
TAG INFRASTRUCTURE TALKS – MALAIKA RIVERS
S01, EP03

Alan Poole:

Welcome to the Technology Association of Georgia's infrastructure podcast. My name's Alan Poole. I'm a partner at Troutman Pepper, and I serve on the board of the TAG infrastructure society. I have with me today Malaika Rivers. Malaika is a partner at Lexicon Strategies, where she takes the lead on building relationships between private entities, such as commercial real estate owners and developers and public entities to better public spaces. So welcome, Malaika, and thank you so much for joining us.

Malaika Rivers:

Thank you. I'm delighted to be here. Good to see you.

Alan Poole:

I'm so excited to talk with you because you have such an amazing CV. Why don't you tell me and our listeners a little more about your background and what you've done to help form public/private partnerships.

Malaika Rivers:

So I've been in this space for about 25 years, and what it really is, it's a situation where these commercial real estate owners, developers, or otherwise, these commercial real estate interests who own the footprint that they have, that could be a \$10 million parcel. It could be \$150 million or over. They can do anything that they would like within their property, but going outside the footprint of that property causes some issues. They don't own the streets. They don't own the sidewalks. They don't own the public realm, but all of those physical spaces still impact the value of their property.

So working with the local municipality, be it a city or they could a county, even state, and sometimes even federal allows them to create projects, in many cases within an ecosystem that allow them to collectively come together to identify projects, to fund them, and then to deliver these projects. This in turn adds value to the real estate portfolio for the private commercial real estate side, and it also adds value to the community because it allows for increased connectivity or beautification or whatever it is that the project has served.

So in metro Atlanta, there is an entire community of public/private partnerships that are operated through community improvement districts. That's one way that these public/private partnerships come together, but it's certainly not the only way that they can come together. So they can be highly structured or in terms of creating an organization that allows for a series of these types of public/private partnerships, or it can be one off types of projects, specific arrangements where the interests come together.

Alan Poole:

Tell us a little bit more about your work with community improvement districts. You're working with Chamblee Doraville now, and in the past, you've worked with the Cumberland CID.

Malaika Rivers:

Yeah. So community improvement districts, or CIDs as we know them here in metro Atlanta, are otherwise known as business improvement districts around the rest of the country. They also have sister types of structures that could be neighborhood improvement districts or whatever the state's enabling legislation allows for in the naming of that particular type of organization. But really they're all the same. It's where the owners of commercial property come together. They want to increase their voice and raise their needs to their local jurisdiction, work with that local jurisdiction, by creating a source of funds that helps identify projects, and then acts as a source to attract larger buckets of public funds, be they state, regional, federal to actually build projects that are improvements to the public realm, the public right away, but add value to their real estate portfolio.

So in metro Atlanta, there's an ecosystem with 30 CIDs that operate in just about every, well, certainly every primary commercial concentrated district, all the way from class A office down to industrial or a mix of use with retail and so forth. And they are all over in these areas, and collectively they have raised in the hundreds of millions of dollars in local real estate assessments, but it has leveraged and brought to the table and attracted greater sums to the tune of billions of dollars in public investments, which have helped build out infrastructure in the area. It's been around for more than 30 years. Because it's an animal of real estate development, you have a CID because it benefits the commercial real estate. So back in the '80s when this concept was developed, it was very much about a drivable suburban model. You live one way, one place, and then you work 10 miles out and you drive there and then you drive back. So how do you create that type of connectivity that allows for a quick in and out?

Fast forward through the '90s, then it becomes a situation where people, it wasn't about getting in your car and driving anymore. It was about creating a community, creating a place you could walk to, a place with trails, a place with parks, places that are amenitized. And moving into the 2000, it was this compact urban type of development. So how do these community improvement districts create an ecosystem of public/private partnership that will identify projects that further invest and build the community? So that's what the platform is.

Alan Poole:

Sure. So you work with both the public and the private side of the partnership. How do those two sides of the equation approach projects differently? Is the private side usually in the driver's seat or the public?

Malaika Rivers:

Well, I'll answer the question, but I won't leave it exclusively to CIDs, because again, CIDs allow for a mechanism to bring these public/private partnerships together, but they're certainly not the only one.

Alan Poole:

Oh, okay.

Malaika Rivers:

If it's a CID that we're talking about, the CID, its best case use is to not just rally the voices or to pool money. It also acts as a constant cheerleader to identify projects and drive them through pre-construction, and that's measured in years. So, whereas a city might be overburdened in

terms of their organizational capacity, a CID is very uber concentrated on its commercial ownership and is going to maintain focus on projects that are important to them.

