

INTRODUCTION

Chicago became the first City in the USA to create a non-profit entity to accept private finance 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 revenues 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. Chicago's new Mayor decided 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 (CIT) 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 completing investments in transformative and legacy municipal infrastructure projects. These projects will include:

- Energy efficiency retrofits;
- Land utilization;
- Mass transit, surface and highway transportation;
- Economic development
- Education (elementary, 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 sector pension funds, private equity funds, charitable organizations, mutual funds and sovereign wealth funds) have demonstrated a growing interest in low-risk, long-term infrastructure investments. The City and its sister agencies will continue to identify, prioritize and implement infrastructure projects.

The Trust floats for infrastructure investment proposals and invites private sector to submit ideas and financing options. The Trust works collaboratively with its Financial Partners, the City and sister agencies in a transparent and strategic manner to accomplish a range of transformative infrastructure projects for the benefit of the City and its residents. With some exceptions, the trust has to follow City's procurement process, including approval from the Chicago City Council.

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, Retrofit Chicago, is a city-wide, multi-department and multi-city agency energy retrofit program, comprised of multiple individual Retrofit Projects with an expected value of at least \$200 million at various facilities. Collectively, Retrofit 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 issues governments face is the long procurement cycles. CIT has not been able to resolve the long procurement cycle issue yet. Retrofit Chicago took over a year to go through the process and was reduced to \$25 million in its first phase.

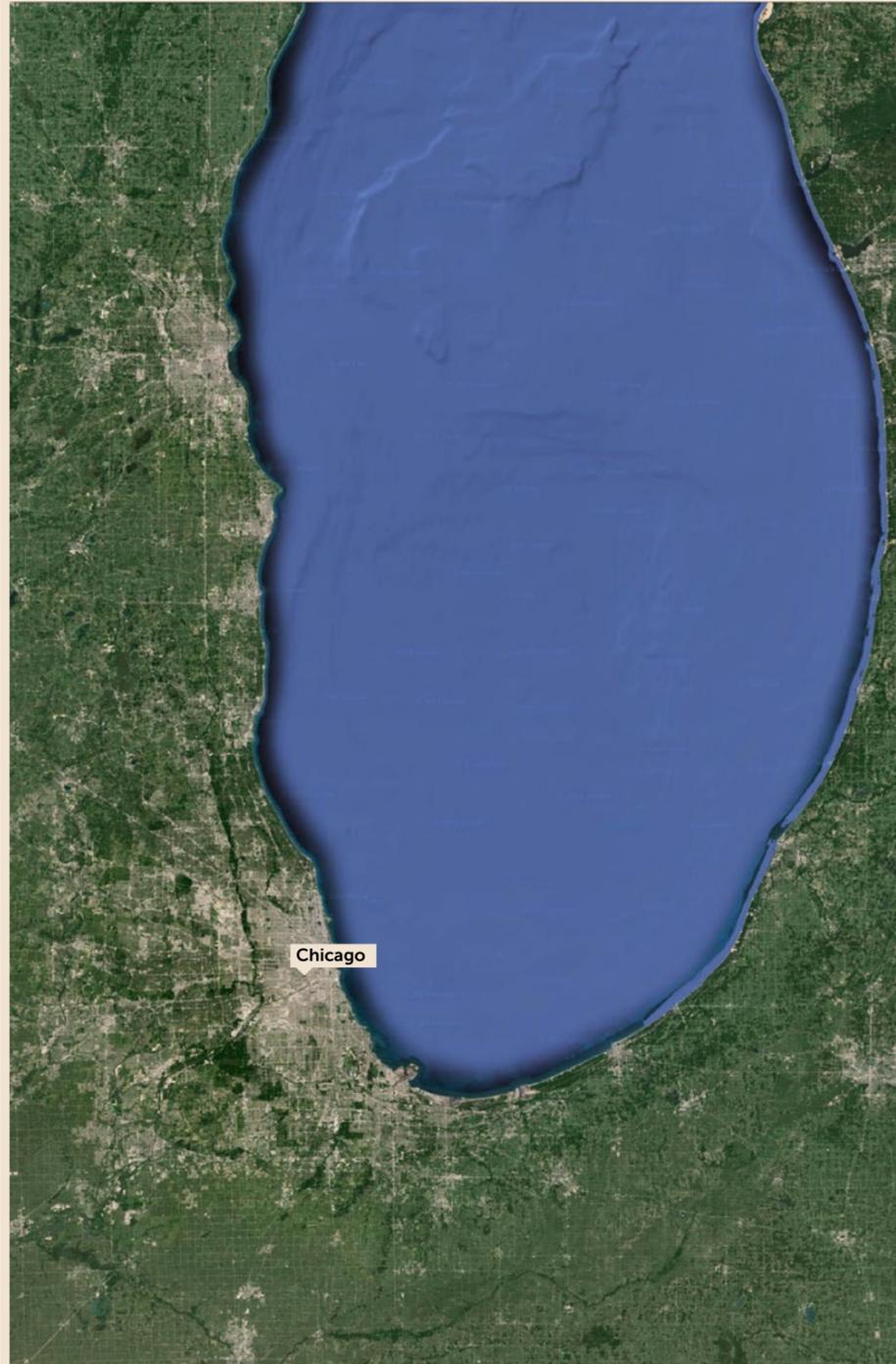
The Retrofit Projects is being grouped in tranches. The first tranche of Retrofit Projects is expected to involve improvements to facilities owned by the City's Department of Fleet and Facility Management and Department of Water Management and Chicago Public Schools. The second and subsequent Tranches are planned to include other City departments and agencies.

