

A Note from the Blueprint 2025 Initiative**The Biden Infrastructure Plan**

The Blueprint 2025 Initiative (“BP2025”) is a collaboration among infrastructure professionals, leading infrastructure development companies and public sector project managers, including the managers of state infrastructure banks. Our focus has been on efforts to our country’s position as the nation with the world’s best, most technologically advanced and most productive infrastructure. More recently, it has become clear to us that our country is at a critical moment where digitization and electrification are demanding transformation of our infrastructure and offering the potential, through American innovation, to make us the unparalleled leader of the 4th industrial revolution. Thus, particularly in recent months, we have commented extensively on the infrastructure related provisions of the CARES Act, the American Rescue Plan Act and related legislative and administrative proposals. As a result, we have received requests for comments regarding the Biden Administration’s infrastructure proposal — the American Jobs Plan.

Introduction

The U.S.’ essential drive towards Digitization and Electrification is transforming the necessary role of its infrastructure from providing a basic foundation to support productivity and quality of life to functioning as both the foundation and brains of the economy. This isn't simply a movement along a continuum, it’s the largest industrial shift in 120 years. The Blueprint 2025 Initiative, commenced in 2015, and the non-profit Strategic Infrastructure Performance Institute were created to address these issues. We believe that the recommendations and philosophy developed over the last four – plus years provide a basis for bi-partisan compromise on the pending infrastructure legislation and chart the right path forward in restoring U.S. preeminence. Our suggestions follow.

The Biden Proposal

There are critical things that must be gotten right if any infrastructure legislation is to succeed –the funding sources, the projects to be funded and the funds that flow to them, the expedition and efficiency of the process and the publically perceived performance of the assets that are built.

–While we would hesitate to characterize as “infrastructure” expenditures which appear to fund services rather than structures, we otherwise are in general agreement with the Biden Plan’s scope, magnitude and focus and the way in which it deals with the critical policy issues. However, a good deal more detail regarding its *implementation* is required. *How is it to be funded? What are the proper roles of States, Communities, the Congress and the Private Sector? How are the Projects to be selected? How is timely commencement and completion to be assured? How do we assure efficiency, transparency and the absence of corruption in the procurement and project management processes? How do we assure realization of New Infrastructure’s potential to empower and uplift currently disadvantaged segments of our society?* These are all questions to be answered in assuring that this legislation will be workable. These answers may also provide the basis for a working consensus leading to enactment.

The Role of States, Communities, the Private Sector and the Congress

–Although the Biden Plan seems to suggest that Infrastructure is a primarily federal program, the fact is that about 70% of the *public* dollars spent on infrastructure come from States and Communities. Another very substantial percentage of what we traditionally consider infrastructure – power lines, power plants, pipelines, fueling stations etc. – is funded, managed and operated by the private sector. This suggests that, although it may be entirely appropriate for the federal government to lead the way in research to develop cutting edge infrastructure technologies, to negotiate national and international standards and to establish broad national priorities and policies, it cannot be the primary decision maker with respect to most specific projects. Achievement of the Biden Plan’s ambitious infrastructure goals will depend on buy in and financial commitments from project decision makers. With respect to public projects, these decision makers will most often be States and Communities. With respect to projects to be owned or operated by the private sector - charging stations, pipelines, telecommunications systems, clean energy projects etc., the decision makers will most likely be private entities. What this all means, of course, is that projects won’t get built unless we make it attractive for financiers to finance and builders to build. To do that, the pending legislation should include the following features:

Establishment of a National Infrastructure Laboratory

–President Biden has proposed substantial funding for research to develop, demonstrate and make available innovative infrastructure technologies. We strongly support that concept and suggest the establishment of a *National Infrastructure Laboratory* empowered both to evaluate, assimilate and make available relevant research and technology from DARPA, ARPA-E, the National Energy Laboratories and other relevant governmental assets and to support relevant studies by Academic Institutions and the private sector, While careful management will be required to avoid duplication and overlap, the infrastructure emphasis inherent in this approach is necessary in order to provide adequate and appropriately focused leadership in infrastructure related research.

Establishment and Empowerment of a National Infrastructure Bank

–Since the bulk of the financial burden of the massive infrastructure build and maintenance contemplated by the Biden Plan must be borne by States, Communities and the private sector, it seems more than appropriate to do all that is possible to ease that burden through the creation of effective financing mechanisms. Particularly if supported by reinstitution and adaptation of programs such as the Main Street Loan and Municipal Liquidity programs established by the CARES Act and similar programs that have been suggested by Senators Bennet, Wicker and others, a National Infrastructure Bank could do much both to lighten this load and to magnify the positive impact of every federal dollar spent. By coordinating these programs with Treasury and the Federal Reserve, and by coordinating and bringing to bear the expertise and contacts of the 37 State Infrastructure Banks now in existence and others to be established, the NIB could greatly facilitate implementation of the Plan and, as experience with the 2009 crisis showed and as OMB’s CARES Act scoring concluded, much of this enhancement can be accomplished without negative budgetary impact. It is clear to us that the federal government cannot be the only, or perhaps even the predominate, source of infrastructure finance. An NIB can be an effective instrument in mobilizing all of the sources of capital that must be called upon if success is to be achieved.

