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SPAIN-U.S. CHAMBER OF COMMERCE

The Infrastructure Symposium

Thought Leadership Report

April 7, 2021

Spain-US Chamber of Commerce: The Infrastructure Symposium

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Sustainable Infrastructure: A Path for the Future

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Panel Discussion: 2021 Insight into the State of Infrastructure in Latin America

- Luis Barreto. Managing Director of Infrastructure, Brookfield.
- Diego Marin. CEO, ACCIONA Concessions.
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Keynote Address

Dr. Morteza Farajian. Executive Director, Build America Bureau, U.S. Department of Transportation.

Panel Discussion: A Spotlight on Major U.S. Transport Infrastructure Projects

- Patrick J. Foye. Chairman and CEO, Metropolitan Transportation Authority.
- Inmaculada Gutiérrez. Co-CEO, Renfe of America.

- Andrés Sacristán. CEO, Cintra.
- Lysa Scully. External Advisor, Ferrovial Airports U.S.
- Moderator: Jennifer Trock. Partner and Chair of Global Aviation Group and North America International Commercial Practice Group, Baker McKenzie.

Closing Remarks

– Marco Antonio Achón. President, Spain-U.S. Chamber of Commerce.

Opening Address

Due to last minute and unforeseen circumstances, Mr. Ábalos was unavailable to speak to the symposium. Sergio Vazquez, the Secretary-General of Infrastructure for Spain, spoke to the symposium in the absence of Mr. Ábalos.

Infrastructure is vital for providing a backbone for countries and their economies and the mobility of their citizens. The role of transportation was made evident during the pandemic, in which transportation infrastructure was vital. We have seen the opportunities that existing conditions provide for reconfiguring our infrastructure to move towards a smart and sustainable infrastructure, to achieve greater environmental efficiency in construction and maintenance, and to use intelligent transportation systems to increase connectivity in the quality of our infrastructure.

Therefore Spain has a challenge to provide added value, as it is endorsed by international organizations. And for this, Spain is developing two new criteria for prioritizing investments and profitability for transport infrastructures in accordance with the new mobility and social inclusion guidelines of our societies.

Spain started off with a significant infrastructure deficit. In the past 30 years, from the 1980s until 2010, Spain had to invest approximately twice the GDP compared to their neighboring European states, which was a significant effort that has allowed Spain to overcome the previous situation to equip themselves today with the seventh best infrastructure network in the world according to the World Economic Forum. Thus, for example, Spain has now a network of about 15,000 kilometers of expressways and motorways, with 3,000 kilometers of high-speed rail lines, ranking as the second largest network in the world in this segment right behind China, with an airport infrastructure that serves more than 250 million passengers and a port network where two of our ports are among the ten largest container ports in Europe.

In this important investment effort by Spain, construction and engineering companies have played a significant role in making Spain a benchmark for the rest of the world, not only in the construction of infrastructure but also in the management thereof. For this reason, Spanish companies are world leaders on transport infrastructure concessions.

We are very proud to see the success of Spanish infrastructure companies in a market that is as important as the US. A success that is explained by their exceptional technical capacity and their innovative management and quality systems, which we have implemented between the US and Spain.

The United States has become one of the main foreign markets for Spanish companies. It should be noted that the United States and Canada represent 31% of the construction income for Spanish construction companies. Spanish construction groups are among the main international players in the United States, thus representing almost a third of the total billing of projects in which international contractors participate.

Between 2015 and 2020, teams that were led or made up by Spanish companies and/or their subsidiaries have achieved projects worth 43.8 billion dollars. Even in the year that was as difficult as 2020, Spanish companies have taken on projects worth seven billion dollars.

Spanish companies have developed some of the most emblematic and important projects in this country, such as the Gerald Desmond bridge that connects with the port of Long Beach, which is the second largest port in the US, and through which 15% of US traffic circulates. President Biden visited this bridge during his election campaign.

Spanish companies have also carried out or are carrying out key projects in some of the states with the greatest congestion problems, such as roads, bridges and tunnels which are vital for the transit of people and goods. These projects include the extension of the New York subway, the construction of several sections of high speed rail in California, the introduction of dynamic tolls in Dallas and the completion of the largest infrastructure project in the history of Virginia, I-64.

