



Private sector ready to rebuild the country's aging infrastructure

BY JOHN PARKINSON, OPINION CONTRIBUTOR - 07/22/17 05:00 PM EDT

Local, state and federal taxes historically have helped pay for U.S. infrastructure projects, but on your daily commute you see firsthand that this source of funding is not keeping up with the need for improvements. The country's highways, bridges, transit systems, airports and water systems are aging and deteriorating. According to the 2017 Infrastructure Report Card released by the American Society for Civil Engineers, America's infrastructure is rated a D+.

Rebuilding and repairing U.S. infrastructure is imperative — and costly. It is estimated that the U.S. needs more than \$1 trillion to help fix America's deteriorating infrastructure. With the magnitude of that need and price tag, "traditional" funding options — namely taxes — simply can't keep up.

The alternative, as proposed by President Trump with support from both Republicans and Democrats in Congress, is to leverage the power of the private sector. While some may see this emphasis on public-private partnerships (P3s) as new infrastructure policy, this delivery model has proven valuable to taxpayers and infrastructure users for many years in several U.S. states and the rest of the world.

In fact, the private sector is already helping to rebuild infrastructure in the U.S., at a tremendous savings to taxpayers, while allowing states and municipalities to dedicate their limited funding resources to other infrastructure needs. By leveraging the resources of the private sector, these local governments are also completing billions of dollars' worth of infrastructure improvements years sooner than otherwise possible.

There are numerous examples of successful P3 projects in market sectors across the U.S. and around the globe, including transportation, public buildings as well as water and environmental projects. P3s have contributed more than \$52 billion of economic activity over the past 10 years in the U.S.

For example, in Florida the Port Miami Tunnel provides a direct connection from the Port of Miami to major highways. This tunnel enables goods to be transported more efficiently and safely resulting in lower costs to consumers and increased economic growth in the region.

In other places, like Dallas-Fort Worth, engaging the private sector has generated billions of dollars in new innovative roadway networks. The LBJ Express and the North Tarrant Express, built at tremendous cost savings to taxpayers, provide new travel choices for drivers. They can take the regular general purpose lanes or opt for market based toll pricing for a more reliable trip when needed.

Rural areas certainly benefit from P3s. In Pennsylvania, the state bundled together over 500 structurally deficient bridges to obtain economies of scale and time. No bridge was tolled, and the project was paid for by the state under an annual performance agreement called an availability payment.

A P3 agreement in Bayonne, New Jersey allowed the Bayonne Municipal Utilities Authority (BMUA) to upgrade and repair its water facility in order to meet federal regulations and provide water to its citizens more efficiently. As a part of this agreement, the joint venture paid BMUA an upfront payment of \$150 million, which allowed the city to eliminate \$130 million of existing debt and improve both the authority's finances and Bayonne's credit rating.

In Denver, the city connected downtown to the airport through the nation's first-ever transit P3. The Denver Eagle project was built on budget and opened early, and has seen larger than expected passenger ridership on its shiny and fast airport express trains. Without its P3 structure, the project likely would not been completed for years, if ever.

These projects and many others are currently improving the lives of millions of Americans.

It is widely held that there is more than \$300 billion in private capital ready to be deployed for U.S. public infrastructure projects through P3s. This presents tremendous opportunities to restore, repair and build new infrastructure through private investment, creating new jobs and spurring economic growth across the country.

Allowing the private sector to invest its capital and assume the risks of major projects — instead of taxpayers paying for cost over runs — makes sense for both the public and the private sectors.

Using P3 procurements to deliver infrastructure brings value by providing cost and schedule certainty, introducing innovative approaches, integrating operations and maintenance concerns in design, and optimizing preventative maintenance and renewal.

The private sector brings design innovations and technological advances, the public sector would not otherwise have access to. In addition, these types of projects create thousands of jobs and significantly increase economic activity.

By utilizing the private sector, we can accomplish much more than with tax dollars alone.

John Parkinson is the Executive Director of [AIAI](#) — the Association for the Improvement of American Infrastructure, a transportation advocacy organization.

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