INTRODUCTION

Chicago became the first City in the USA to create a non-profit entity to accept private financing proposals for public infrastructure retrofit and revitalization. No other city in the USA is undertaking such an initiative, and there are only a few elsewhere that have gone this route. There needs to be an optimum public oversight in order for the public to trust an external entity’s decision about their city’s future. The public is often skeptical that private sector interests can be aligned with long-term needs of public goods (e.g. pricing for privatized water services have sometimes skyrocketed). In fact, parking management outsourcing in Chicago has been a strongly debated issue and is considered as a serious loss of future revenue by many independent studies. Despite the risks and potential downsides of this effort, this innovative thinking proved to be highly beneficial and led to tangible improvements in infrastructure. It has also led to the establishment of energy retrofit measurements, increased revenue (public sector) and improved savings (private sector).

The United States invested heavily in infrastructure decades ago. With the economy slowing down and Congress in a gridlock, over the last few years, cities are finding it tougher to find timely federal financing for decaying infrastructure retrofit. There needs to be an initiative to tackle this issue through the creation of a non-profit entity, Chicago Infrastructure Trust, to identify creative private financing options.

Mayor Rahm Emanuel and the Chicago City Council established Chicago Infrastructure Trust (CITT) in April 2012. It was incorporated as an Illinois Not for Profit for the express purpose of assisting the City and its sister agencies in competing investments in transformational and legacy municipal infrastructure projects. These projects will include:

- Energy efficiency retrofits
- Land utilization
- Mass transit, surface and highway transportation
- Economic development
- Water management
- Landfill, sanitary, and sanitation systems
- Secondary and community college facilities
- Broadband
- Environment
- Human potential
- Other infrastructure: water and sewer, broadband, etc.

Similar to many other American cities, Chicago’s infrastructure needs far exceed the current financial resources of the City and its sister agencies. At the same time, private investors and organizations including foundations, labor unions, public and private pension funds, private equity funds, charitable organizations, market funds and sovereign wealth funds have demonstrated a growing interest in low-risk, long-term infrastructure investments. The City and its sister agencies and continue to identify, prioritize and implement these investments. The City and its sister agencies will continue to identify, prioritize and implement these investments. The City and its sister agencies will continue to identify, prioritize and implement these investments.

The Trust focuses its efforts on infrastructure investment proposals and invites private sector to submit ideas and funding options. The Trust works collaboratively with both the financial partners and the City and its sister agencies to align resources and interests to follow City procurement processes. Chicago's status as a leading global city relies, in part, on its ability to be at the forefront of energy efficiency initiatives. The first project initiated by Chicago Infrastructure Trust, Benefit Chicago, is a city-wide, multi-department and multi-agency energy retrofits program, comprised of multiple individual Retrofit Projects with an expected value of at least $200 million at various facilities. Existing, Benefit Chicago seeks to reduce the energy dependence associated with a specific list of municipal-owned facilities by as much as 20% in the aggregate for each year of the program. One of the main goals of Chicago's government was a 5% long procurement cycle. CIT has a goal of a 6 month long procurement cycle issue which Benefit Chicago took 1 year to go through the process and was reduced to 6 months in its first phase.

The Retrofit Projects is comprised of multiple phases. The first tranche of Retrofit Projects is expected to involve improvements to facilities owned by the City of Chicago. The Chicago Department of Planning and Development and the Chicago Public Schools, the second and subsequent phases are planned to include other City departments and agencies.

CONCLUSION

Though Chicago’s model is quite innovative and unique, the Chicago Infrastructure Trust could be compared to the European Commission’s initiative around Fi-PPP (Future of Internet – Public Private Partnership) to shape the future internet infrastructure using public and private financing. Another comparison could be made with EBP Brazil, which performs feasibility studies for large public-private partnership initiatives in Brazil, including outsourcing and expansion of airports and sanitation systems.
Chicago's new Mayor decided to create Chicago Infrastructure Trust, a non-profit entity, to identify creative private financing options to invest in infrastructure renewal. The Trust floats infrastructure investment proposals and invites the private sector with ideas and financing options.