

**HOMES
JOBS
COMMUNITY**



NDC Washington Webinar Series

The Great Bipartisan Hope: Infrastructure in 2017

March 30, 2017 | Presented by Jane Campbell



2017 NDC ACADEMY
OCTOBER 23-25, 2017

*Rethinking How We Invest:
Homes, Jobs and Communities
in 2017 and Beyond*

WASHINGTON, D.C.

2017 NDC Academy Awards Submission Now Open!

Haven't you always wanted to say, "I want to thank the Academy"? The NDC Academy 2017 Awards are an opportunity to highlight your projects with your colleagues and congressional leaders. If you have a challenging and creative project that you want to show off, now is the time to submit for NDC's consideration.

LEARN MORE AND SUBMIT TODAY

**The deadline for submission is
Friday, April 21, 2017**



Infrastructure is GOOD

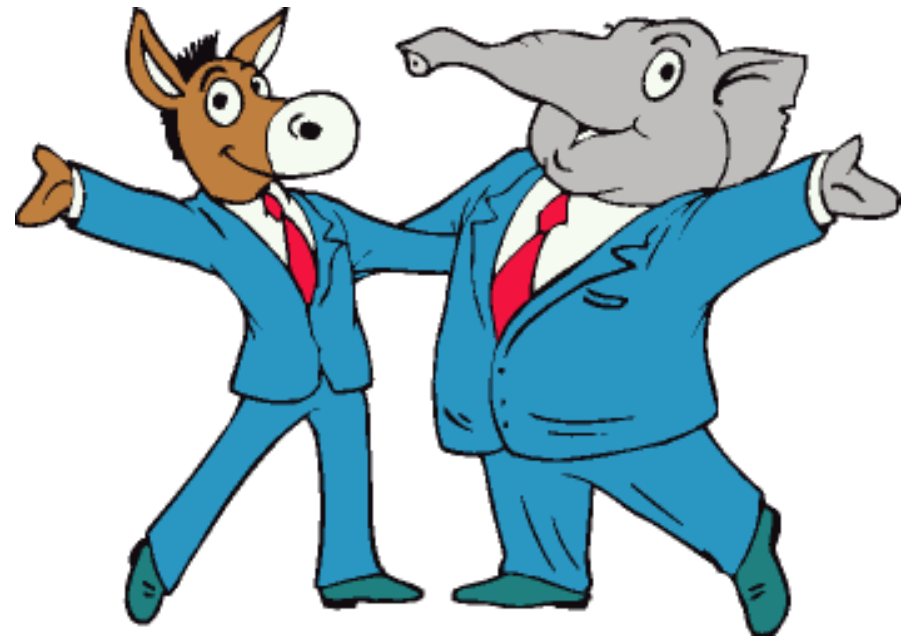
In Washington Infrastructure is being characterized as “The great bipartisan hope of 2017 – a massive public works initiative that would allow Donald Trump and Democrats to show they’re serious about putting blue-collar workers back to work”

Bipartisan Agreement that

- Our nation’s infrastructure is aging
- A robust infrastructure plan will provide strong economic growth and strong job market

*The 2017 Infrastructure Report Card reveals that we have made some incremental progress toward restoring our nation’s infrastructure. But it has not been enough. As in 2013, **America’s cumulative GPA is once again a D+.***

- 2017 ASCE's 2017 Infrastructure Report Card



Refresh your memory ...

The Budget Process

...

Budget Reconciliation:

The Budget Resolution allows language for “Reconciliation” – which allows the Congress to adjust revenue and spending levels to meet the parameters established in the BR.



Budget Reconciliation FY 2017:

Contained language that provided a legislative vehicle for the **Affordable Care Act (Obamacare) repeal and replace** instructions.

Budget Reconciliation FY 2018:

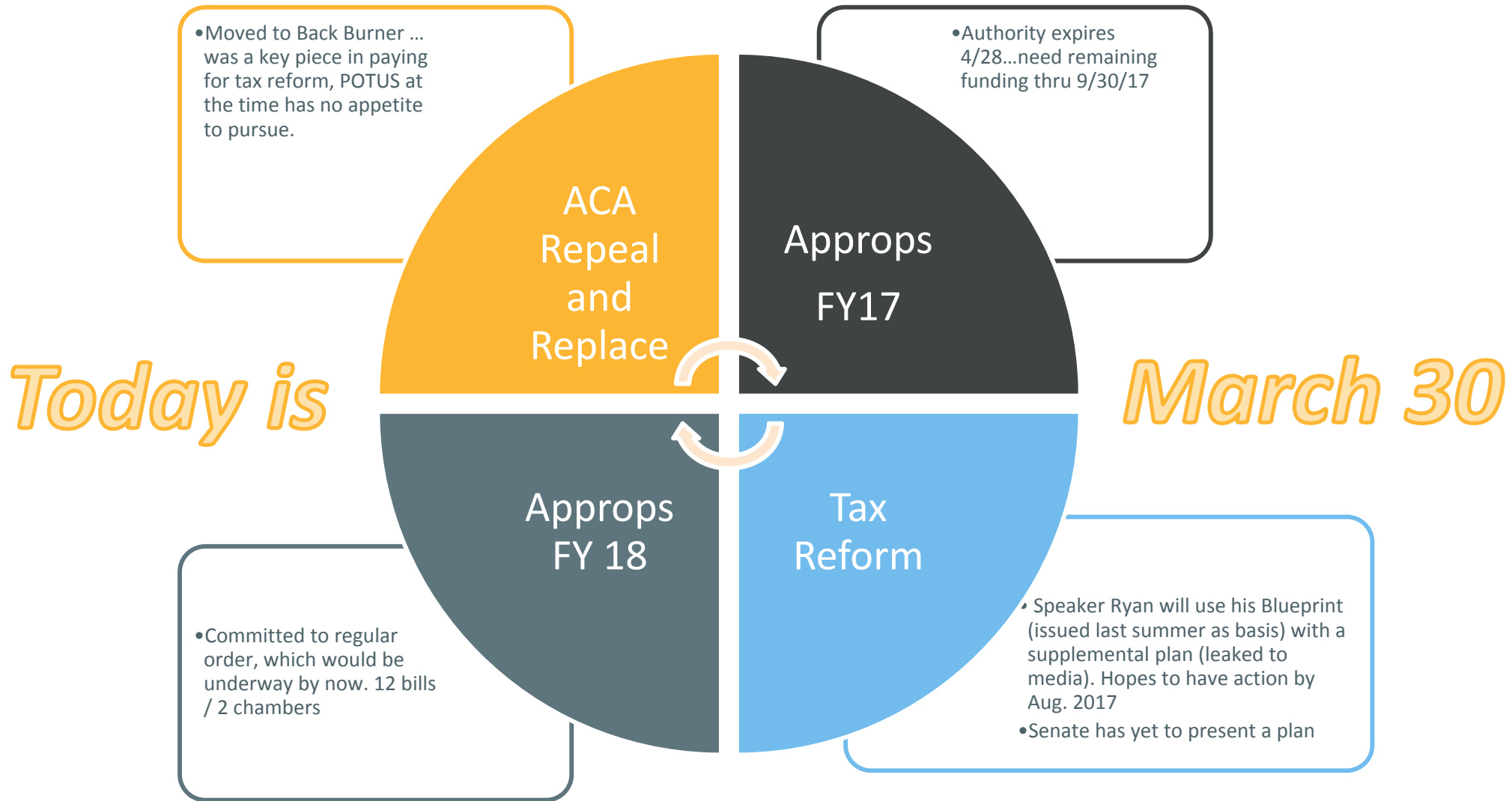
Yet to be introduced but expected to have tax reform and possibly infrastructure package instructions .