2012

the year
Mayor Rahm
Emanuel and
the Chicago
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established
the Chicago
Infrastructure
Trust (CIT)

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.

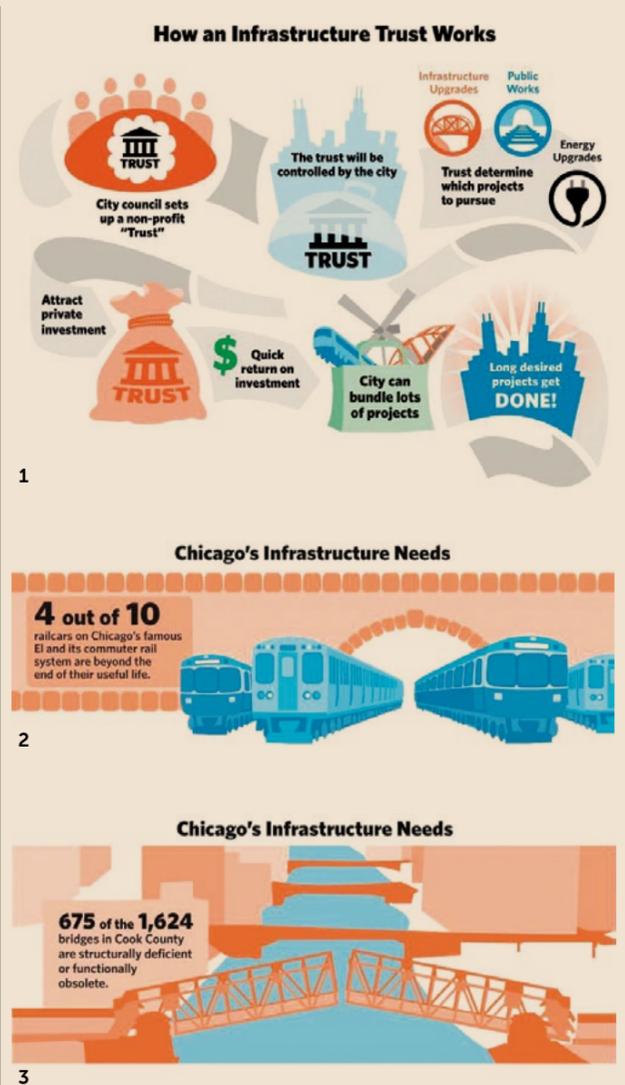


Chicago

CHICAGO



COORDINATES
41°52'55"N 087°37'40"W
 AREA
234.0 sq mi
 POPULATION
2,714,856
 DENSITY
11,864.4 sq mi
 ELEVATION
597 ft
 SETTLED
1770s



Chicago's new Mayor decided to create a non-profit entity, Chicago Infrastructure Trust, to identify creative private financing options to invest in infrastructure renewal

The Trust floats for infrastructure investment proposals and invites private sector with ideas and financing options

SOURCES

1 US Census/Next City 2-3 Next City

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CHICAGO, USA

ADDRESSING INFRASTRUCTURE REVITALIZATION THROUGH PRIVATE SECTOR INVESTMENT PARTNERSHIPS

In collaboration with MIT
 SA+P
 senseable city lab:::