The success of Spanish companies is due to the fact that they have shown great adaptability to local market conditions and great versatility in forming international teams. In fact, every day there are more and more medium-sized Spanish construction companies and engineering companies established in the US and this is also considered by us to be a great success.

As we all have consensus on the importance of having smart and efficient infrastructure as an engine for economic growth and job creation, we applaud the aim of the new American administration to have a new infrastructure policy as stated by President Biden and having great new plans as stated by President Biden for boosting job creation, including an ambitious infrastructure investment plan that could amount up to two trillion dollars, not only in transport infrastructure but also covering a broader area of the country.

This ambitious plan covers among others a wide range of housing and transport infrastructure projects such as the maintenance of roads and bridges, ports and airports and investments in rail for passenger and freight transport. In addition, it aims to improve the energy efficiency of buildings and close the gap between rural and urban areas.

In this new investment scenario in the US, we want to point out that Spanish companies will be a great partner and they are more than willing to be this partner in carrying out this plan and will offer their knowledge and expertise and participate in the construction of new infrastructure and service management projects to be developed. In particular, the market for public private partnerships, where Spanish companies are the main players in tenders for this type of project.

President Biden's American Jobs Plan is greatly accurate and will contribute to the greater well-being of its society. The Spanish people desire to participate in this new development.

Ten Emerging Trends in Infrastructure: Tides and Trends Driving the World's Infrastructure Markets

Stephen Beatty from KPMG spoke on this topic, with reference to KPMG's report: Emerging Trends in Infrastructure. Mr. Beatty said that COVID-19 has been a trigger or accelerant of many changes in the world.

- Trend 1: Uncertainty creates planning complexity
- Trend 2: Cities rethink their value proposition
- Trend 3: Borders become real again
- Trend 4: Infrastructure supply networks evolve
- Trend 5: New finance floods into the market
- Trend 6: Toward a greener, fairer rebuild
- Trend 7: Resilience jumps up the agenda
- Trend 8: Delivering securely in a digital world
- Trend 9: Government gets permission to transform
- Trend 10: Governments look for partners

Sustainable Infrastructure: A Path for the Future

Javier Pérez Fortea, the Chief Executive Officer of Globalvia, was interviewed by Marianna Koval, Director of the Invest NYC SDG Initiative at the Center for Sustainable Business, NYU Stern School of Business.

Globalvia has been ranked as the number one sustainable infrastructure company for highway management by GRESB for the last two years (see here). Mr. Fortea attributed this to commitment and hard work. Mr. Fortea also stressed integrated management and transparency.

Mr. Fortea was asked about the challenges for the US in implementing more sustainable transportation infrastructure and the role of the private sector. Mr. Fortea said that the challenges in the US remain the same as for the past 20 or 30 years. Projects are managed at an extremely local level, rather than by the central government. The US should create an infrastructure hub to be more efficient. More EVs will lead to less fuel consumption and less taxes paid. This means that the private sector will need to be involved immediately.

The cash is there for the private sector to invest in US infrastructure projects. There is difficulty in getting the different states to trust working with a private company. Having an infrastructure hub with nationwide procedures would solve many problems.

Mr. Fortea was asked about the impact of remote working on the need for transportation infrastructure. Mr. Fortea said that COVID-19 had rendered this unpredictable at present and would complicate projects in the near future, but added that he hoped this unpredictability would recede.

There have been changes that have been accelerated by the pandemic. How deep will those changes be? Mr. Fortea was optimistic that the changes would not be so major as changing rush hours. Some workers cannot telework. Teamwork requires people to be able to see each other often. Changes will deal more with the predictability. Intermodality is key. There is a need to combine city transportation methods. Mr. Fortea said that public transportation is going to boom because of congestion in the cities. Cars are going to be banned from the center of the cities, so public transportation with intermodality and with Big Data and digitalization that will allow you to plan your trip better is what is going to happen in the future.

Mr. Fortea was asked about the most interesting projects he had seen from a sustainability standpoint. He cited a project done in Papua New Guinea in 1993. His firm built a city in the middle of the jungle that was sustainable and 100% carbon neutral. His company trained the people so that they could manage the city on their own.