Outside of CIDs and other types of more broad public/private partnerships and who drives them, that's really, I think, a function of the urbanized area, meaning this. If you are in an urbanized area and you are dealing with urban management issues, then it is likely the case, it's going to be the case where you provide a user base that is going to be attractive from a profitability standpoint, that these smart cities companies are interested in. That doesn't just relate to a for-profit company that might have a new app that wants to get deployed on a city level. It could also relate to the telecom. As your utility, your telecom is interested in providing broadband or fiber optic network that will allow for better, faster, stronger connectivity issues. But there's a cost associated with it, and you need to make sure the user base is there.

I think the rule of thumb is the further outside you go from these urbanized areas as opportunity from a user standpoint, the profitability may dissipate. So therefore it becomes an issue where it's your government that might be taking the lead on identifying things that will help them, whether that's from operational standpoint or planning standpoint, but it could be that additional government subsidies or any government subsidies would be necessary in order to either test the smart city project or scale it later on.

Alan Poole:

And the profitability problem, the more rural you get, that's just user per area.

Malaika Rivers:

Correct.

Alan Poole:

You don't have as much, so your revenue, there's less you can get from a project.

Malaika Rivers:

Yes, that's certainly the case as it relates to, let's say, broadband as that example. But if you're a downtown area, you might have a parking issue. You may know you have tons of parking spaces, but you don't know what real-time information is associated with that. So how do you collect the data? How do you manage it? How do you analyze it in a manner that allows you to operate your city center or your commercial area in a way that is just better for folks? You're likely not going to have those same types of opportunities in rural areas. So it might not be urban growth management, but a smart city concept might still be in terms of your tech driven solutions to how your local town may do business.

For instance, permitting. And I've got clients where permitting is really an issue, and especially during the pandemic, when your city folks had all gone home and worked from home, and it was really hard to go through a traditional permitting process when people weren't in the office. So how do you create tech driven solutions that allow for enhanced communication, but also just as importantly on the government side, certainly, is how do you create those policies and codify them so that they're adopted from an institutional government standpoint.

Alan Poole:

Obviously, as you get more rural, government money becomes a little more important to attract the private solutions. But you mentioned that, naturally, in all levels of public private partnerships,

some sort of government or public fund resource is helpful if not always necessary. So can you tell us a little bit about what kind of resources are out there for communities that want to undertake some of these amazing P3 projects?

Malaika Rivers:

Sure. Yeah. Well, thinking about it from the federal side and then maybe drilling that down to a regional and a local side. So on the federal side, Congress at the end of '21 passed the Infrastructure Investment in Jobs Act. This is a historic investment, over a trillion dollars over the next five years or so of reinvesting in the nation's infrastructure, which and much of that money is going to be for aged infrastructure that needs rehabilitation. But there's also plenty of money in there for new types of infrastructure that integrate technologies that are meant to help with our next generational types of way we live our lives and operate our businesses and so forth.

So there's billions of dollars to the tune of about \$65 billion in there, I think. It's for electrification and EV infrastructure. It might be in the \$80 billion range, don't quote me. But there's another tens of billions of dollars for smart grid types of infrastructure. Those monies are going to come down through either formula funds that are distributed to the states based on population and so forth, or they're going to be discretionary funds, which are essentially competitively bid. So as they trickle down, communities can partner together to either apply directly for those competitive funds, the discretionary funds. And of course, you've got to make a great case. You can't just throw up your hand and expect some money to come your way. You've really got to-

Alan Poole:

That's what the formula.

Malaika Rivers:

... spend some time. You've got to spend your time doing it, or you go after some of the formula funds. So the question becomes who is the overseer of the formula funds? In some cases, it could be the state directly. In other cases, it could be the metropolitan planning organization who would have a program that you can seek out on readily publicly available information on programs that might align with your needs.

So if you're a community that is interested in putting a smart corridor out there, and there are many examples of smart corridors that have been funded through these types of programs, then you would apply for a pot of money, either competitively, but either through the discretionary or the formula funding, depending on your level of sophistication and how big your opportunity is. Clearly the Feds want to scale. They want to see big efforts. Further down you go, you have opportunities for smaller projects. So it's a great way to pilot a concept, or it's a great way to be able to supplement your budget and scale it to a larger context.

So mobility, smart grid infrastructure, transponders, signalization. Those are types of things that on the transportation side, the market has deployable and is available to communities whether they're privately funded or publicly funded, but it could be in other areas outside of transportation as well. So it really just depends on what your goals are and which funding pot aligns with those goals.

