed for projects with unclear economics such as rural broadband. Traditional municipal bonds remain reliable vehicles for financing costs. Publicly sponsored enterprises can create value previously lacking, but advancements offer their own challenges such as cyber threats to advanced infrastructure.

Public policy must keep the focus on cyber protections as we modernize our infrastructure. Incentives should include performance contracts and maintenance plans. Projects should use time tested financing options such as municipal bonds and incorporate public private partnerships. Regional initiatives may prove to be better investments than shovel ready multijurisdictional national projects. Lawmakers should streamline and expand interagency coordination and employ new technology to operate and maintain infrastructure. The process of aligning incentives must be updated to refocus on value over a full life cycle of the project. Congress should take up this important work. The conversation needs to change.

THE HILL

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