Hicks-Ray Associates

washington dc update

"The Case for an Infrastructure Bank"

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On September 15th, the prominent financier Felix Rohatyn wrote an op/ed for the Wall Street titled "The Case for an Infrastructure Bank." Mr. Rohatyn argues that the current process of authorization and appropriations for infrastructure is an inefficient method of delivery. He writes:

"A national infrastructure bank could begin to reverse federal policies that treat infrastructure as a way to give states and localities resources for projects that meet local political objectives rather than national economic ones. The bank would evaluate prospective infrastructure projects on consistent terms. It would be able to negotiate with their local sponsors of a project what their cost shares should be. The bank also could help groups of states come together for regional projects such as high-speed rail and better freight management. Such consolidation would improve project selection.

The bank also could ensure that states and localities consider all other options—from wetlands preservation to implementing tolls—before structural options are funded. It would create an avenue to private investors to put risk capital into new projects and bless their involvement with the bank's own participation. In short, it would treat infrastructure like a long-term investment, not an expense."

It you like this approach, then you can stop reading and write your Member of Congress to support the creation of a National Infrastructure Bank in the 112th Congress. This proposal already has the backing of the Obama Administration.

But WESTCAS members may want to ask themselves questions based on Mr. Rohatyn's op/ed:

- Did you realize that your local infrastructure projects "meet local political objectives rather than national economic ones?" That might be a surprise to WESTCAS members.
- Do you like the national cost/sharing guidelines that are now a part of infrastructure authorizations such as WRDA and Title 16 or would you prefer Mr. Rohatyn's Bank negotiating your cost share on a case by case basis? How would you feel if a neighboring agency got a 90/10 cost share by the Infrastructure Bank gave you 75/25?
- And how about that mention that any applicant to the bank would have to consider all options and alternatives to its proposed project including the preservation of wetlands and the sustainability agenda in general? Maybe your project doesn't even need to get built in the first place. The Infrastructure Bank will make the call.

The issue of finding the financing for all of the trillions of dollars in national infrastructure needs is a very serious one and having a national policy debate is essential, particularly in light of the federal budget deficits that stretch as far as the eye can see.

However, the headlines for issues like the Infrastructure Bank, which usually reference hundreds of billions of dollars in new infrastructure funding often don't mention some of the strings that come attached to a process that would reduce the involvement of the legislative branch of government and transfer it to a "national bank."

Food for thought.