Alan Poole:

So that's the big fish right now, the infrastructure bill. Are there any existing funds at the state or local level worth knowing about?

Malaika Rivers:

Yeah, so in the Atlanta market, the Atlanta Regional Commission has a program that they've had for about 20 years now called the Livable Centers Initiative. Every year they make this money available and they dole out monies to local communities that are showing a clearly identified scoped idea and how they're going to execute that on that idea. The idea again is to not just create something tangible for that awarded community to come to life, but also take those best practices and be able to scale them in other communities as well. That's one path.

Another path is really outside of a government type of arrangement. It could be through an academic institution. For instance, there are going to be state university systems and even certainly private university systems that allow for monies that have been created through programs where they've come together. Let's say the academic institution has partnered with the state to create a particular innovation lab that creates a pot of money that you compete for. And again, that might be a conduit that aligns with your interests and their interests that you could use to launch your program.

Alan Poole:

Sure. Georgia Tech has just such a thing. I think you've done a little work with them?

Malaika Rivers:

Exactly. Yes, yes, they-

Alan Poole:

I'd love to hear about that.

Malaika Rivers:

Yeah, they are. It's phenomenal. They've got several departments that are doing really innovative things. I've worked with the inclusive innovation folks, and we developed a research report based on the community improvement districts that I referenced earlier in our conversation and what their efficacy has been over the 30 years. But more importantly, how can they be a conduit or are they a conduit? How can they be a conduit to deploy smart cities going forward?

And really, the interesting thing about that particular type of opportunity is that it brings in traditional thought processes into an ecosystem that's highly adaptable and allows, for instance, a city that might politically be required to deploy a smart city effort throughout the entire city or throughout the entire county, but needs to figure out if this is a concept that works and can do it through a CID and then iterate and then bring it to scale in a larger context. So a lot of opportunities for how these public/private partnerships, be it CID are otherwise, can work together on smart cities advancements.

Alan Poole:

Can you tell me a little bit about some examples of awards of these kinds of grants or funds that have in your experience worked pretty well?

Malaika Rivers:

Yeah. Down by the airport, Hartsfield Jackson International Airport, this is the world's busiest airport, so it's incredibly important to the Atlanta region. It has a lot of activity and has seen a lot of real estate investment over the past decade as the concept of aerotropolises around not only

Georgia and the US, but take hold around the nation. This idea of developing aerotropolises that are focused on airport communities. So that group down there is made up of many, many stakeholders, many cities, many counties, academic institutions, private sector that have come together and are pursuing different types of things. And one of the things that they've been able to tap into is the LCI money that's been made available, and then deploy this on smart technologies and smart corridors to help with their transportation and mobility. That community is interested broadly in economic development like everybody is, but that award that they got was specifically on the mobility side. So it was about creating a smart corridor down in the aerotropolis area.

That same concept has been utilized in places around Atlanta region, I should say, downtown Atlanta, town center, and everywhere in between. We also have some ecosystems of electric vehicle and autonomous shuttles and so forth. And as these projects and programs really start to take hold in their communities and become more scalable or people become more aware of them and there's partnership opportunities to increase their capacity, I think we'll see even more investments in the smart city space, especially as it relates to bringing down some of the federal money that's now available for these communities.

Alan Poole:

I'd like to hear a little bit more about the value that can be added by having a third party such as yourself bring the public and the private side of the equation together. I know, for example, I follow the broadband funding quite a bit, because that's just my market, and the messaging right now is, "States, you've got to get ready. You've got to hire broadband offices." Are you finding that the public side of the equation, the local governments or county governments or state governments, are they closer to having what they need in place than they were 10 years ago to get, whether it's the big broadband funding or any other technological trends to capture those going forward?

Malaika Rivers:

So many ways to answer that question. Thinking about it from federal funding and specifically opportunities coming out of the IIJA, the infrastructure bill, these are highly, highly competitive funds, and they have to be large scale and make a regional impact. If you're a small community and it's only going to benefit X many users, then you're just not well situated or positioned for these federal funds. So the larger you can show the impact to be and larger you can show your partnership, your coalition to be, the better you are going to be in competing for these types of funds. Because that money is new, it hasn't been dispersed and deployed yet, we will see what the use cases are specifically coming out of the infrastructure bill.