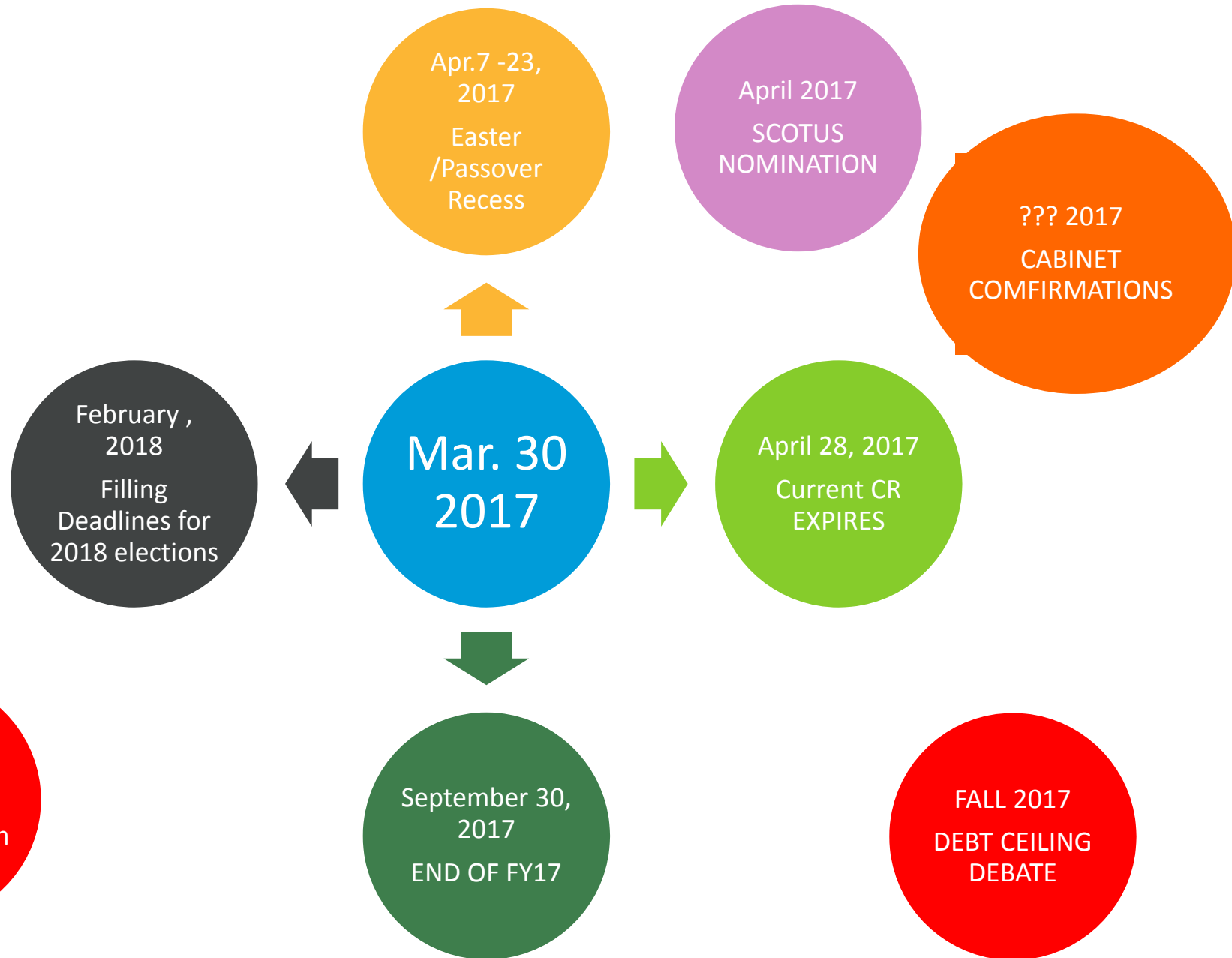
Pairing an infrastructure package with a tax code overhaul may be the "best path" to get both priorities to President Donald Trump's desk, Senate Commerce Chairman John Thune told reporters.

"I think it's easier because I think you have equities in both the Republicans and Democrats when you start talking infrastructure and tax reform, and there could be bipartisan interest in getting something," he said.

Infrastructure in 2017 ?



Timeline / Key Dates



Tool	Amount	Strategy	Revenue Source	Decision Making
Municipal Bond Tax Exclusion	\$1.7T over 10 Years	Locally issued bonds exempt from US taxes	Bonds repaid by local tax payers	Local Government
Federal Highway Trust Fund	\$105B annually as of FY16	Gas Tax collected at pumps and distributed by formula.	Gas Tax (fy16) Opening \$12B HW outlays \$39B Mass outlays \$8B Receipts \$105B Closing Bal \$70B	Federal Govt sets formula for collection. State and Local Govts determine projects
USDOT Capital Investment Program	\$2.3B appropriated annually	Direct investment	Federal Budget, POTUS proposed cuts FY18	Congress Appropriates, DOT administers
DOT-TIGER Grants	\$4.6B for 7 rounds since 2009	Direct Federal Investment	Federal Budget, POTUS proposed cuts FY18	Congress Appropriates, DOT administers
HUD-CDBG	\$3B Annually	Direct Investment	Federal Budget, POTUS proposed cuts FY18	Local Govt determines investments
DOT-TIFIA	FY17-20 \$1.43B = \$305B Authorization	Fed. Loans for Trans.	Leveraged lending with Federal Guarantees	Local / Federal government partnership
EPA-WIFIA	FY15-19 \$50M = \$1.5B annual authorization	Fed. Loans for Water	Leveraged lending with Federal Guarantees	Local / Federal government partnership

