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Pacific states and British Columbia announce joint effort to make it easier to finance, build infrastructure projects

SAN FRANCISCO – The Pacific Coast region is brimming with potential in an increasingly competitive global economy – but that opportunity is jeopardized by transportation, energy and public works systems that are aging or nearing capacity.

Officials from the states of California, Oregon and Washington and the Province of British Columbia today announced they have formed a partnership to help them meet critical infrastructure investment needs that will total an estimated \$1 trillion over the next 30 years. The West Coast Infrastructure Exchange (WCX) brings together governors, treasurers and key infrastructure development agencies in the three states and British Columbia.

The shared goal: Make vital public works and energy projects more feasible in order to improve economic competitiveness and to maintain the region’s unparalleled quality of life.

The exchange plans to achieve that goal by helping West Coast states and British Columbia explore strategies such as bundling and alternative funding methods, including the potential of private capital, to finance critical infrastructure projects.

Oregon Gov. John Kitzhaber, California State Treasurer Bill Lockyer and Oregon State Treasurer Ted Wheeler unveiled the nonprofit entity today, along with representatives from Washington, British Columbia, the financial industry and labor unions.

"To build a 21st century infrastructure, we'll need to raise our game," said Governor Kitzhaber. "Innovative partnerships like the West Coast Exchange can help us do that by overcoming financial, regulatory and political hurdles and facilitating investment in long-term, job-creating projects."

"Investing in aging infrastructure is critical, not just because of the jobs we create during the construction phase, but because infrastructure is what keeps our economy moving forward," said Gov. Chris Gregoire of Washington. "Working together, states and provinces can develop a West Coast that supports continued export growth, a brighter future in green jobs, and high quality of life for our families."

“The economic and job creation benefits of infrastructure investment and regional cooperation are undeniable,” said British Columbia Premier Christy Clark. “BC’s participation in the West Coast Infrastructure Exchange, like our efforts through the Pacific Coast Collaborative, will open new pathways, partnerships and markets for BC.”

“We cannot build the economy and future we want if we don’t make these investments, and we cannot pay for it with our general funds alone.” said Lockyer. “We have to find a smarter, better way. That’s what the Exchange will help us do.”

“Strong infrastructure is key to our future competitiveness,” said Wheeler, whose office is coordinating the development of the Exchange. “We have economic opportunities on the West Coast, and those will become strategic advantages when we invest in our public facilities, to put people to work in the short- and the long-term.”

No projects have been selected. But the Exchange is laying the groundwork to identify a first wave of projects. These could include energy efficiency, municipal lighting, and water aquifer recharge projects.

During a start-up phase that will run through 2013, an Exchange manager will be recruited and participating governments will hammer out criteria for how to evaluate projects.

The participants’ goal is to develop an innovative infrastructure financing system that provides cost savings and better collaboration, and makes projects more feasible by helping to broker connections between public projects and sources of capital. Some examples of how the Exchange could achieve its objectives include:

- Bundle similar projects, which would allow for streamlining of term sheets and allow smaller projects to qualify for different financing options.
- Manage projects more efficiently, such as through “performance-based” partnerships.
- Collaborate with industry experts and innovators.
- Collect data and make expertise available to governments that may have little experience designing and financing projects.

Officials from the three participating states convened high-level talks in 2011 to discuss the potential of jointly managing and helping to broker innovative financing for infrastructure projects. Their efforts attracted the attention of the Rockefeller Foundation, which provided start-up grants worth \$750,000 to the Oregon State Treasury to get the Exchange up and running.

The partners hired CH2M HILL, a Colorado-based consulting, operations and design-build firm, to perform an analysis. CH2M HILL’s report, released today, found that a collaborative mechanism such as the West Coast Exchange would help address the region’s infrastructure needs. At the same time, the authors note that the needs could eclipse available financing capacity of municipal bonds, in light of both market conditions and increasing pressures on local agency budgets. Municipal bonds are the traditional method for financing public works projects. The study found that there are promising private investment and delivery models employed more extensively internationally that could help fill the gap

More information including examples of innovative projects, the CH2M HILL study and the formal WCX agreement is available from the website, at www.westcoastx.org.