Mr. Fortea also listed the Pocahontas Parkway, which he said would be 100% carbon neutral next year.

Mr. Fortea also cited the Sevilla Metro, where all electricity used comes from renewable sources. People are more frightened of using subways today because of COVID-19 than any other mode of transportation. The Metro measures CO2 in cars. The air in each car is renewed every 2.5 minutes (without stopping in stations and opens doors; if doors are opened, every 1.5 minutes). People can use their smartphones to see how what the CO2 level is in a car. They have also instituted a contactless fare system in Spain. They use Big Data to monitor platform usage. The Metro is 100% carbon neutral.

Mr. Fortea was asked what he saw as cutting edge in the future for sustainable mobility. Mr. Fortea said that mobility is a service. He saw intermodality as key, with many vehicles being electrical and autonomous.

Globalvia is also working on the autonomous connected vehicles and digitalized highways with sensors in the pavement. These sensors will actually communicate to the autonomous car rather than to a control center. These sensors are actually communicating directly with the autonomous car so that the car will make the decision to stop or to choose a different road if there has been an accident or there is ice on the road or whatever.

The third one is urban air mobility, not just for packages, but for people also. This is something that is moving a lot faster than we have thought it would. Globalvia is actually going to try working in a joint venture and is going to be testing in two different cities. The systems are ready. It is the procedures and the legislation that will stop the systems to be in cities.

Mr. Fortea was asked how Spanish companies will navigate the Biden administration's emphasis on "buy America." Mr. Fortea replied that that US emphasis on "buy America" was not new. Mr. Fortea said that dealing with this regular construction was easy. It is different for train projects. However, many train manufacturers are now starting plants in the US. Mr. Fortea said that Globalvia's main issue now is finding a US construction company that was willing to work in the US. Globalvia is finding that many of the main US construction companies are fleeing the US and working elsewhere because the competition with the Spanish companies is too tough.

Panel Discussion: "2021 Insight into the State of Infrastructure in Latin America."

This session was moderated by José Antonio Morán, Partner and Chair of Energy, Mining & Infrastructure Practice Group, Baker McKenzie, and included the following panelists: Luis Barreto, Managing Director of Infrastructure, Brookfield, Diego Marin, CEO, ACCIONA Concessions, and Antonio Silveira, Vice President of Infrastructure, CAF, Development Bank of Latin America.

1. Economic recovery

a. Airports and roads

The panelists were asked about economic recovery in light of COVID-19 and particularly about airports and roads.

One panelist indicated that his institution was focused on continuing operations through the pandemic, including on the safety of employees, workforce and customers. He noted that COVID-19 had led to reduced traffic, which in turn had led to decreased liquidity, and cutting back staff and preserving cash. They had to work with lenders and concession grantors to make sure that burdens were shared. They are continuing to look for opportunities in both sectors. Not all countries back the sectors in the same way, and this will affect the attractiveness of investment opportunities.

Many road and airport assets need financial support. Many financial institutions are looking to share the burden with concession grantors. Many financial institutions want to grow and are looking at opportunities in toll roads and airports.

The response to COVID-19 has not been the same in all Latin American countries. Many countries are struggling. The panelist saw Chile as an outlier to the good side.

- ✓ One panelist saw a strong recovery for airports after vaccination, and saw a recovery to 2018 levels by 2024 or 2025. Domestic air travel will recover much faster than international. It is unclear whether airports will see a return to their pre-COVID-19 growth curve. Teleconferencing has become an increasing trend that may affect the volume of air travel going forward.

A panelist saw a strong recovery for toll roads.

A panelist saw lots of opportunities for infrastructure investment on the transport side in Latin America post-COVID-19, including in Brazil and Colombia.

b. Social Infrastructure, Power Transmission and Data Centers

The panelists were asked about opportunities in social infrastructure, power transmission and data centers.

One panelist noted that COVID-19 had had a huge impact on these sectors. There is a substantial need for infrastructure. Latin America is a promising region for power transmission lines and renewable energy and communications infrastructure. The panelists mentioned opportunities for energy and hospitals and 5G in Brazil, Chile and Colombia, with other opportunities in Peru, the Dominican Republic and Ecuador.

