The United States faces an infrastructure crisis. While our global competitors invest billions in new roads, mass transit, water systems and electrical grids, the American Society of Civil Engineers ranks the condition of our infrastructure at a dismal D+. The Great Recession and slow economic recovery have strained the tax revenues of state and local governments, widening the already well-documented infrastructure investment gap. Meaningful federal assistance appears unlikely and will certainly fall far short of the estimated $3.7 trillion needed nationally by 2020.
A Path Forward: Public Ownership and Private Partnership

Given the staggering backlog of deferred maintenance on our current infrastructure and the reality of declining federal and state resources, we cannot continue to build and maintain infrastructure exactly as we have in the past. We cannot afford to follow a status quo established in a fundamentally different funding environment. We need a new approach for new times: a new generation of publicly-owned infrastructure that better leverages the private sector’s expertise and access to capital.

There are numerous ways that the private sector could help address our infrastructure challenges more effectively than the status quo approach. In Canada, the United Kingdom, Australia and elsewhere the private sector commonly helps finance publicly-owned infrastructure projects. Through partnership with public owners, it integrates infrastructure’s design, construction, and long-term maintenance responsibilities and accepts the risks of construction and operating cost overruns. These partnerships have successfully spurred billions of dollars of investment in transportation, water, and social infrastructure. They provide the financing necessary for projects to proceed. They align the public sector’s goal of effective life-cycle cost management with the private sector’s opportunity for gain and risk of financial loss. Their efficacy in containing costs and ensuring proper upkeep is well-documented, as are the benefits they offer to both investors and the public.
A Catalyst for Change

The West Coast Infrastructure Exchange (WCX) was created by the Governors and Treasurers of the West Coast states and the Premier of British Columbia to promote the type of new thinking necessary to solve our infrastructure crisis. WCX is the first organization of its kind: a unique regional platform designed to spur infrastructure innovation and accelerate a pipeline of innovative infrastructure projects in California, Oregon and Washington.

Formed in 2012, WXC is an independent 501(c)(3) non-profit. Our board consists of senior representatives of the Governors and Treasurers of the member states and the Executive Director of Partnerships British Columbia: a governmental agency instrumental in bringing private sector financing and operational expertise to over forty projects in British Columbia. To date, Partnerships British Columbia has spurred the investment of over $7 billion of private funding in public infrastructure since it was created in 2002.

By bringing together three adjacent states and a Canadian province, WXC was created to advance a new infrastructure model and

- Develop standards for private sector participation that address stakeholder concerns and protect the public interest.
- Share best practices in infrastructure development, finance and operations.
- Ensure that infrastructure investment decisions consider the impact of climate change.
- Provide unbiased advice and technical assistance to public sector decision makers.
- Engage the expertise of infrastructure innovators such as Partnerships British Columbia.
- Pre-screen projects to evaluate the advantages and disadvantages of traditional and alternative financing/procurement approaches.
- Foster an innovative infrastructure pipeline by readying projects for private investment.
- Connect projects with private capital.

WCX serves as a translation point between the public and private sectors, each of which brings its own experiences and perspectives to infrastructure investment decisions. Public sector decision-makers use WXC to develop best practices and access hands-on training in innovative financing and maintenance methods. Potential investors and stakeholders have welcomed WXC’s efforts at developing standards common to multiple infrastructure types across the three states. Union and public employee pension funds, which jointly direct hundreds of billions of dollars of investment decisions, are especially interested in WXC’s efforts for multiple reasons: the opportunity for long-term investments that match their liabilities, the resulting living-wage jobs, and the economic growth fostered by improved infrastructure. These pension funds are currently investing in public infrastructure throughout Canada, Europe and Asia, prompting the question: “Why not here?”

Successfully tackling our infrastructure needs will require active engagement from both the public and private sectors, and WXC serves as an honest broker of information among all parties. In this role, WXC sees keen interest from the public and private sectors in reversing the status quo and heading towards progress rather than decline. Our infrastructure needs are great, and so are the opportunities to tackle them through innovative methods. WXC is uniquely positioned to turn these opportunities into tangible successes and bring a 21st Century solution to one of our era’s defining challenges.
“Workers in the US and Canada want to see more of their pension funds put safely to work at home, helping rebuild our domestic infrastructure, expand our economy, and rebuild the middle class by creating new and lasting jobs. To keep the promise of retirement security for a new generation of workers, our pension funds need the strong and reliable long-term returns that investable infrastructure can deliver, but until now, institutional investors have had a hard time finding attractive infrastructure investment opportunities in North America. SEIU supports the establishment of the West Coast Infrastructure Exchange (WCX), which promises to bridge the gap between investors and domestic infrastructure needs while protecting the interests of working people and our environment.”

– Mary Kay Henry
President, SEIU International

“We all know that the time to invest in American infrastructure is now, and the establishment of the West Coast Infrastructure Exchange sets down a marker that says these states won’t wait to be told how to rebuild for the future they need. They understand the cost for failure to act is almost impossible to consider, so they are joining forces to line up the best ideas, the best practices, and the smartest ways to raise and spend the funds they need and to get started now. I strongly support this effort and I intend to help the new Exchange build a national, ‘bottom-up’ infrastructure network to help get the job done.”

– Ed Rendell
Building America’s Future
Former Governor of Pennsylvania