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A Primer on Financing Infrastructure: Obtaining the Tools to Get the Job Done.

File this under: Wonky summer read for infrastructure geeks.

Candidly, I was prepared to be unimpressed and perhaps even bored by the task set before me. Reading through yet another lengthy dissertation on the problems and prospective solutions to the world's infrastructure crisis was a daunting obligation – but one that seemed necessary as we begin to wrestle with the infrastructure finance issue in Cohort 3 of the City Accelerator. I am happy to report that things went better than expected, and I can even heartily recommend the recent online publication by New Cities Foundation, "Handbook on Urban Infrastructure Finance."

While it won't qualify for your light summer reading, the 135-page publication falls somewhere between a brief primer and a more challenging textbook on a difficult and demanding subject that has become a hot topic in urban development circles. Though necessarily technical and detailed, it was totally readable and even engaging and enjoyable at times. It also comes at the perfect time. People with any level of public interest and particularly those in public office (or seeking public office) are finding themselves searching for answers to the critical question: How do we pay for needed infrastructure?

Dr. Julie Kim, senior fellow with New Cities Foundation is the author. She came to this assignment with a Ph.D. in Civil and Environmental Engineering from Stanford University. In 2004, she was co-founder of Stanford's Global Projects Center – an international research center for investments in major infrastructure projects, including private sector participation. Kim has over 25 years of experience with large-scale, world-class infrastructure and, as a result, has a unique perspective and grasp of the technical, financial and legal issues involved. In February 2015, just as she was joining New Cities, Kim sat down for a conversation on the subject of infrastructure finance.

In addition to New Cities Foundation, the handbook was supported by three significant private sector sponsors: Cisco from the world of digital technology, Citi from the world of finance and ARUP, the international planning and design firm. These entities' investment in this project is admirable and underscores the general importance of the topic.

The handbook is well-documented and footnoted with additional information presented in appendices, tables, exhibits and specific references for further study. Throughout, the author defines obscure terms and explains acronyms that tend to pepper complex material. I was pleased that the handbook did not fall into the usual pattern of leaving the confused reader scratching his or her head while searching for a definition.

Nevertheless, reading and understanding the handbook does require an investment of time and focused attention. Even though it is user friendly, attempting to absorb it in its entirety might not be for everybody. Accordingly, I've outlined some of the highlights and have provided some recommendations:

1. Note the pertinent comments on page 1 of the preface: The handbook is aimed at mid-sized cities

– with populations ranging from 200,000 to 10 million – and particularly those with limited financial savvy and knowledge. The author also makes a reassuring, but very telling statement, “They are not alone in this – even those of us who have devoted most of our lives on the subject are often at a loss in the maze of an ever-changing financial landscape.”

2. On page 4 (still in the preface), a statement further defining and limiting the scope clearly outlines the situation, “Although many infrastructure assets (e.g., energy utilities are in private hands, the most critical infrastructure financing challenges facing cities today are those assets in the public domain (e.g., public transit, roads, water/wastewater treatment) where the public sector is responsible for owning and operating the assets and where financing largely relies on grants, subsidies, taxes and other sources that are unsustainable in the long run.” That pretty much covers the status of infrastructure in most cities in the United States.

3. Another dramatic conclusion is made on page 17: “Finally and most importantly, taxpayers and users need to recognize that, like everything else, they are the ones who will have to pay for infrastructure in the end. They have to recognize the current reality that the choices ultimately come down to these: either they pay taxes or user charges or they will get no service at all.”

4. If you lack the time to read the entire 135-page document, I suggest you read chapter 3: Funding Considerations and Sustainable Revenue Sources. In my opinion, these pages constitute the informational heart of the handbook and include much of the real meat addressing the issue.

5. If you can only spare sufficient time and attention for a single page, make it page 66: “Exhibit 11: Taxes and Other Related Infrastructure Funding Revenue Sources.” This comprehensive table includes more usable information on this timely subject than many entire studies or scholarly texts I have encountered.

It might be tempting to believe that like most crises, “This too shall pass.” But roads, bridges, sewers and other elements of our nation’s (and world’s) crumbling infrastructure will not repair themselves. Investment of time, attention and capital (both conventional funds and political capital) will be required. And no, it’s not someone else’s job. Infrastructure is the very foundation of our civilization and an investment to make things right will pay in both long- and short-term benefits.

We understand the situation and we have the tools to do the job. It’s time to get to work.

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