

Coalition to advocate increased P3 use for social infra



A coalition that includes developers, banks, infrastructure funds and industry associations has been formed to advocate for the greater use of P3s to build and rehabilitate social infrastructure.

The Performance Based Buildings Coalition, formed last December, is being spearheaded by Samara Barend, P3 Development Director at AECOM.

The group had approximately 35 firms at its last meeting, and 15 additional firms expressed interest in attending but could not, Barend said.

The group is advocating for the creation of Private Activity Bonds (PABs) that can be used on buildings, a PAB category that currently does not exist.

“It’s time for us to get political,” Barend told *InfraAmericas*. “If we put our voices together, we can make an impact.”

Capitol Hill

Barend said the group is working with a congressional caucus on this issue with the goal to make a full presentation to Congress in April.

While she said there may not be an opportunity for a stand-alone bill on this issue, the coalition hopes to include a measure that allows building PABs into a larger piece of legislation in either this session of Congress or the next.

Barend said that P3s for social infrastructure have been left behind in the US, in contrast to the transportation sector, which has used special federal financing vehicles, such as PABs and TIFIA, to help finance a growing pipeline of P3 transportation projects.

But the need is there for P3s to be used for healthcare facilities, courthouses, and schools, a growing number of which are looking like “something out of Charles Dickens,” she said.

Faltering infrastructure

A position paper issued by the coalition noted that the average public school building in the US is now 40 years old, and schools have a current backlog of maintenance and repair projects that ranges from USD 270-500bn.

The paper also says that 42 states have significant shortfalls in infrastructure funding for courthouses, resulting in facilities that frequently do not comply with current codes and disability requirements. More than 330 city halls listed in the National Register of Historic Places are in disrepair.

In contrast, Canada has used P3s to deliver 34 operational hospitals, and 20 are currently under construction. By using a DBFM structure in Calgary and Edmonton, the Alberta government saved USD 97m over 32 years compared to a traditional approach, the paper says.

One of the coalition members, Scott Berry, director of the municipal and utilities division, government and public affairs, of the Associated General Contractors of America, said the AGC is glad to support the “effort to jump start” the construction of social infrastructure.

“This is important to our members,” Berry said.

One of the near-term focuses of the coalition is to “expand our reach,” Barend said, enlisting members of the public sector such as county executives and school superintendents to join as well as various stakeholder groups, such as school board associations.

The time may be right for this initiative, Barend said, as President Obama, in his State of the Union address, named schools as one area where private capital could be enlisted “to build modern schools worthy of our children.”

She said that while President Obama’s proposal for a National Infrastructure Bank has met opposition in past, PABs for buildings could attract support from both sides of the aisle.

“Republicans want to open the door to increased private investment in infrastructure, and Democrats are focused on improving infrastructure,” she said.