Spiritwood Energy Park

North Dakota



Trump Infrastructure Plan

- Released prior to election, constructed by Commerce Sec. Wilbur Ross and National Trade Council Director Peter Navarro.
- Combination of P3s and Fed. Government allocates **\$137B in tax credits** = Over 10yrs **\$1T of investment** infrastructure
- Trump WH has not committed to this plan but favors private sector investment(\$40 PS : \$1 Feds)
- Transportation Sec. Chao *"unleash the potential" of private investors and come up with creative ways to tap their capital*
- **Adds complexity to Tax Code which Trump vowed to simplify**
- **incentives to new projects with tolls even if other priorities without revenue streams, might be more urgent.**
- **Much of the private investment in infrastructure projects comes from tax-exempt pension funds and investment funds controlled by other governments, which also don't pay U.S. taxes**
- **No "pay for" and adds to deficit**

"President Donald Trump has promised to revitalize America's aging roads, bridges, railways and airports, but a plan put forward by his economic advisers relies on a transportation financing scheme that hasn't been tried before and comes with significant risks"



Priority List

Emergency & National Security Projects

President-elect Trump

[https://assets.documentcloud.org/documents/
3409546/Emergency-NatSec50Projects-
121416-1-Reduced.pdf](https://assets.documentcloud.org/documents/3409546/Emergency-NatSec50Projects-121416-1-Reduced.pdf)



Basic Metrics - Running Total/ Initial 50 Projects

- ☑ Total Investment: \$137.5 Billion
- ☑ Private Investment: 50%
- ☑ Jobs
 - ☑ Direct: 193,350 job years
 - ☑ Indirect (est.): 241,700 job years
 - ☑ Long-term:

23. Maryland Purple Line

1. Description: The Purple Line is a 16-mile light rail line that will extend from Bethesda in Montgomery County to New Carrollton in Prince George's County. It will provide a direct connection to three Metrorail lines, as well as MARC, Amtrak, and local bus services.

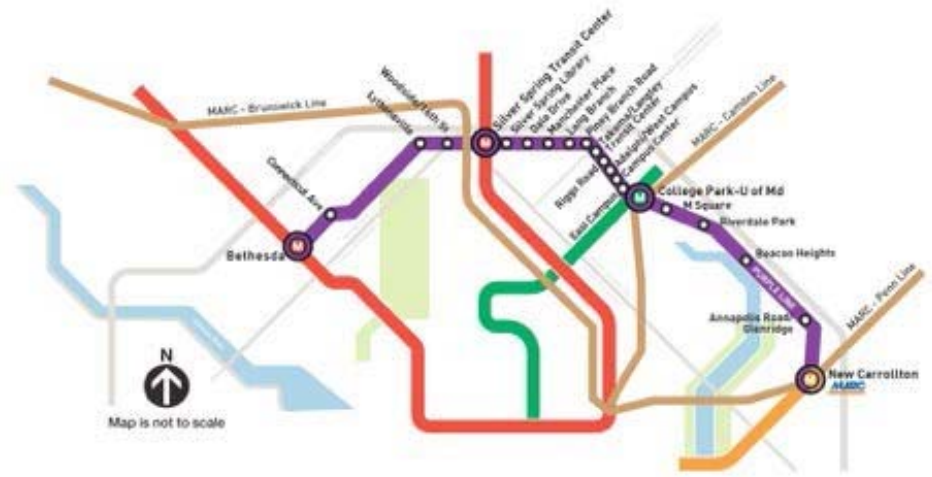
2. Authority: Maryland Transit Administration

