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White House Fact Sheet: Increasing Investment in U.S. Roads, Ports and Drinking Water Systems Through Innovative Financing.

Building a 21st-century infrastructure is a critical component of the Administration's efforts to accelerate economic growth, expand opportunity, create jobs and improve the competitiveness of the American economy. As part of this effort, President Obama launched the Initiative in July 2014, calling on federal agencies to find new ways to increase investment in ports, roads, bridges, broadband networks, drinking water and sewer systems and other projects by facilitating partnerships between federal, state and local governments and private sector investors.

Today, the Obama Administration is announcing new steps that federal agencies are taking to bring private sector capital and expertise to bear on improving our nation's roads, bridges, and broadband networks. First, the Administration is launching a new Water Finance Center at the Environmental Protection Agency and highlighting the progress of the Rural Opportunity Investment Initiative at the Department of Agriculture. These efforts will help local and state governments access federal loan and grant programs to get more projects off the ground. The Administration is also announcing a new set of infrastructure tax proposals that will level the playing field for projects that combine public and private investment so that local and state governments can more easily work with the private sector to advance the public interest.

At an event at the Anacostia River Tunnel Project Site in Washington, DC later today, the Vice President — joined by Environmental Protection Agency Administrator Gina McCarthy and USDA Secretary Tom Vilsack — will stress the importance of these critical investments. Today's event is part of the Vice President's ongoing work to highlight the importance of doing more to invest in our nation's infrastructure to create jobs, help American businesses, and grow our economy.

Additional information about the new Build America initiatives is provided below:

Investing in Drinking Water and Wastewater Systems through a new Center at EPA. To help address more than \$600 billion in needs for drinking water and wastewater management over the next 20 years, today the Administration is launching a new Water Finance Center at EPA. The Center will work closely with municipal and state governments, utilities and private sector partners to use federal grants to attract more private capital into projects and promote models of public private collaboration that can address the real needs of cities and towns to provide safe water, rebuild sewer systems and keep streams and rivers clean.

Driving Investment to Rural America via a New USDA Rural Opportunity Investment Initiative. The Administration is announcing the Rural Opportunity Investment Initiative at the U.S. Department of Agriculture, which will identify opportunities for investment in promising rural water, energy, and broadband projects, reduce barriers to investment and connect projects with investors.

Leveling the Playing Field for Public-Private Partnerships. Today the Administration is leveling the playing field for municipalities seeking public private partnerships by proposing the

creation of an innovative new kind of municipal bond, Qualified Public Infrastructure Bonds (QPIB).

In addition, the Administration is advancing major highway and port projects through the Transportation Investment Center at the Department of Transportation, working with local and state governments to improve project planning, and attracting investors for U.S. projects from around the world through the SelectUSA Program.

Investing in a 21st-Century American Infrastructure

Investing in a 21st-century American infrastructure is an important part of the Obama Administration's plan to build on the progress our economy is making by creating jobs and expanding opportunity for all hardworking Americans. Infrastructure like roads, bridges, ports, water purification plants and reservoirs provide critical services to consumers and businesses while protecting public health and the environment.

The construction project in Anacostia is an example of the benefits of investment in water management. Each year, 2 to 3 billion gallons of contaminated sewage water pour into the Anacostia River. The new tunnel will control this run-off, improving public health, protecting the environment, and giving a major boost to economic development on the Anacostia River's banks.

But the current level of infrastructure investment in the U.S. is far too low and too many worthwhile projects go unfunded. The system of water pipes that bring drinking water to homes and businesses, for example, is rapidly aging. An estimated 237,600 water mains break every year. We also lose more than 46 billion gallons of water per day through leaking pipes — enough water to supply the 10 largest American cities for almost two weeks. And the costs for maintenance are only increasing. Over the next fifteen years, utilities will have to spend three times as much on pipe replacement as the current system continues to decline.

The Administration's activities through the Build America Investment Initiative will help interested local and state governments build more of these projects by bringing together the public and private sector to identify challenges and explore creative financing strategies — not only in water but in transportation, energy and broadband.

Private capital is not a substitute for public investment. That's why the President has repeatedly called on Congress to increase public funding for our highways, bridges, and transit system. Last spring, the Administration proposed the GROW AMERICA Act, a 4-year, \$302 billion surface transportation reauthorization proposal. But in the absence of Congress acting on this commonsense proposal, the President will continue to do whatever he can through his own authority to promote American economic growth where there is need or opportunity. And right now, there is a real opportunity to put private capital to work in revitalizing U.S. infrastructure.

That's why today the Administration is announcing efforts across government including new executive actions and a new tax proposal to encourage investment across infrastructure sectors and in regions around the country.

Investing in Drinking Water and Wastewater Infrastructure through a new Center at EPA

The U.S. needs at least \$600 billion in investments in water infrastructure over the next 20 years to keep our taps flowing and our rivers and lakes clean. Today, the Administration is launching a new interagency center at the Environmental Protection Agency to increase innovative financing support for water systems across the country. The Water Finance Center will:

Stimulate private investment and make federal dollars go further: Around the country, towns, cities and states are exploring how to bring innovative financial tools such as public private partnerships to the water sector to get more projects off the ground. The new Center will help interested local and state governments to bring private sector investment and expertise into water system construction and management. Among other roles, the center will bring together investors and project sponsors; highlight promising deals; provide peer-to-peer learning and workshops; and develop case studies and toolkits. The Center will work with states to maximize the benefits of more than \$3 billion in annual federal water investments.