But I'll give you another example right now, because your question is really about are they ready? Is there capacity there, which in many cases is a function of knowledge and policies. So electric vehicle charging stations, I think, is a great example to look at. We've got the utility provider who really is the one who can take a lead after understanding that a community, be it, let's say, a county is interested in deploying EV charging stations around, bring the county together, bring in the private provider of the charging stations, the manufacturer who's selling it and selling that capacity. And in many cases, the knowledge is increased by bringing in a consultant who can structure the whole program. So you could add a CID into this mix as being a stakeholder and possibly a funder in that regard or just keep it to that limited level of stakeholders and partnerships. Because there's real profitability in the long term for this, there's upfront money now from these institutional and public utilities that can help pay for these initial costs.

So to answer your question, it is rarely going to be the case that your government has the knowledge and the capacity to do something like this on their own. That's just not how all of these ... Smart city concept in and of itself is still new, and frankly, we're finding that people don't even understand what the word even means. It's so nebulous. It's just too conceptual. But if you relate it to people and say it can either be a one-off project, and it certainly doesn't need to be a city, but it's a matter of creating a project or an effort with a tech driven solution that brings innovation into how you are doing it now. So once people understand that it's not so pie in the sky, and, "Gosh, it's something that I'm already doing in this regard now, now I have more of a name for it and now I know where my missing gaps of knowledge are. Let me bring in a resource to help me go down that path."

So we're still at this base case for a lot of these communities. And again, the further you are from an urban area and having resources available into more rural areas, the more difficult that hurdle is going to be, but there's still a lot of opportunity for education and new starts types of programs that can be piloted around.

Alan Poole:

Standing here today, what do you think is the toughest issue facing public/private partnership projects or communities?

Malaika Rivers:

Traditionally the toughest issue for communities ... By communities we're meaning either a community or a commercial center or a city or a county or however you define community ... it's usually been money and knowledge. Well, money might be eased a little bit given some of the federal funds and the need to deploy those in a manner that works for folks, but the knowledge still needs to be addressed. Most of the folks that are working in your government sector, again, they're not going to be digital natives. They did not come up through a tech background and are certainly not up to speed on the evolution and the next phase of life cycles and know everything about 5G and how it's going to impact their operations. So there is still a degree of having people understand what the opportunity is.

And then the challenge or opportunity, however you look at it, is to get it institutionalized in that government as well. Because you might have a mayor who knows more than anybody else, but if city council hasn't adopted an endeavor, then it's just not going to advance. So how do you work to create policies within the thought process of this government that's going to allow for the deployment and the execution of your great ideas so that everybody can benefit from it?

Alan Poole:

What do you hope to see happen in the next five, maybe 10 years in your space in infrastructure?

Malaika Rivers:

Commercial real estate and the metaverse are really going to be integrated in a manner, at least in the initial phases of the metaverse, because the metaverse is about a sense of place. And yes, it's built on blockchain and technologies, and setting aside all of the super technical issues related to blockchain in the metaverse, it's still a place. Decentraland is creating a place. The Sandbox is creating a place. It is relying on traditional commercial real estate constructs, site design, those types of things.

So now we see private enterprise that are staking ground in the metaverse because they see it as the next phase of business opportunity for them. Let's take sports and professional sports. For

instance, the Atlanta Braves announced that they're the first major league baseball team that now has a digital twin. This idea of a digital twin is something that all of commercial real estate, I believe, should be thinking about. They have taken Truist Park from a physical asset, and it's now a digital asset. So my children who are digital natives can go there and enjoy digital Truist Park in a manner that does not replace physical Truist Park. They're still going to go watch their games. It doesn't take the place of, but it creates another opportunity for a different type of experience.

That's an example of being able to activate in a digital world, in a virtual world, this idea that you can offer your fan base or your customers, whatever they are, opportunities to further explore your brand and go deeper with your brand. And from a commercial real estate standpoint, the metaverse right now is it's being built. It has buildings. It has roads. It has all of these things. Do you physically need them in the metaverse? Of course not. But this is what people understand, and this is where a lot of money is coming in right now and creating funds around real estate.

So those brands that understand the opportunity I think are going to be very well positioned for what can be a very exciting next few years as it relates to how that impacts business opportunities, ticket sales, et cetera, et cetera. As it relates to smart cities and that integration with the physical environment, there could be lessons learned in these digital environments that can be then applied to the physical. The data collection, the use cases, the number of fans that are in the city that you can somehow extrapolate information and bring it into your physical environment I think provides opportunity. What they might be, it's still too early to tell, but it's very cool.

