

September 9, 2014

Dear Governor:

You know all too well that the Nation's transportation infrastructure is facing a crisis. We cannot meet the needs of a growing country and a growing economy by simply maintaining our current level of effort. We must do more. That is why President Obama is determined to use all available tools to increase our investment in the roads, bridges, railways and ports that our Nation depends upon.

In July, the President announced the Build America Investment Initiative, a new Government-wide effort to support and expand the use of innovative financing strategies, such as public-private partnerships (P3s), to help fill the Nation's infrastructure deficit. As part of this initiative, and recognizing that there is no substitute for adequate public funding, we at the U.S. Department of Transportation (USDOT) are working with the White House, the U.S. Department of Treasury, and colleagues across the Administration to find ways to harness the potential of private capital to complement Government dollars.

At USDOT, we are setting up a new one-stop shop—the Build America Transportation Investment Center—to provide resources and expertise to State and local governments, public and private developers, and investors seeking to use innovative financing strategies for transportation infrastructure projects. Some States and localities have found success in using project financing, such as loans and bonds, alongside traditional public resources, and our goal is to help project sponsors fully understand their options and assist them through the necessary processes and requirements.

The purpose of this letter is to ask your assistance in identifying a pipeline of projects that can best benefit the most from our collective attention, ideally projects that are still relatively early in the planning process. More specifically, I ask that you scan your programs for any projects that could qualify as P3s and send me your list. We are keenly interested in getting involved with projects early on so innovative financing can be a consideration as a project takes shape.

By engaging with project sponsors early on, the Build America Transportation Investment Center can help them understand the most advantageous strategies for financing the project and, perhaps, assist in assembling a package of funding and financing resources. The Center will draw upon and elevate the expertise and resources of all USDOT's modal administrations and combine their perspectives to provide a multi-modal approach to project financing. Some initial materials are already available at the Center's website (<http://www.dot.gov/buildamerica>). The Center has multiple resources and tools under development, and we would welcome feedback on how it can be most helpful to States seeking to learn more about public-private partnerships and other innovative financing strategies.

A number of States and cities have taken initiative and developed successful public-private partnerships that add private capital into this mix. In Denver, for example, the \$2.04 billion Eagle P3 Project combines Federal grants, a loan through USDOT's Transportation Infrastructure Finance and Innovation Act program, private activity bonds, sales tax revenue, county and city contributions, revenue bonds, and private equity to provide new rail transit options along three corridors in metropolitan Denver. The Eagle P3 project is being delivered as a design-build-finance-operate-maintain concession contract, and is considered the first rail-transit public-private partnership in the United States. We want to encourage and facilitate greater opportunities for the public and private sectors to collaborate on projects like this one.

Expanding innovative financing is, of course, not a substitute for adequate public funding. As we await Congressional action on a comprehensive and sustainable funding solution, the President has also introduced the GROW AMERICA Act, or Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America. This multi-year surface transportation reauthorization package will support millions of American jobs repairing and modernizing our roads, bridges, railways, and transit systems; help ensure that American businesses can compete effectively in the global economy and grow; and pave the way forward by increasing access to the ladders of opportunity that help Americans get ahead. I ask for your support of this bill as well.

Please do not hesitate to contact me with ideas for how the Build America Transportation Investment Center can be most helpful to State and local project sponsors, and how the Build America Investment Initiative can have the greatest impact on our infrastructure deficit.

Please send recommendations for this pipeline of projects to Mr. Paul Baumer, U.S. Department of Transportation's Office of Infrastructure Finance and Innovation, via email at paul.baumer@dot.gov.

I look forward to receiving your feedback as well as your list of potential P3 projects.

Sincerely,

Anthony R. Foxx