

# WHITE HOUSE ROUNDTABLE ON BUILDING THE PROJECT PIPELINE

---

*Dispatch from the High Road infrastructure working group*

---

*MAY 5, 2015*

Douglass D Sims, Director of Strategy and Finance, NRDC Center for Market Innovation ([dsims@nrdc.org](mailto:dsims@nrdc.org))



FORD  
FOUNDATION







1



MISSION +  
DEFINITIONS

2



BARRIERS +  
GAPS

3



SOLUTION  
SETS

4



GREEN  
INFRASTRUCTURE



## MISSION + DEFINITIONS

---

*What puts infrastructure on  
the High Road?*

# Our Brief

---



---

## EVOLVE THE DISCUSSION

---

Beyond “to P3 or not to P3” to “better projects get more public and private financing and support”



---

## INVESTMENT PLAN

---

Map out how to increase public and private investment in infrastructure that delivers superior benefits to communities and can be implemented more quickly, efficiently and equitably



---

## MAKE IT HAPPEN

---

Engage Denver and Los Angeles on where High Road projects are getting stuck and workshop pipelines with deal makers, Federal government, and investors

# High Road Infrastructure

---

**FULFILLS CORE FUNCTION**



**DELIVERS RESILIENCE AND ENVIRONMENTAL  
AND SOCIAL BENEFITS COST EFFECTIVELY**

# Applying High Road Standards to Investment Decisions

---

- Elevates the highest value projects
- Raises resilience, lowers carbon
- Preserves natural resources, improves the quality of life
- Strengthens economic vitality by creating quality jobs
- Builds community consensus
- Ensures “biggest bang for the (public) buck”

# What's on the Low Road?

---



Privatization  
for short term  
benefits



Labor  
arbitrage



Bad decisions  
driven by  
austerity



Not planning or  
designing for  
resilience



Deferring hard  
decisions



Not seeing or  
capturing  
synergies



Locking in  
outmoded  
technologies



Transforming  
places but  
displacing people



# Why Are Standards Needed?

---



Environmental standards account for true costs and benefits



Social standards ensure value added rather than extracted



Financial standards ensure value for money



Standards signal long term value to investors

# How are Standards used by those on the High Road?

---



Public sector for prioritizing projects and targeting subsidies



Philanthropy for targeting resources and engaging stakeholders



Investors for vetting projects



Citizens for judging whether voices are heard

# Examples of High Road Infrastructure

---

## HIGH ROAD SUBSECTORS

### Environment focus (distributed)

- Solar, EV charging
- Energy Efficiency
- Water quality

### Resilience focus (distributed)

- Green infrastructure
- Hardening
- Microgrids

### Social and Community focus

- TOD, Affordable housing
- Parks, green space
- Food hubs, health clinics
- Access to jobs

### Geographic focus

- Low and moderate income economic development
- Connectivity

# Examples of High Road Infrastructure

---

## CRITICAL INFRASTRUCTURE DONE “THE RIGHT WAY”

Clean energy

District heating/cooling

Ports, airports

Water and wastewater  
infrastructure

Transit, bikes, pedestrians

Bridges, tunnels

Waste and recycling

Schools, public buildings





## BARRIERS + GAPS

---

*If High Road Infrastructure is a Good Idea,  
Why Isn't More of It Being Built?*

