



Deloitte.

Getting ready for infrastructure change

NASACT Webinar

Presenters:
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 Christina Dorfhuber, Principal, Deloitte Consulting LLP
 Avi Schwartz, Principal, Deloitte Transactions & Business Analytics LLP
 Jim Ziglar, Specialist Leader, Deloitte Transactions & Business Analytics LLP

January 25, 2017

Welcome & Opening Remarks



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 Moderator
 Executive Director
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 LLP

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 Public Sector Core
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 Analytics LLP



NASACT WEBINAR
 Getting Ready for
 Infrastructure Change
 Jan 25 | 1:00 p.m. Eastern

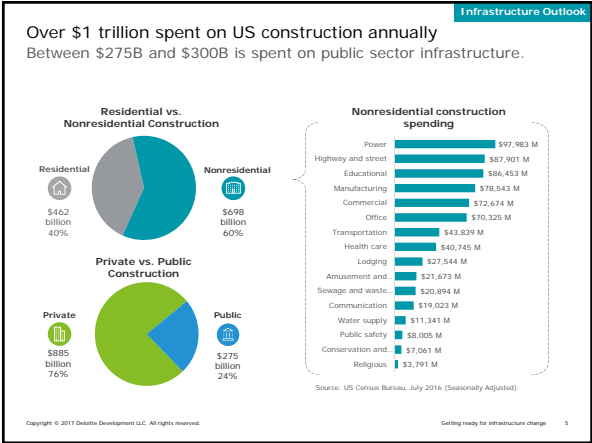
Today's agenda

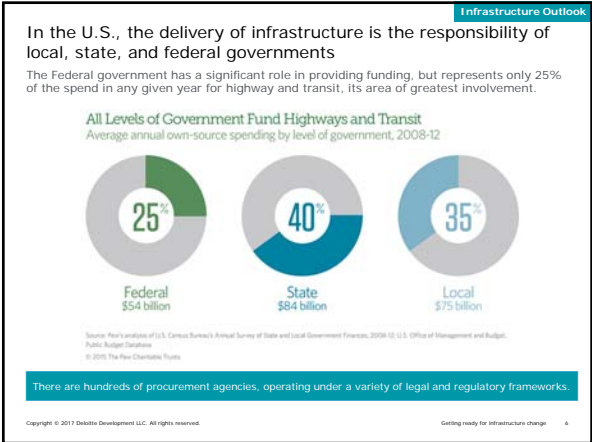
Key areas for discussion that will review how state financial managers can select/prioritize projects, improve transparency, and leverage innovations

Topic	Presenter/Time	Content
Welcome	Kinney Poynter Christina Dorfhuber	Introductions
Infrastructure outlook	Avi Schwartz	Public sector infrastructure and why it is important now
Funding and financing	Jim Ziglar	Means and methods for funding and financing infrastructure projects
Selecting and prioritizing projects	Jim Ziglar	Strategies for selecting/prioritizing the right projects
Improving & increasing transparency	Steve Dahl	Controls, analytics, and enhanced grants management to improve and increase transparency
Grants Management	Steve Dahl	About federal grants, and best practices for management
Leveraging technology	Avi Schwartz	Innovations that can drive financial visibility into construction projects
Action plan	Avi Schwartz	Rethinking strategy
Questions	Kinney Poynter	

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Infrastructure outlook





Funding and financing

Funding/Financing

As public funds become more scarce, the funding/financing dynamic is becoming more critical, with governments seeking innovative financing solutions.

- Funding is the revenue and capital that pay for the creation and ongoing maintenance of an asset or service
- Financing is the structure and related financing instruments that are used to leverage or securitize the funding revenues

\$ Sources:

Financing Traditional <ul style="list-style-type: none"> • Reverse bonds • Federal loans • Infrastructure banks Innovative <ul style="list-style-type: none"> • Project finance loans • Taxable bonds • PABs • Mezzanine, sub debt • Investor Equity 	Leveraged with	<ul style="list-style-type: none"> • Tolls/Fees/Rents • Other operating revenues • New Taxes (Sales, payroll, etc.) • State and local resources • Federal funds
Funding		
\$ Uses:		
Construction Costs O&M Costs		

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Review of Federal funding programs for transportation systems