3. Cost: \$5.6 billion

4. Jobs: 5,000 direct job years

5. Status

1. Engineering - done
2. Permitting - 95%
3. Funding - PPP (large federal share)



22. DC Union Station Expansion & Rehab

1. Description: Modernization of Union Station including surrounding rail infrastructure.

2. Authority: Amtrak

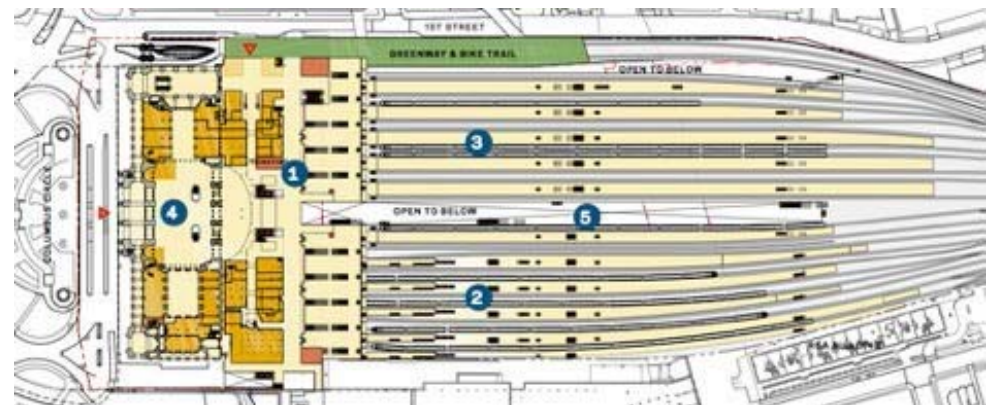
3. Cost: \$8.7 billion

4. Jobs: 16,000 direct job years

5. Status

1. Engineering - done
2. Permitting - 75%
3. Funding - public, private

Note: There are multiple multimodal terminals, including Chicago, Los Angeles and New York - this would be a model



48. Arlington Memorial Bridge

1. Description: The condition of Arlington Memorial Bridge is degrading quickly. The Memorial Bridge has reached the end of its design life and requires extensive rehabilitation, to include full replacement of its center span. Corrective measures are needed now to keep the structure open to the public until the rehabilitation can be performed.

2. Authority: NPS

3. Cost: \$250 million

4. Jobs: 300 Direct Jobs

5. Status

1. Engineering: In progress
2. Permitting: In progress
3. Funding: In progress



1. Gateway Program

1. Description: Reconstruction of critical, high-risk Northeast Corridor rail infrastructure between Newark and New York City
2. Authority: Amtrak, Port Authority of New York & New Jersey (Gateway Development Corporation)
3. Cost: \$12 billion
4. Jobs: 15,000 Direct Jobs; 19,000 Indirect Jobs; Average = \$73,000/yr
5. Status
 1. Engineering: in progress
 2. Permitting: in progress
 3. Funding: seeking Federal



28. MBTA Green Line Extension, Boston

1. Description: The 4.3-mile (6.9 km) extension is intended in order to improve mobility and regional access for residents in the densely populated municipalities of Somerville and Medford, two cities currently underserved by the MBTA relative to their population densities, commercial importance, and proximity to Boston.

2. Authority: MBTA

3. Cost: \$3 billion

4. Jobs: 3,000 Direct Jobs

5. Status

1. Engineering: In progress
2. Permitting: In progress
3. Funding: In progress



5. I-95 Critical Highway Repairs, North Carolina

1. Description: This was one of the first sections of I-95 built and is ranked by the Federal Highway Administration as a top priority and one of the most critical highway repairs needed. I-95 is the busiest interstate in the nation, and this section is a major freight corridor.

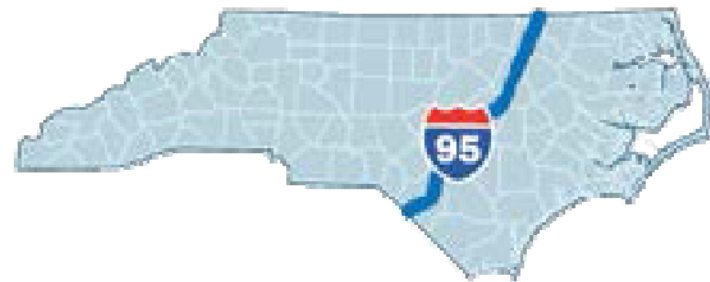
2. Authority: NC DOT

3. Cost: \$1.5 billion

4. Jobs: 5,400 Direct Jobs

5. Status

1. Engineering: in progress
2. Permitting: in progress
3. Funding: seeking Federal



6. 15 Bridges on I-95, Philadelphia

1. Description: All 15 bridges are structurally deficient and need to be repaired or replaced.
2. Authority: Pennsylvania DOT
3. Cost: \$8 billion
4. Jobs: 15,800 Direct Jobs
5. Status
 1. Engineering: in progress
 2. Permitting: in progress
 3. Funding: seeking Federal



7. Mississippi River Shipping Channel Dredging, South Louisiana

1. Description: The complex of ports and shipping facilities located along the Mississippi River in South Louisiana is the largest in the Western Hemisphere by tonnage, connecting 31 up-river states to global markets. However, the Mississippi River Ship Channel depth is not sufficient to accommodate the deep-draft vessels now transiting the expanded Panama Canal, hurting the competitiveness of the ports and the inland industries dependent on them. Congress authorized a 50-foot channel depth in 1985, but the work has never been funded.

