



Executive Council *on* Infrastructure

PUTTING PRIVATE CAPITAL TO WORK IN RURAL INFRASTRUCTURE

Rural communities have overwhelming infrastructure needs but often lack the economies-of-scale necessary to attract private investors who can help finance infrastructure projects. Additionally, rural officials and staff often lack the resources and expertise to negotiate alternative financing approaches. Moreover, private investors will need to be repaid, and many rural communities lack available funding due to their smaller populations and tax base. BPC's new report identifies five strategies to enable more rural communities to use private capital to help address their infrastructure needs.

Strategies to Enable More Rural Communities to Leverage Private Capital

- 1. Targeted funding.** Continued public funding for rural infrastructure is essential. In addition, support for pre-development expenses, P3 screening, and life-cycle cost analysis would help rural communities lay the groundwork for private sector investment.
- 2. Project bundling.** A bundled suite of projects can bring the necessary scale to attract private sector interest as well as take advantage of economies of scale to deliver cost savings.
- 3. Regional coordination.** When approached regionally, infrastructure projects may be able to draw upon a larger revenue base, more financing options, and expertise from regional entities.
- 4. Capacity building.** Most rural agency staff has little experience with alternative approaches to infrastructure delivery and financing, so technical assistance is critical.
- 5. Accessible financing.** Making federal and state loan and credit programs easier for rural communities to access could help them leverage private capital by bringing financing to the table.

Federal Recommendations

- An **Office of Rural Partnerships**, either in the White House or a cross-cutting cabinet agency, to coordinate “on-the-ground” technical assistance teams, encourage state and regional coordination, identify best practices, and provide pre-development funds to help communities develop projects that are appropriate for private investment.
- A **Rural Bundling Pilot Program** to help rural areas combine multiple projects into a single procurement in order to increase efficiency, reduce costs, and potentially attract private investment.
- A **Rural Liaison** in each infrastructure agency to help rural communities compete for funding or financing, which would help position those areas to attract additional private sector investment, and to coordinate and streamline application processes and eliminate duplicative requirements.
- **Flexible financing** for rural communities should be incorporated into any new infrastructure financing program, such as reduced application fees, long-term loans, or the potential for loan forgiveness. Moreover, infrastructure projects should be eligible for any new financing programs developed for rural areas outside an infrastructure package.



Examples of Rural Projects Involving Private Capital

Project	State	Locality	Type of Private Capital	Project Lead	Infrastructure Type	Funding Source
Rural Infrastructure Opportunity Fund	National	Multiple	Loan fund	USDA-CoBank	Community Facilities	Multiple
TRAX Transit	TX	Paris	Contribution/exchange	Tex-Ark Regional Commission	Bus system	Public funds; private contributions
North Country Landfill Gas-to-Energy Project	NY	Watertown area	Contribution/exchange	Development Auth. of the North Country	Landfill	Methane sales
Coalfields Expressway	VA	Multiple	Contribution/exchange	Virginia DOT	Rural highway	TBD
Prichard Intermodal Gateway	WV	Prichard	Contribution/exchange	WV DOT	Intermodal freight facility	State and private funds
Rapid Bridge Replacement Program	PA	Multiple	P3	Pennsylvania DOT	Small bridges	State transportation funds
Portsmouth Bypass	OH	Portsmouth	P3	Ohio DOT	Rural highway	ADHS and state transportation funds
CNG Fueling Project	PA	Multiple	P3	Pennsylvania DOT	Natural gas fueling stations	State transportation funds, CNG sales
Ransom Water System	IL	Ransom	P3	Village of Ransom	Water system	Water rates
Keystone Wastewater Treatment Plant	SD	Keystone	P3	Town of Keystone	Wastewater treatment plant	Water rates
Holyoke Wastewater Treatment Plant	MA	Holyoke	P3	City of Holyoke	Wastewater treatment plant	Water rates, general funds
Fargo-Moorhead Area Diversion Project	ND, MN	Fargo	P3	Army Corps of Engineers; Diversion Authority Board	Flood control	Federal and state funds, local sales taxes
Grand Prairie Irrigation Project	AR	Multiple	P3	Army Corps of Engineers	Irrigation system	Water rates (expected)
Kentucky Wired	KY	Multiple	P3	KY Communications Network Authority	Broadband	Service fees
Blinn College Residence Hall	TX	Brenham	P3	Blinn College	Student housing	Housing fees