Help attract investment to small communities. Many rural communities are served by small water utilities that lack the resources to explore financing alternatives, engage the private sector and attract investment. The new Water Center will work with on-the-ground partners to provide financial training and technical assistance to small communities and rural water systems.

Driving Investment to Rural America via a new USDA Rural Opportunity Investment Initiative

Investments in rural water, energy, broadband infrastructure can create jobs and accelerate economic growth. To help rural projects attract more investment, the Administration is announcing the Rural Opportunity Investment (ROI) Initiative at USDA. In close collaboration with both public and private partners, the ROI Initiative will:

Connect projects to investors: The ROI Initiative will facilitate and catalyze rural investment opportunities for the public and private sectors. The Initiative will look to generate and facilitate rural investment through USDA field staff across the country and strengthen relationships with the private sector. Public-private collaborations launched by USDA earlier this year — like the \$10 billion CoBank rural infrastructure fund between CoBank and Capital Peak Asset Management and a \$150 million Rural Business Investment Company — are the type of innovative financing mechanisms that the Initiative will continue to incubate in an effort to develop and finance infrastructure projects.

Improve access to USDA credit programs: The Initiative will also focus on opportunities to leverage private sector financing against the over \$30 billion in existing USDA programs and resources to provide funding to vital rural infrastructure projects; including water and wastewater systems, energy efficiency improvements, broadband networks, and other rural infrastructure needs.

Leveling the Playing Field for Public Private Partnership

The Administration is proposing the creation of an innovative new municipal bond, Qualified Public Infrastructure Bond (QPIB). Today, public private partnerships that combine public ownership with private sector management and operations expertise cannot take advantage of the benefits of municipal bonds. QPIBs will extend the benefits of municipal bonds to public private partnerships, like partnerships that involve long-term leasing and management contracts, lowering the cost of borrowing and attracting new capital.

A similar existing program, Private Activity Bond (PABs), has already been used to support financing of over \$10 billion of roads, tunnels, and bridges. QPIBs will expand the scope of PABs to include financing for airports, ports, mass transit, solid waste disposal, sewer, and water, as well as for more surface transportation projects. Unlike PABs, the QPIB bond program will have no expiration date, no issuance caps, and interest on these bonds will not be subject to the alternative minimum tax. These modifications will increase QPIB's impact as a permanent lower cost financing tool to increase private participation in building our nation's public infrastructure. QPIBs would not be available for

privately-owned facilities or privatizations of public facilities.

More details on QPIBs will be available in the upcoming Budget.

Growing Investment in Transportation Infrastructure through the DOT Transportation Investment Center

In July, the President announced the launch of a new center at the Department of Transportation to catalyze private investments in our transportation system. Since the launch of the Center, DOT has taken important steps forward, including:

Facilitating access to hundreds of millions of dollars in credit assistance for vital transportation projects: In Fiscal Year 2014, DOT loaned a record \$7.5 billion to 13 projects through the TIFIA program, leveraging more than \$25 billion in infrastructure investments. Since the launch of the Center, DOT has accelerated high-impact projects like Portsmouth Bypass, a 16-mile, 4-lane highway in Scioto County, Ohio.

Expediting Project Financing and Delivery: To help get highway, port, bridge, tunnel and transit projects moving faster, the Center is providing hands-on technical assistance and facilitating efficient project delivery to projects, including adding additional projects to the Administration's successful permitting dashboard. The Center is also providing targeted technical assistance to support project planning for projects like the Essex County-Port Newark Container Terminal (PNCT) P3 Project — a recent TIGER grant recipient.

New Tools: The Center will be releasing new products, including supplemental provisions for toll concession model contracts and a new guide on incorporating Federal-aid funding into P3s. These products build on tools released over the past several months. In addition, DOT is developing model contracts that show how transportation projects can advance "high-road" labor practices that create good, middle-class jobs and benefit current and aspiring workers alike. These will be an example for other federal agencies as they work to support public private partnerships moving forward.

Breaking Ground on more Roads, Bridges and other Infrastructure Projects

Today, the President is signing a Presidential Memorandum to improve the early phases of infrastructure project planning and design by aligning federal funding for planning and predevelopment at the Departments of Commerce, Transportation, Homeland Security, Housing and Urban Development and Agriculture. These agencies and others will be working closely with local and state governments and other stakeholders over the coming months to ensure that the federal government is doing all it can to support critical predevelopment activities. Private foundations are also doing their part to support innovation in planning and predevelopment activities, with The John D. and Catherine T. MacArthur Foundation, Ford Foundation, and The Rockefeller Foundation announcing support for new projects around the country.

Promoting Investment in U.S. Highways and Ports

For the first time, the Administration is hosting a global event with a clear US infrastructure track at the March 2015 SelectUSA Investment Summit. This Summit will bring together over 2500 leading investors and executives from around the world and connect them with US business opportunities.

A high profile session focused on infrastructure to highlight the growth and diversity of the US P3 market and present day opportunities in the USA for global companies

A roundtable to promote the development of relationships between global investors and American

partners to jointly explore US infrastructure investments.

These actions and announcements are the first steps that the Administration is taking as part of the Build America Investment Initiative's two-year action plan, as outlined in a recommendations to the President.

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