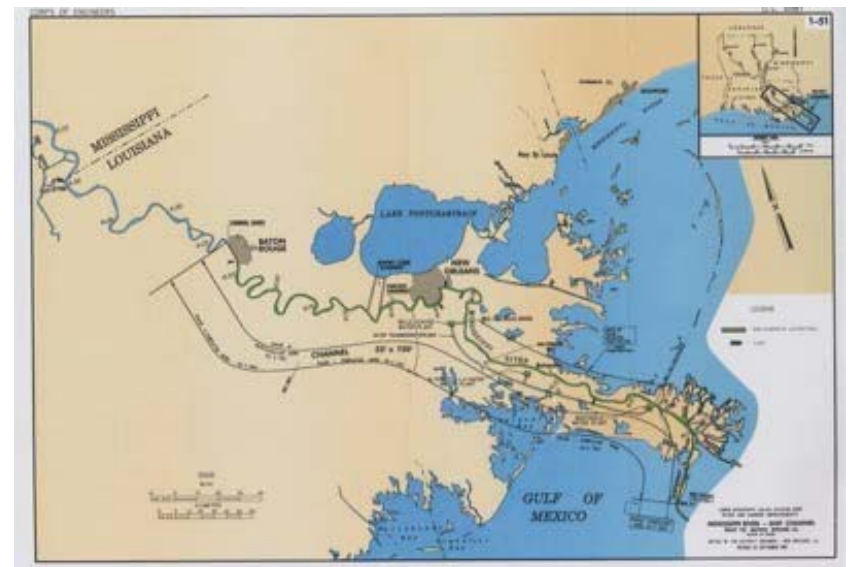
2. Authority: Port of South Louisiana/USACE

3. Cost: \$1 billion

4. Jobs: 200 Direct Jobs

5. Status

1. Engineering: in progress
2. Permitting: in progress
3. Funding: seeking Federal



13. Texas Central Railway

1. Description: Nearly 50,000 Texans, sometimes called “super-commuters,” travel back and forth between Houston and Dallas/Fort Worth more than once a week. Many others make the trip very regularly. The approximately 240-mile high-speed rail line will offer a total travel time of less than 90 minutes, with convenient departures every 30 minutes during peak periods each day, and every hour during off-peak periods – with 6 hours reserved each night for system maintenance and inspection.