A Fair and Workable Process for Project Selection and Prioritization

–Projects are the only true north of infrastructure, and getting the right projects going this year is critical to success. The first 12 months are critical. After that, political capital will degrade. As the recent Congressional Modernization report observes, a problem with the current system is that it moves the “power of the purse” from the Congress to the administrative agencies. The effects of that transfer of authority include lack of synchronization between the objectives of this infrastructure plan and the goals of the previously enacted laws which now govern allocation of federal funding, the bureaucratic delays inherent in an administrative grant award process and inappropriate limitations on states’ discretion in selecting and funding priority projects. While the Biden Plan’s objectives must be taken into account in project prioritization, it seems to us that States, their Infrastructure Banks and their Congressional delegations are in a superior position to judge critical needs and appropriate schedules. The Modernization Committee’s recommendations regarding a new, more transparent “earmark” system need to be taken seriously particularly in the infrastructure context, and the appropriate role and special expertise of states in determining their infrastructure destinies must be fully recognized. Memorialization of these concepts in this legislation will both resolve potentially fatal flaws in the project selection process and achieve the critical objective of engaging the public, at the local levels, in the effort to meet our infrastructure challenge. As noted, states, localities and local private interests will bear most of the burdens of the Biden Plan. Without state and local commitment, the Plan will fail.

A Commitment to Methods Assuring Timely and Efficient Project Completion & Long-term Project Performance

There is increasing recognition, even in the mainstream media, that the process of constructing infrastructure in the United States is the worlds’ most expensive and time consuming. It is difficult to see how the Biden Plan objectives will be achieved if ten years or more continues to elapse between conception of a project and its completion and if cost overruns in the multiple teen percentages or beyond continue to be the norm. This is about more than issues around delays in the environmental review process. The procurement process is slow, antiquated and imprecise, as is the construction and project management technology which is now generally in use. Fortunately, as we pointed out in recent comments on revisions to the CEQ Environmental Review procedures, many of these problems are amenable to solution or at least mitigation through the application of modern digital technology – which can ensure, not only that potential impacts can be expeditiously and efficiently considered, but also that the procurement and construction processes and operation will be as intended. The National Infrastructure Laboratory, recommended earlier, would be an appropriate forum for advancement of requirements for development and use of software systems to assure expedition, efficiency and transparency. We strongly support the inclusion of requirements for development and required uses of these sorts of technologies in the legislation here under consideration.

A Commitment to Empowerment of the Historically Disadvantaged

To end on an optimistic note, we would direct attention to the continued theme at our recent *Infrastructure Leadership Conferences* to the effect that “New Infrastructure provides new opportunities.” Commitment to new infrastructure offers the opportunity to reverse the policies of the past and concentrate on making certain that the new jobs and entrepreneurial opportunities to be created by 21st century infrastructure will be particularly available to sectors and groups that historically have been ignored or adversely affected <https://www.gvip.io/gviptv>. If we do infrastructure right, we can create opportunities, in opportunity zones and other underserved areas, for new data analytics

businesses, new call centers, new trading hubs, new clean industries etc., etc., etc. This needs to be clearly stated as an objective of this legislation and money must be provided for planning its accomplishment. No sector should be left behind. Those that have been historically disadvantaged should receive special consideration and opportunities for education and training.

Endnote:

These recommendations represent a broad consensus among the many members of the infrastructure community that support the *Blueprint 2025 Initiative*. We also believe that most of them will have appeal on both sides of the Congressional aisle and could contribute to the development of a bi-partisan bill that can pass in regular order. We sincerely hope that this is the case and that anyone who is interested will feel free to call on us if anything further is needed.ⁱ



Norman Anderson
Chairman & CEO
CG/LA Infrastructure
Founder, Blueprint 2025
P: 1.202.776.0990
E: nanderson@cg-la.com
W: CG-LA.com | gvip.io



J Gordon Arbuckle, Chair
2025 Law and Policy LLC
2550 M Street NW
Washington, DC 20037
T: 1 202 775 2025
M: 1 303 619 5123
E: gordona123@earthlink.net

ⁱ Norman Anderson's recent book, *Our Strategic Infrastructure Roadmap Forward* – offers a more detailed roadmap to the philosophy underlying these recommendations.

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