

THE BOND BUYER

IIJA Funding Opens Door for More Infrastructure P3s, Panelists Say

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States are contemplating creative public-private partnerships and other methods as they wrestle with how to leverage the \$550 billion Infrastructure Investment and Jobs Act into the trillions needed for infrastructure projects across the country.

Nevada expanded and activated the State Infrastructure Bank to help leverage private investment, Treasurer Zach Conine said during an interview Monday at the Milken Institute's Global conference in Beverly Hills.

Panelists, including Conine, discussed public-private partnerships and other innovative solutions to close what studies say could grow to a \$10 trillion gap in infrastructure needs by 2050.



"If we talk about jobs, jobs, jobs, that moves local government to move more quickly on projects," Nevada Treasurer Zach Conine said. **Office of Nevada Treasurer**

Funding from IIJA can be used to repair roads, bridges and rail systems, fix water systems and provide broadband access.

“The states were able to move quickly when it came to creating vaccines and everything else they put into action during the pandemic,” said panelist Barbara Humpton, president and chief executive officer of Siemens USA. “They need to approach infrastructure projects with that same level of urgency.”

Nevada’s treasurer said he has taken a three-fold approach to whittling down a wish list of 100 infrastructure projects large and small in the state.

One pension fund, Conine would not name, is interested in investing in infrastructure in the country, but bemoaned the dearth of sufficient projects to invest in, so they have been placing the money outside of the country.

“Large amounts of capital are sitting on the sidelines,” Conine said.

Moving the state’s infrastructure bank forward topped his list of methods of accessing funding for needed projects.

With a part-time Legislature that only meets for a full session every two years, Conine said it was difficult to get approval for state matching funds that met the federal government’s timeline.

Nevada’s infrastructure bank was created in 2017, but was never funded. Lawmakers approved Senate Bill 430 during the 2021 session that allocated \$75 million to the bank to enable it to provide loans and funding for state projects. The definition of infrastructure was also expanded to include social infrastructure so projects that address affordable housing and homelessness, food insecurity, public education, health care and broadband are eligible.

“We changed the statute, because it originally only covered transportation and utility projects,” Conine said.

When the state sold \$75 million in bonds last week to fund the infrastructure bank, the bonds were 20% to 25% oversubscribed, Conine said.

The treasurer said his goal is to use funding from the SIB as seed money to attract private investment and for matching funds to tap infrastructure bill funding. His goal is to leverage the capital on a 10 to 1 basis.

“Private investors want you to have skin in the game and most federal funding is matching,” he said.

Funding is not the only problem facing those who want to improve the nation’s crumbling infrastructure.

In order to move projects forward there needs to be good planning, said Jay Faison, a founder of ClearPath, a non-profit think tank focused on carbon-reduction projects.

“There is no federal plan for dealing with flooding,” Faison said. “Having federal flood insurance is not a plan. An elegant plan should be developed, before we start deploying the money.”

The data being used to build projects is also a hurdle, Conine said.

“We have bad data everywhere,” Conine said. “It’s not just flood data. Most of the data used by the government is a couple of years old, substandard and created on a political basis. Another issue is that often these projects get approved, and then sit on a shelf, and then when money becomes available, they are no longer needed.”

As for speeding up the process, make it all about jobs, Conine suggested.

“We can get the community involved in wanting to build that water treatment plant or that transmission center by emphasizing the new jobs that are created,” Conine said. “We just keep talking about jobs, jobs, jobs and that moves local government to act more quickly.”