2. Authority: Texas Central Partners, LLC

3. Cost: \$12 billion

4. Jobs: 40,000 Direct Jobs

5. Status

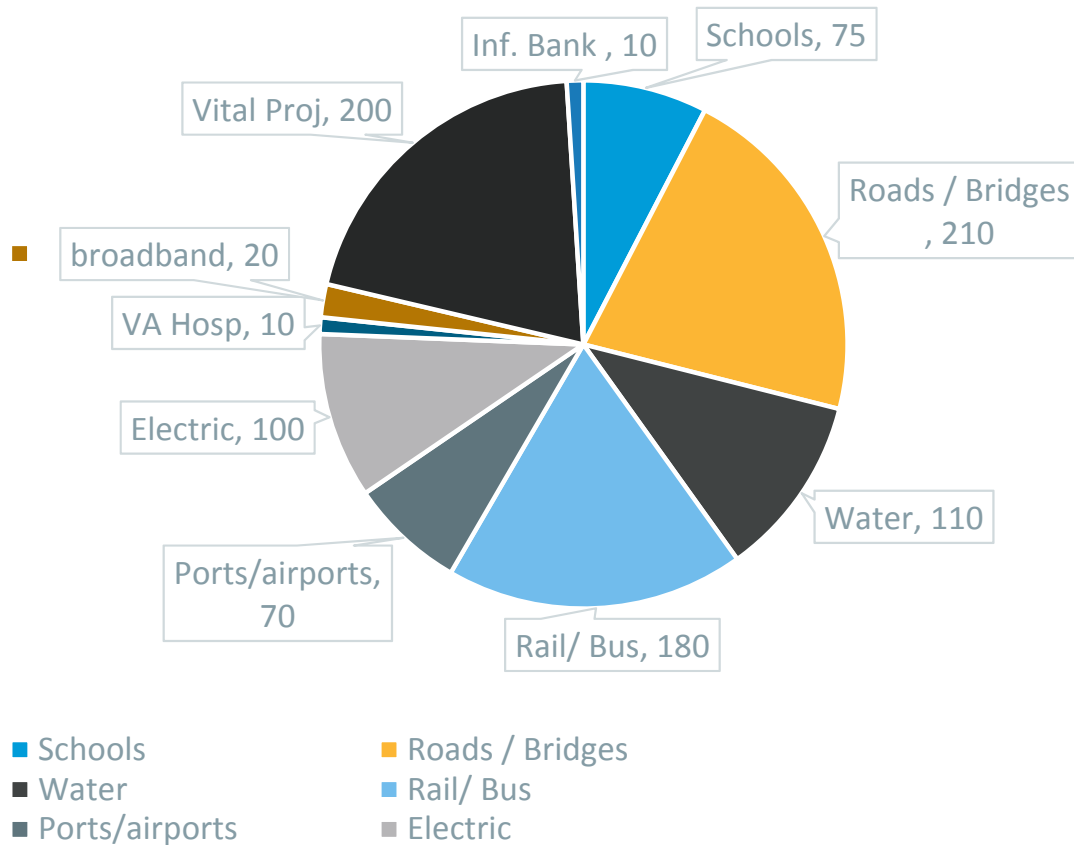
1. Engineering - in progress
2. Permitting - in progress
3. Funding - in progress



**TEXAS
CENTRAL
RAILWAY**
AMERICA'S BULLET TRAIN

Sen. Democrats Infrastructure Plan

- \$1T plan to revamp the nations infrastructure
- **Direct federal spending** yield 15m jobs over 10yrs
- Every \$1B spent = 13k jobs
- 10 year Blueprint allocating...



“During the presidential campaign, President Trump “had a Democratic philosophy on trade, on infrastructure, on carried interest and tax loopholes,” “We’re challenging him to work with us on those in a real way. If not, he will have broken his promise to blue-collar voters...”

- Senate Min. Leader Chuck Schumer



No “pay for” or offset



The NDC American Model™

The International Model

Ownership	Through an “on-behalf-of” not-for-profit	Public ownership Private control
Financing	100% tax exempt debt	Equity and taxable debt
Development	Private Build-to-Suit Integrated Delivery Incentives to perform	Private Build-to-Suit Integrated Delivery Incentives to perform
Operations	Private Cost-based & Subject to Performance	Private Availability-based
Maintenance	Privately contracted Dedicated repair and replacement reserve	Privately delivered Funded through long-term public obligations
Occupancy Costs	Lowest in the industry	Generally higher to cover private guarantees
Property Tax	Usually exempt	Usually subject to property tax

Public Buildings Renewal Act

- Reintroduced bill from the 114th Congress
- Introduced by Senate Finance Committee Energy, Natural Resource and Infrastructure Chairman Sen. Dean Heller (R-NV) and Sen. Bill Nelson (D-FL)
- The bill enables communities to establish public-private partnerships (P3s) for needed public infrastructure improvements, such as in schools or public universities, by **creating \$5 billion in new private activity bonds for public buildings**
- This bill will catalyze the use of P3s in public buildings just as PABs have for transportation.
- the use of P3s to deliver public buildings is extremely **limited** because unlike the transportation sector, public buildings are not eligible for private activity bonds. This inhibits public building P3s from combining tax exempt financing with private financing, resulting in an increased cost of financing
- the bill has an estimated cost from JCT of less than \$50 million over ten years.

NDC through utilization of its American Model for public finance is able to finance public buildings under current existing law.



Recap

Plans	Amount	Strategy	Offset	Administrator
<i>Trump Campaign Plan</i>	\$1T over 10 years	82% tax credit to spur private investment	N/A	US Treasury Dept.
<i>Senate Democrat Plan</i>	\$1T over 10 years	Direct Federal Investment	N/A	Congress Appropriates
<i>Public Buildings Renewal Act</i>	\$5B in NEW PABs for Public Buildings	PABS	Est. JCT cost of less than \$50m	Congress pass legislation- Administered by Treasury and IRS



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