Capital Investment Grants <ul style="list-style-type: none"> • Competitive grant • State and public agencies - New Starts: new projects over \$300 million - Small Starts: new projects between \$100 and \$300 million - Core: Improvements to existing systems - Interrelated: combination of above projects 	Transportation Investment Generating Economic Recovery (TIGER) <ul style="list-style-type: none"> • Competitive process • State and public agencies • Based on economic impacts and environment conservation 	Passenger Rail Investment and Improvement (PRIIA) <ul style="list-style-type: none"> • Authorized by Congress, designed to match local subsidies • State and public agencies • Capital assistance for the US rail system
State of Good Repair Grant <ul style="list-style-type: none"> • Formula grant • State and public agencies • Capital assistance to maintain, rehabilitate and replace capital assets 	Buses and Bus Facilities Grants <ul style="list-style-type: none"> • Competitive allocation process • State and public agencies • Replace, rehabilitate, purchase buses and bus-related facilities 	Urbanized Area Formula Grants <ul style="list-style-type: none"> • Formula grant • State and public agencies • Develop and finance capital projects in urban transit


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Selecting and Prioritizing

Portfolio optimization improves trade off analysis and provides additional information to help “make the case” for projects

Trade off analysis is difficult for all decision makers at the Portfolio and Project level. Visualization improves the ability to **standardize the investment decision process**, and **perform trade off analysis** leading to improved resource allocation.

Strategic Vision Provides the Ability to Compare and Measure Potential Appropriation Requests



Representative Illustration Enables the Visualization of the Impact of Last Projects

High Level Overview Provides Leadership the Ability to Quickly Sort and Analyze Appropriation Requests

Descriptive Metrics Enable Greater Understanding of Organizational Impacts and Impacts

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Selecting and Prioritizing

Project comparison and selection through visualization


In order to conduct **meaningful trade-off discussions** at the project level, you need to be able to group and compare the **value of the selected projects** based on financial and strategic benefits to the organization.

Project Characteristics Enable Quick Comparison and Grouping of Relevant Projects

Project Summary views provide Instant Access to Relevant Project Details

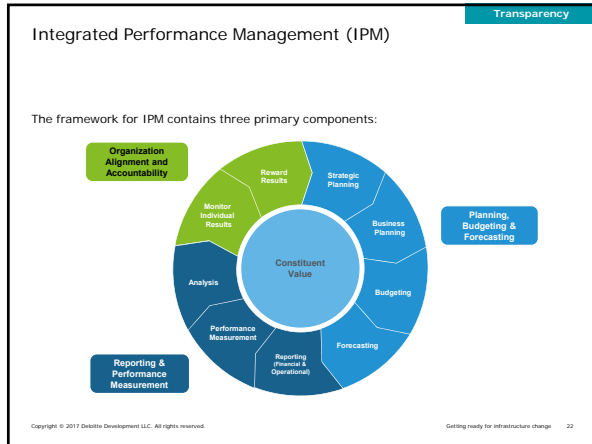
High Level Scatterplots Quickly Analyze and Provide Visualization to Project Pools

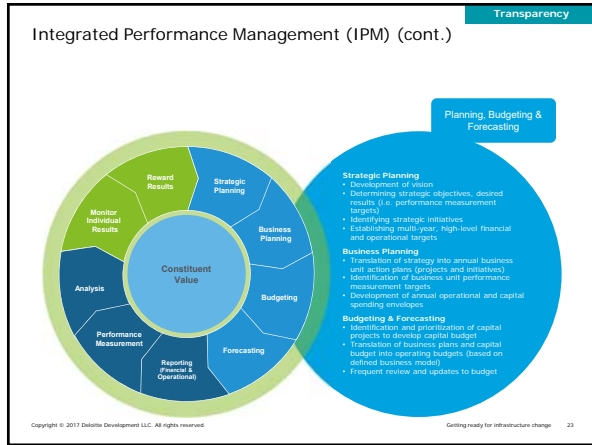
Tracking Performance Metrics Enable Greater Insight into Financial Projections and Cost Impacts to the Organization

