

## **2015 BUILD AMERICAN INVESTMENT THROUGH INNOVATIVE FINANCING FACT SHEET**

### ***Increasing Investment in U.S. Roads, Ports and Drinking Water Systems through Innovative Financing***

***(Facts below highlight investments for water systems)***

The Obama Administration recognizes that a robust infrastructure is critical to accelerate economic growth, expand opportunity, create jobs and improve the competitiveness of the American economy. The Obama Administration launched dual **Build American Investment** initiatives to encourage investment in our nation's infrastructure to create jobs, help American businesses, and grow our economy.

The system of water pipes that bring drinking water to homes and businesses, for example, is rapidly aging. An estimated 237,600 water mains break every year. We also lose more than 46 billion gallons of water per day through leaking pipes - enough water to supply the 10 largest American cities for almost two weeks. And the costs for maintenance are only increasing. Over the next fifteen years, utilities will have to spend three times as much on pipe replacement as the current system continues to decline.

The Administration's activities through the Build America Investment Initiative will help interested local and state governments build more of these projects by bringing together the public and private sector to identify challenges and explore creative financing strategies - not only in water but in transportation, energy and broadband.

- July 2014 President Obama launched the *Build America Investment Initiative*, calling on federal agencies to find new ways to increase investment in ports, roads, bridges, broadband networks, drinking water and sewer systems and other projects by facilitating partnerships between federal, state and local governments and private sector investors.
- January 2015 President Obama announced additional steps to foster more private sector capital and expertise to building out critical infrastructure by doing the following.

➤ **NEW EPA Water Finance Center** - established to assist with Drinking Water and Wastewater System investments through a new Center at EPA. The Center will work closely with municipal and state governments, utilities and private sector partners to use federal grants to attract more private capital into projects and promote models of public private collaboration that can address the real needs of cities and towns to provide safe water, rebuild sewer systems and keep streams and rivers clean.

- Foster private sector investment and expertise into water system construction and management:
  - o bring together investors and project sponsors;
  - o highlight promising deals;
  - o provide peer-to-peer learning and workshops; and develop case studies and toolkits, and

- work with states to maximize the benefits of more than \$3 billion in annual federal water investments.

➤ **NEW USDA Rural Opportunity Investment Initiative**—established to identify opportunities for investment in promising rural water, energy, and broadband projects, reduce barriers to investment and connect projects with investors.

- Help attract investment to small communities: work with on-the-ground partners to provide financial training and technical assistance to small communities and rural water systems.
  - Connect projects to investors to facilitate and catalyze rural investment opportunities for the public and private sectors.
  - Improve access to over \$30 billion in existing USDA credit programs

➤ **Qualified Public Infrastructure Bonds (QPIB)**— the Administration seeks to expand opportunities for effective and productive public private partnerships (P3s) by proposing the creation of an innovative new kind of municipal bond to enhance the opportunity for PPPs-- projects that combine public and private investment- so that local and state governments can more easily work with the private sector to advance the public interest. ,.

- Leveling the Playing Field for Public Private Partnerships
  - QPIBs will extend the benefits of municipal bonds to public private partnerships, like partnerships that involve long-term leasing and management contracts, lowering the cost of borrowing and attracting new capital.
  - QPIBs will expand the scope of PABs to include financing for airports, ports, mass transit, solid waste disposal, sewer, and water, as well as for more surface transportation projects.
    - Unlike PABs, the QPIB bond program will have no expiration date, no issuance caps, and interest on these bonds will not be subject to the alternative minimum tax.
  - These modifications will increase QPIB's impact as a permanent lower cost financing tool to increase private participation in building our nation's public infrastructure. QPIBs would not be available for privately-owned facilities or privatizations of public facilities.

More details on QPIBs will be available in the upcoming Budget to be introduced in early February.