A panelist mentioned that several first generation infrastructure assets were nearing the end of the project cycle and would be retendered with upgrades.

There should be healthy pipeline for infrastructure in the short term.

c. Government support of infrastructure investment

The panelists were asked about what types of government support of infrastructure projects they were seeing.

A panelist said that governments in the region are willing to provide opportunities for private capital to invest in infrastructure. The panelist divided Latin American countries into two groups, (i) the first, countries with long track records of government support (Brazil, Chile, Colombia, Mexico and Peru) and (ii) the second, which are "latecomers" to providing government support (Paraguay, Panama, Ecuador, Costa Rica and the Dominican Republic). There are various governmental schemes for dealing with FX risk, political risk and demand risk. Chile was the only country in the region that was able to expand its public budget for infrastructure in the wake of COVID-19.

In some respects, latecomers can take advantage of prior learning to set up institutional and regulatory frameworks to attract private capital. These countries also provide technical assistance and work to build institutional capacity.

One of the major issues is having good, bankable projects.

Panelists discussed increased levels of technical assistance as being very helpful in making projects bankable and more attractive to investors. Specific funds from governments for technical assistance is important.

A panelist mentioned his institution's priority for integration projects, and mentioned the subsea cable connecting Chile to Australia and Korea and other Asian countries.

d. Risk mitigation strategies

The panelists were asked about what risk mitigation strategies and enhancements were used to allow private companies to mitigate risks in connection with infrastructure investments.

Several panelists said their institutions did not use many external hedging strategies to address risk, and sought to invest in countries where political risk is low. Rule of law was important. The emphasis was on governments taking steps to reduce risks (including demand risk) in their projects to make them bankable, including through better technical studies. It is important to have acquisition, environmental licensing and dispute resolution issues resolved in each transaction.

2. Energy Transition

The panelists were asked several questions about energy transition.

a. General

One panelist saw energy transition as providing a significant slice of future growth, and saw a very positive future. Renewables are a nascent market in Latin America, but an aggressive and scrappy one, with a lot of entrepreneurial energy. There is a lot of investment in Latin America that is changing the power generation matrix. Latin America has a lot of assets that can be used in renewables. There is much to do.

One panelist said that well-capitalized, sophisticated sponsors can improve deals. Good sponsors can reduce the need for financing from multilateral institutions, and can make it harder for multilaterals to get deals.

Investors are trying to find new businesses that match with their capabilities, including data centers and ways to make energy carbon neutral. As a result, many investors are more focused and looking at new ways of doing business where they can add value.

b. Mexico

Recent regulatory developments in Mexico have rendered that market extremely challenging. President Lopez Obrador campaigned on taking steps like this, in order to provide low price electricity to consumers. President Lopez Obrador wants to build state champions and have a more active government role in the economy. This in turn has lowered investment in the electricity sector, and prices have not gone down.

It is hard to predict what the Mexican markets in power, fuel and energy will look like several years from now, given the reduced level of investment now. It is possible that government will need to step in a bigger way to meet the demands of a growing country. Mexico is different from the rest of Latin America in having government ownership of oil & gas and electricity companies. The panelist said his institution was long-term bullish on Mexico, but that these political moves create roadblocks to private investment.

A panelist said his institution was looking for markets with certainty and countries with stable regulation to encourage investment. The rules should not be changed in the middle of the game. Where projects are driven not by the need for infrastructure but by other drivers, there can be an imbalance that can result in a difficult situation for investors.

A panelist noted the issue of utilities in dealing with microgeneration, and regulation of the energy sector. Brazil is already experiencing issues with solar power. Grid power is often necessary to bridge power from microgenerators.

Consumers already benefit from some sort of cross-subsidy from the commercial sector to the consumer sector. The variability inherent in generation systems needs to be absorbed by some entity. Long-term contracts with fixed prices can reduce variability. Utilities absorb this risk, with the savings passed on to consumers. Good management of projects is key. Reliability is a key issue.

3. Chinese Investment

The panelists were asked about the increasing presence of Chinese state-owned enterprises (**SOEs**) in infrastructure projects in Latin America.