# Structural Roadblocks

---



No single entity  
with the responsibility/  
capacity to move  
projects



The enabling  
environment may  
not be aligned



Lifecycle costs  
(O&M and capital)  
not considered  
together



Public agencies/  
regulators hesitate to  
embrace new  
technologies



Weak structures for  
community feedback

# Capacity Potholes

---



Lack of bandwidth



Need ways to apply  
standards



Silo-ed institutional  
budgets and  
decision-making



Lack of expertise to  
consider all potential  
delivery and finance  
options



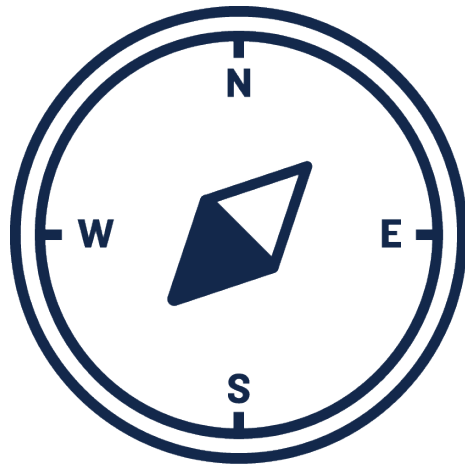
Lack of experience in  
working with non-  
traditional financiers