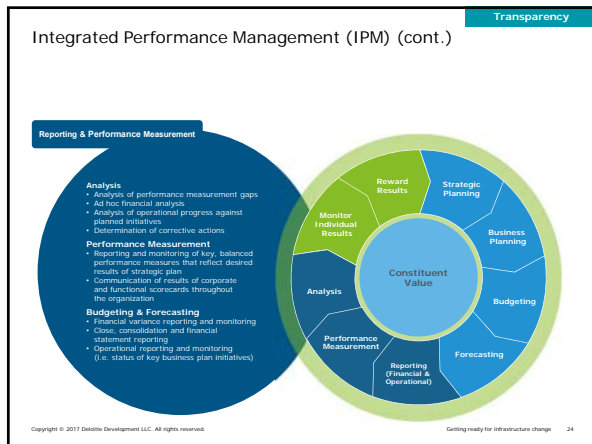


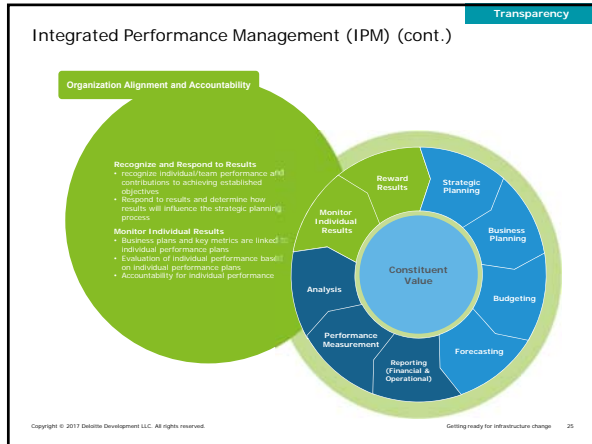
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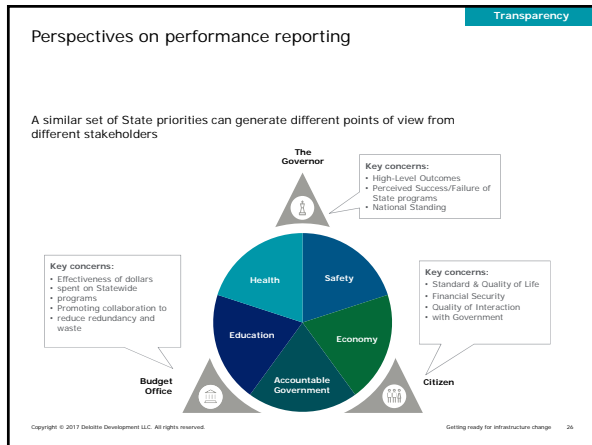
Improving and increasing transparency











Transparency

Performance and transparency reporting—Results Washington

Several states and municipalities have developed performance measurement systems and accompanying online platforms to increase transparency.

- Data-drive performance management and continuous improvement system
- 5 priority areas identified built with specific measures to help state reach its objectives

Source: <http://www.results.wa.gov/>

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Leveraging Technology

Building our cities smarter

A city is smart when investments in (i) human and social capital, (ii) traditional infrastructure and (iii) disruptive technologies fuel sustainable economic growth and a high quality of life, with a wise management of natural resources, through participatory governance.¹

		Smart domains					
		Smart Transport	Smart Water	Smart Energy	Smart Buildings	Smart Health	Smart Government
GOALS	⊕ Economic Growth	■	■	■	■	■	■
	⊕ Quality of life, a good city to live in	■	■	■	■	■	■
	⊕ Ecological footprint, sustainability "planet"	■	■	■	■	■	■
CHALLENGES	⊖ Controlled transition of labor market due to automation	■	■	■	■	■	■
	⊖ Winning the war on talent between metropolitan areas	■	■	■	■	■	■
	⊖ Social cohesion, inclusiveness, solidarity	■	■	■	■	■	■
	⊖ Secure digital environment, privacy	■	■	■	■	■	■
	⊖ Resilience	■	■	■	■	■	■
	⊖	■	■	■	■	■	■

1. Deloitte's definition of a Smart City was developed through detailed research as part of developing the Smart Cities POV by our Amsterdam GovLab fellows. GovLab is an internal think tank within Deloitte that develops whitepapers for leading-edge topics.
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Action plan

Ask these questions as you continue to plan and manage your infrastructure projects.

- ? **What ways can your new projects be funded?**
- ? ? **Are you selecting the best value projects?**
- ? **Do you know the projects in your portfolio?**
- ? **Are you receiving the project information you need?**
- ? **Do you have access to construction analytics data?**

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Questions and Answers



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