One panelist said that the presence of SOEs makes investment more efficient and competitive. Western companies need to use their traditional competitive advantages to compete and be more efficient (use local workforce, transparent financing, etc.). Many SOEs do not have people on the ground in these markets.

Western companies may partner with SOEs on some projects.

China will play an important role in the global economy. It is a new player that is here to stay. SOEs are more open to taking risk, and have a very long term focus. SOEs can be very aggressive on price. SOEs have access to different sources of funding, as well as construction experience, having built massive infrastructure in China.

Control by Chinese government is a disadvantage to SOE investment. A panelist mentioned that there are significant cultural differences between China and the West, and that participants in a project need to bridge these differences to work with SOEs on a project.

The Chinese Belt and Road initiative includes Latin America.

4. Digital Infrastructure

The panelists were asked about digital infrastructure in the Latin America.

Many toll roads have long lines due to not being barrier-less. Can free flow be implemented across different countries?

One panelist mentioned the credit risk of consumers. It's hard to enforce if someone doesn't pay, such as in a free flow network for toll roads. Investors need for there to be a disincentive for people to not pay, and need regulation to ensure that some repercussion exists if people don't pay.

Latin America is a leading region for fintech due to lack of penetration by financial services using traditional means.

Digital infrastructure can make transportation more efficient.

Airport concessions are conducive to digitalization.

Latin America is an attractive opportunity. It is now the fastest growing region for mobile devices. Internet penetration is growing. There will be opportunities to expand the fiber optic network and the wireless network. There is also an opportunity for renewable energy for these assets.

Internet access is not widespread in some countries and internet quality varies.

Political issues may affect the ability to build digital infrastructure in Latin America. Existing concession contracts may impede the ability to develop new digital assets. Political issues can be important for toll roads.

Keynote Address

Dr. Morteza Farajian, the Executive Director of the Build America Bureau, U.S. Department of Transportation, delivered the keynote address.

Dr. Farajian discussed the state of infrastructure in the US and President Biden's infrastructure plan.

The pandemic has been horrible. The US response to the pandemic can change the future, as governments turn to infrastructure investment as a tool to stimulate economies. This is no time to build back to the way things were. This is an opportunity to think about the future and set this stage for a big change. This is the moment to reimagine and rebuild new economy. As President Biden has outlined in his American Jobs Plan, this is an opportunity to redirect our investments to the areas that will create millions of good jobs and modernize our country's infrastructure to meet the needs of today and the future.

The United States of America is the wealthiest country in the world. Yet, we rank 13th when it comes to the overall quality of our infrastructure. After decades of disinvestment, our roads, bridges and water systems are crumbling. Our electric grid is vulnerable, too many communities lack access to affordable and high-speed internet. That shouldn't be a surprise to any of us in the US because public domestic investment, as a share of the economy, has fallen by more than 40% since the 1960s.

There have been many attempts to have a major investment in our infrastructure over the past years, probably decades. However, for many reasons, those attempts have not been successful. The reasons are beyond this conversation. However, most recently, President Biden has made another attempt at this issue. He has made infrastructure investment a top priority of his administration and has proposed an ambitious and comprehensive plan that includes many aspects of infrastructure development in the US.

First, the plan proposes to build a world-class transportation system by fixing highways, rebuilding old bridges and upgrading ports, airports and transit systems. The President's plan will modernize 20,000 miles of highways, roads and main streets. It will fix the ten most economically significant bridges in the country that are in need of reconstruction. It also will repair the worst 10,000 smaller bridges providing critical linkage to communities, and also, it will replace thousands of buses and rail cars, repair hundreds of stations, renew airports, push for high-speed rail and expand transit and rail into new communities.

Investing wisely in our infrastructure requires a comprehensive, result-driven approach that covers all aspects of infrastructure development to better serve people, with an emphasis on innovation, technology, efficiency, resiliency and sustainability. Therefore, the plan also includes investment in clean drinking water, a renewed electric grid and high-speed broadband for all Americans. The plan proposes significant investment in R&D and training Americans for the jobs of the future. The plan is an historic public investment consisting principally of one-time capital investment in our nation's productivity and long-term growth. It will invest about 1% of GDP per year over eight years to upgrade our nation's infrastructure, revitalize manufacturing, invest in basic research and science and shore up supply chains. In total, the plan will invest about two trillion dollars this decade.