Trouble identifying  
funding/financing  
sources for priority  
projects

# Difficulty in Locating Funding

---



Lack of bonding  
capacity/credit  
rating

Lack of political  
will to raise  
taxes/fees

Federal funds  
not always  
user-friendly,  
coordinated and  
flexible

Traditional  
P3s options may  
misallocate risk

Philanthropy/  
mission-driven  
deals may be  
complex one-offs

Hard to value  
avoided costs and  
High Road  
outcomes

Scales of  
projects may not  
align to funding  
sources



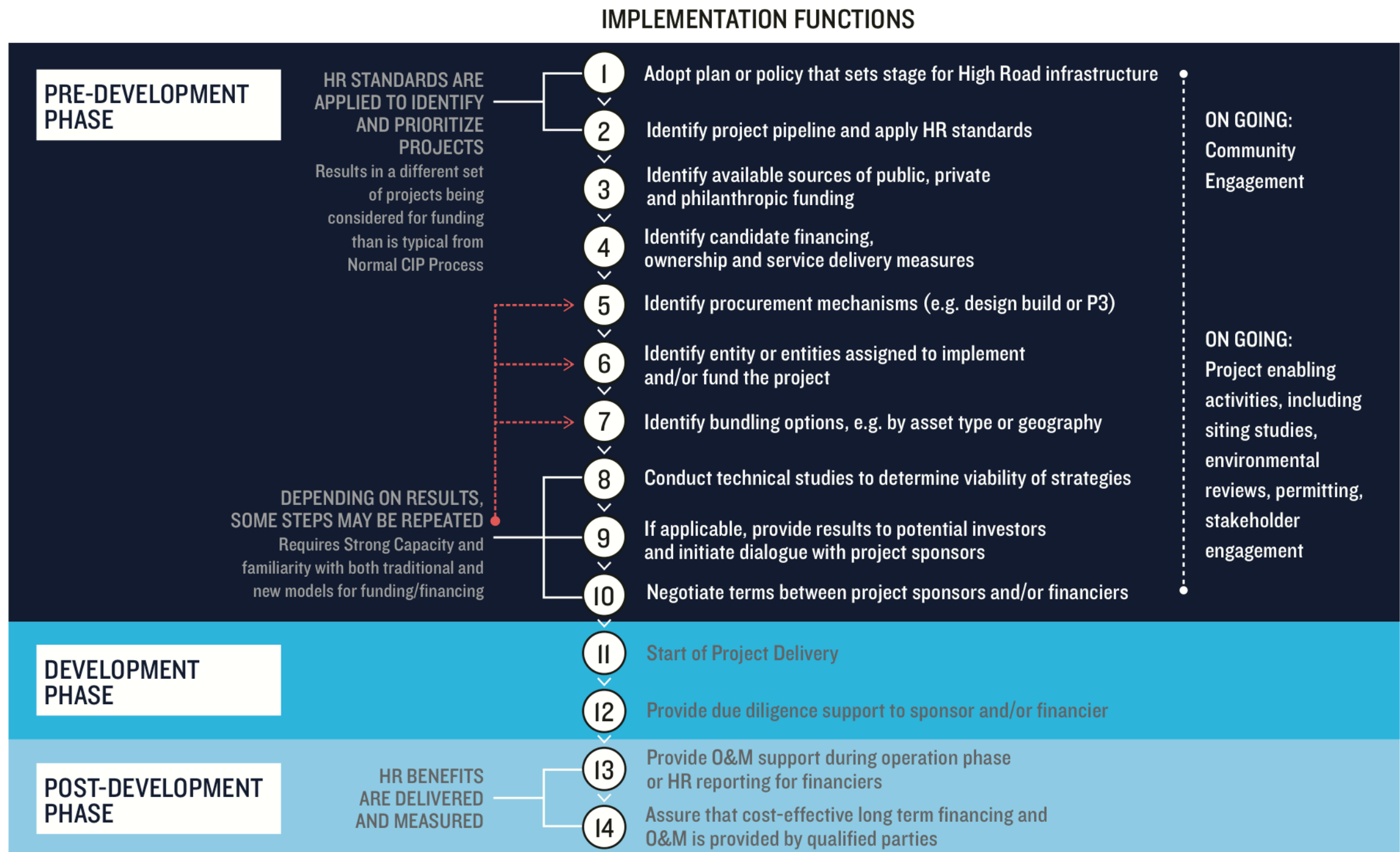


## SOLUTION SETS

---

*Better Pre-Development Protocols +  
More Capacity through Intermediaries +  
New Models for Investment*

# Better Pre-Development Protocols



# More Capacity through Intermediaries

---



---

## PROJECT PREPARATION INTERMEDIARIES

---

Assist with procurement models, RFP design, back office, contract negotiation, project closing, and accessing private sector partners (WCX, Partnerships BC, Environmental Finance Center for water/wastewater, equivalent transportation networks)



---

## MARKET TRANSFORMATION INTERMEDIARIES

---

Enable markets by providing risk mitigation to early investors, standardizing contracts, applying standards, demonstrating aggregation strategies (NY Green Bank, CT Green Bank and mission-driven entities like CDFIs)



---

## INTERGOVERNMENTAL ALLIANCES

---

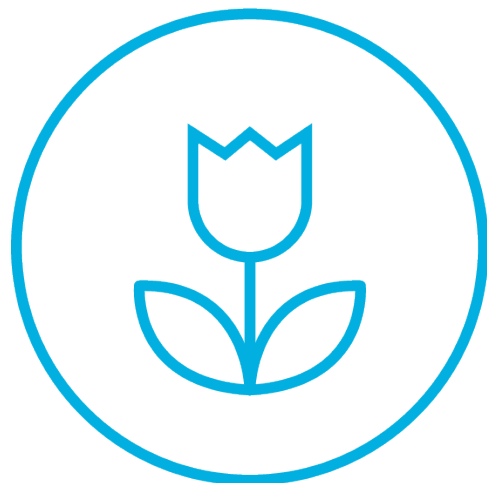
Coordinate municipal or regional infrastructure opportunities and leverage collective resources and experience (Calumet Stormwater Collaborative, North Denver Cornerstone Collaborative, LA City Infrastructure office)

# New Models for Investment

---



**Pension Funds:** New models that permit more direct investment in infrastructure are being launched, potentially providing a huge source of reasonably priced capital, if investible High Road pipelines can be created



**CDFIs:** The community investment model of blending grants, tax credits, PRI, and commercial capital to maximize social value succeeds in real estate. CDFIs now look to move into community scale infrastructure





# GREEN INFRASTRUCTURE

---

*High Road Case Study*

# Green Infrastructure in Philadelphia– VFM done Right

---

A standard imposed by the CWA

Demonstrated Value for Money

Multiple High Road outcomes



**Environmental:** CWA imposes a legal obligation - a standard - to reduce water pollution from runoff



**Economic:** value for money analysis reveals many economic opportunities for greening are on private parcels



**Social:** full accounting includes benefits to property owners and tenants as well as environmental benefits (flooding, air quality, heat islands) (The Green Edge, NRDC, 2014)



**Barriers:** long term O&M, lack of market







THANK YOU