And then the final thought on that is all of this is more and more enabled by 5G technology and the deployment of 5G technology. So I could pull out my phone right now and I could go onto a metaverse that may or may not be on a blockchain, but once the technology broadband 5G, etcetera, really catch up, then this idea of these next virtual environments, metaverse, is really going to be something that really explodes, and it's already exploding right now. So that to me is very exciting and how the construct of a commercial real estate factors into this virtual world.

Alan Poole:

How can a private business or community better understand the opportunities offered by the metaverse? Because that's such a new, I'm going to call it a concept, that I see just as many naysayers as I see proponents. And I often wonder myself, how do I understand what's really going on here? Do I just need to understand blockchain? Is there something else at play here?

Malaika Rivers:

I've done a lot of homework as of late. There's a whole lot of reading to do on the subject. There's a lot of different ways to respond to that from the technical to the conceptual and so forth. But let me respond to it from a business opportunity standpoint. And let's go back to the professional sports team as the example. Professional sports, baseball, been around a hundred years, right? More. I don't know, a long, long time. It has a traditional model of business. It's ticket sales and sponsorships, right?

Alan Poole:

Yeah.

Malaika Rivers:

The Braves, the Atlanta Braves, really created an entirely different type of revenue stream for professional sports that hadn't existed before, which is commercial real estate as an asset class. So Truist Park was built and then the surrounding environment was built. So the team not only owns the stadium and what happens in the stadium, and yes, there is a public private partnership that brought that through to fruition, but the real estate around it. So they have diversified their portfolio and saw commercial real estate as a means to do that.

Well, now think about it from the metaverse standpoint. These physical plays in these community building, mixed use developments for teams, those are not small endeavors. You might be out in Greenfield and it still costs you a half a billion dollars. And certainly if you're in downtown Boston, that's going to cost you several billion dollars. These are big, big bets that these teams are making. And I was involved in the Braves and I've seen the revenue and I've seen the numbers. It works. It works, but you still have to make a pencil.

Well, what if you now did it in a digital environment at a fraction of the cost that you may not have your user base right now. You can program it and you're going to get my kid to watch Travis Scott play in your metaverse space, but it's really the what's coming in the future. For a fraction of the built environment, you can create this virtual environment, which still enables you to bring in revenue in the meantime that you can cover your costs. You can even sell sponsorships and boom, you're done. So the business model is almost a no brainer in that regard.

Now, how do you do it? Who does it? How do you scope it? What's your goal? What level of risk are you comfortable with? Those are all questions that each enterprise has to answer for themselves. But it's incredibly exciting to think about what could take place and it's those that are moving into this space because they see the demographics, they see the technological advancements, they understand it. It's going to be very cool.

Alan Poole:

I remember we were sitting in a board meeting for the TAG infrastructure society when that was announced, and it took a little me a little while to understand the implications of it.

Malaika Rivers:

How does that sink in?

Alan Poole:

Yeah.

Malaika Rivers:

What is the metaverse?

Alan Poole:

It's almost [inaudible 00:32:21] like the Braves doing it spoke more of the metaverse than the metaverse spoke to me itself.

Malaika Rivers:

Again, it's easy to get wrapped up in the technological issues around it. And I'm like that, too. I'm an analytical thinker. What is blockchain exactly, and how does it enable this? Well, I understand

what blockchain is generally, and I've talked to enough people to know that there isn't any black and white right now. Every question you ask, it's still met with a, "Well, we're going to see how it goes." Well, if you can position yourself, then you're going to do well. And my whole business has been about position.

My business has been about bringing together commercial real estate interests in a specific concentrated geography, having them work with their city or county or their local government to identify projects, bring a few bucks to the table, and then make the argument and position yourself for bigger investments from federal funds when those become available. That takes strategy. That takes time. That takes somebody who's paying attention to it. So whether that's done in a physical realm through public/private partnerships, whether that's done in a digital realm because you see the changing demographics and you listen to your child or your grandchild and you see them on their phone all the time, that's what's happening.

Alan Poole:

Fascinating. Well, we've gone all the way from the suburban planning model to the metaverse. I think that makes for a really great conversation. I really enjoyed this, and thank you so much for helping us out here-

Malaika Rivers:

My pleasure.

Alan Poole:

... and talking to me.

Malaika Rivers:

My pleasure. Hope to do it again soon.

Alan Poole:

Ladies and gentlemen, thank you for joining us at the TAG Infrastructure podcast. If you'd like to hear more, if you like what you've heard and would like to hear more things like this and other key insights into infrastructure in Georgia, please make sure to subscribe to the podcast and follow the Technology Association of Georgia and Troutman Pepper on LinkedIn to make sure you receive the latest episodes as they're released. Thanks very much.

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