This plan proposes a massive public investment in our infrastructure but also recognizes that to transform our crumbling infrastructure and set ourselves up for the future, we need to focus on innovation, technology and efficiency. This plan is an inclusive one that proposes safe course for critical infrastructure and services to protect vulnerable communities, including people of color and minorities. Social and racial justice is a big element of this plan.

It is important to mention that many aspects of our infrastructure are interrelated these days. For example, you cannot pave roads and highways but not have digital infrastructure in place to use intelligent transportation systems. To achieve maximum efficiency and outcome, we need to put all pieces of the proposal together. Therefore, the plan also includes significant investment in revitalizing America's digital infrastructure, power infrastructure and water and wastewater plants.

In order to implement this plan, several things are important. First, close coordination and partnership between federal government and state local governments is crucial. As you may know, in the US political system, local governments and states own most of the infrastructure projects. They do project selection, planning, design, procurement and, in most cases, funding or financing. Therefore, although having funding in place from federal government is going to be a major catalyst for future project development, there will still be a lot of work that needs to be done by state and local governments before shovels can go in the ground. We need to develop capacity within the state and local governments to facilitate infrastructure development.

Second, using private sector innovation, technology and expertise is vital to ensure maximum efficiency is achieved. This is where we must partner with companies like the ones that you represent today to leverage your best practices and innovative approaches. I saw the benefits of this partnership firsthand when I used to work for the Virginia Department of Transportation and negotiated some of the largest and most successful P3 agreements, not only in Virginia but in the US. For example, the I-66 Express Lanes project in northern Virginia, which is currently under construction by Cintra and Ferrovial has saved Virginia's taxpayers at least a billion dollars. This number is not just based on a theoretical analysis with questionable assumptions. We ran two procurements side by side, one P3 and the other one as a conventional delivery model with public financing, and we saw the one billion dollar difference in the price tax. P3s are a powerful tool if used properly and on the right projects, they can deliver significant results. And, I-66 Express Lanes project is a great example in which Cintra and Ferrovial used their expertise, experience and best practices in operating toll facilities to design a superior road with better access points that improves the level of service for users of the facility. Providing better service comes with a better revenue.

And, finally, we need to be patient and go through proper steps during the project planning phase. I am not suggesting taking our time and delaying activities, not at all. I am suggesting evaluating all viable options properly at the planning stage and considering stakeholder engagement in the early stages. Some shortcuts are not worth the risk. It is important to have a process in place to ensure any project selection and development has the input and support of the communities. Particularly, those communities that the project is going to impact or serve.

Multimodal development and offering a variety of choices to different classes within the community is often the key to improve social and racial equity and, as a result, gain community support. Otherwise, the project may face opposition and setback later in the process. That could even put it on hold for a long period of time and cost significant time and money. Just look at what has happened to the purple line in Maryland as an example.

Panel Discussion: "A Spotlight on Major U.S. Transport Infrastructure Projects."

This session was moderated by Jennifer Trock, Partner and Chair of Global Aviation Group and North America International Commercial Practice Group, Baker McKenzie, and included the following panelists: Patrick J. Foye, Chairman and CEO, Metropolitan Transportation Authority, Inmaculada Gutiérrez, Co-CEO, Renfe of America, Andrés Sacristán, CEO, Cintra Worldwide, and Lysa Scully, External Advisor, Ferrovial Airports U.S.

American Jobs Plan

The panelists discussed the recently announced American Jobs Plan from the Biden administration, which includes a proposed $671 billion for public infrastructure. A panelist described President Biden's proposal as transformative. The US has underinvested in infrastructure for decades. Mass transit is the great equalizer from a social equity point of view. The proposed extension of the Second Avenue subway in New York City to 125th Street in Harlem will allow service to underserved areas. The plan will also allow the construction of four Metro North stations in the east Bronx and bring Metro North to Penn Station. Transit projects have great environmental benefits by reducing congestion, and merit expedited environmental review.

A panelist noted that taxpayer funding may be leveraged with private investment. P3s can be used to get more projects delivered.

