

Bond Case Briefs

Municipal Finance Law Since 1971

Survey Reveals Obstacles Mayors May Face to Using P3s to Maintain, Improve Infrastructure.

Public-private partnerships could make up for a lack of state and federal funding and support for cities that seek to improve aging infrastructure, but a national survey of mayors indicates city leaders may face obstacles to using this procurement method.

The types of infrastructure projects most mayors are likely to spend new sources of funding on are mass transit, roads, water, wastewater and stormwater, followed by public buildings and other facilities, reported the Initiative on Cities at Boston University. The research group based its findings on an analysis of responses provided by 89 city leaders in the research group's second annual [Menino Survey of Mayors](#). Almost half of those surveyed singled out infrastructure as the top priority and nearly all expressed concern over a lack of funding for maintenance and improvements for these projects.

However, most mayors indicated that they are more likely to seek to partner with the business community on economic development and education projects than on road, transit or water projects, even though many expressed dissatisfaction with the level of financial support they receive from federal and, especially, state governments.

Many of those surveyed also expressed frustration with what they view as the onerous impact of state and federal regulations on their activities, which could impede efforts they might otherwise make to explore P3s for infrastructure projects. For example, 19 mayors expressed the desire to repeal or alter laws that affect local revenue-raising options and eight other want changes to laws that affect how revenues are distributed.

Requirements that force city governments to conduct some types of partnerships with other governments rather than with private developers may limit cities' options as well. "This may be because of funding sources, regulatory laws, or a function of overlapping jurisdictions, as with a water district," the study says. In assessing the number and types of partnerships cities conduct "mayors revealed that their much maligned state government is actually their most frequent partner across a wide array of policy areas, from roads to the environment to economic development. ...There are no areas in which state government is an infrequent partner." the study points out.

A combination of regulatory restrictions on revenue sources and expenditures, coupled with the fact that private financing for projects is not free money but is subject to repayment may discourage city leaders from pursuing P3s for expensive infrastructure projects. The report quotes the mayor of a large city as saying "Public-private partnerships are great if you want something built with somebody else's up-front capital. But you still have to pay the bill. ... They're not a solution to everything."

Despite these expressed misgivings, many cities have been quite successful in overcoming perceived financial and other barriers to procuring key infrastructure projects through P3s. Examples include New York City, Gresham, Ore., San Antonio, Texas, Bayonne, N.J., Rialto, Calif., Westfield, Ind. and

Allentown, Pa. And many other city-based P3a are in development or are being planned.

By NCPPP

January 28, 2016

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com