A panelist said that President Biden's plan is not just an infrastructure plan; it is an economic policy with a focus on infrastructure. The plan has a strong emphasis on transportation infrastructure. A panelist said that the plan's emphasis on environmental issues is new for US. Railway sector is on the list. Change in mindset; wide approach. Passenger rail in the US has lagged behind other countries.

Airports. The President's plan is bold and innovative. Over the next five years, airports are looking at $115 billion of expenses to bring them up to 21st century standards. 60% of that amount would be for capacity expansion. 40% of that amount would be to maintain airports in a state of good repair. Funding to airports will increase funding to the Airport Improvement Program (**AIP**), which has been capped. The AIP will also allow airport owners and sponsors to use federal funds for terminal renovations. The average age of terminals is about 40 years old. Older air terminals were not designed to be environmentally friendly or efficient. The emphasis on resiliency is welcome.

The plan has opportunities but also gaps. Where are the opportunities for private investment?

Airports had a lot of debt pre-COVID-19 and have used up a lot of reserves dealing with maintenance during COVID-19. Traffic is expected to return to pre-COVID-19 levels. Airports are expected to implement new designs with better technology and greater social distancing. Panelists examined the 2018 FAA authorization and its pilot program for airport privatization. Investor demand for the proposed St. Louis airport privatization in 2019 was high, but the privatization was stopped due to local politics. Municipalities are stressed post-COVID-19 and may be more receptive now to airport privatization.

Role of Private Sector

The private sector can bring innovation and risk sharing (schedule and budget) in any well-structured P3. The Build America Bureau can play an important role in P3 transactions. The Bureau can be better used to bring down the cost of capital, and can have a significant role to play in P3s (including TIFIA loans). P3s make sense in certain transactions.

Certainty of delivery an important consideration at the local level.

The pipeline of projects may be enhanced by private investor involvement.

For rail and surface transportation, good project plans can be important in managing expectations. Private companies can help develop projects. Screening of projects by private investors is important. Synergies exist between the public and private sectors.

Airports need a local champion to drive the project forward. Sponsors need to engage with the community. Sponsors and investors need to have support so that the environmental review process can be expedited. The sponsoring agency has to do a lot of work before going to market; it needs to make sure it has support in the agency and politically for long term commitment. The project can't go to market and not close.

Investors want to invest in projects that will be used, not white elephants. Investors look for projects that will provide a benefit for the community, such as reducing congestion. It is wise to show the benefit to the community so that benefit is understood. It is important to have constructive dialogue with the regulator.

There are risks and opportunities in near term. The panelists were asked about the effect of EVs and autonomous vehicles on traffic management. Congestion pricing can provide funding for capital plans, and may encourage drivers to move to mass transit. EVs and for-hire vehicles will have an effect.

Congestion pricing can optimize the capacity of roads. Governments can use 5G and better connectivity to increase the capacity and safety of roads.

Effect of COVID-19

COVID-19 has had a very negative effect on the ridership of public transit, worse than during the Great Depression. Ridership has recovered to some extent since the beginning of the pandemic. The American Rescue Plan and prior funding will deal with ridership and revenue declines through first half of 2024. McKinsey estimates that ridership will come back to between 80-90% of pre-pandemic levels in New York.

New Technologies

Technology for high-speed rail is very important. Governments need to solve their urban congestion problem. Innovation is being made for both the supply side and the demand side. Consumers will be able to know which is quickest way. Rail companies need to invest in rolling stock and signal systems.

Air Travel

International air travel is expected to recover by 2024. The recovery of domestic air travel will be quicker. Innovation will be made for airports. In the terminal environment, contactless technology will be paramount. Security checkpoints will be improved. Advanced technology will help owners and operators. We will see autonomous vehicles for baggage and cargo and the electrification of surface vehicles to reduce carbon.

What projects should get priority?

- More advanced projects in terms of community acceptance, most benefits and most shovel-ready.
- Mass transit, which advances environmental, sustainability and social justice objectives.
- Projects that generate the most jobs. Airports can provide jobs to underserved communities.

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We bring our knowledge of critical issues, concerns and drivers of energy, mining and infrastructure matters, providing tailored, specialist advice that addresses the particular complexities of doing business in the industry.

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