



Permitting: Streamlining delivery of today's infrastructure opportunity

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The infrastructure challenge

We are one year into an unprecedented, accelerated investment in U.S. infrastructure, but with federal dollars now flowing, one of the most critical potential bottlenecks is permitting, which remains fragmented, complex, and unwieldy.

Existing permitting processes add complexity and uncertainty around capital project delivery schedules, particularly for large, regional projects that require permits from multiple federal, state, local, and even international entities.¹ In the U.S., permitting for a single project can take as long as a decade,² undermining project goals and contributing to cost escalation.

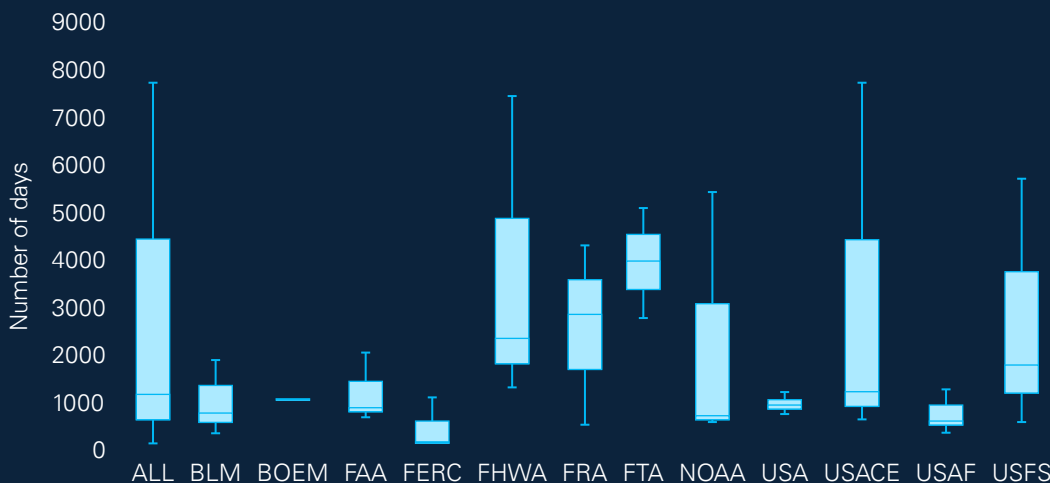
While national regulators try to streamline permitting processes (e.g., through compliance with One Federal Decision), new federal infrastructure funding recipients will start projects using the same antiquated permitting processes they have struggled with for years. In this paper, KPMG LLP (KPMG) shows how state and local governments can take action to improve transparency, accountability, and communications for permitting infrastructure projects. A central permitting office provides an enterprise with the reference architecture to rapidly improve permitting functions, which addresses today's challenges and prepares for the next decade of infrastructure investment opportunities.

Current challenges of the permitting process

Uncertainty around permit schedules can be costly and creates significant variability for organizations that want to take advantage of the new infrastructure funding. With much funding only available until 2026, inefficiency and permitting delays can derail a project.

Complex processes, poor data governance, and resource constraints are some of the primary factors underlying today's permitting challenges.

Exhibit 1: NEPA approval time for monitored federal agencies



A White House study in 2020 found that the NEPA permitting process, which most major infrastructure projects must go through to receive a federal permit, takes between 3.5–6 years to complete, on average.

Source: "Environmental Impact Statement Timelines," Executive Office of the President Council on Environmental Quality, June 12, 2020

¹ For example, a US-based project may require a permit with Canadian entities such as Federal Bridge Corporation, if infrastructure crosses land borders

² "The Biden-Harris Permitting Action Plan to Rebuild America's Infrastructure, Accelerate the Clean Energy Transition, Revitalize Communities, and Create Jobs," May 2020



Permitting complexity and lack of centralized information

One of the common challenges of the permitting process is the need for a single point of contact and central source for information. Agencies at the federal, state, and local levels have different requirements and timelines that can further complicate the process and an applicant's understanding of requirements. Permitting agencies need to establish methods of communication to inform applicants of the need for specific permits and where they are in the process.

Moreover, many offices use stand-alone permitting software not integrated with other applications resulting in unnecessary parallel processes.



Lack of experience with large, complex projects

Local permitting offices often need more familiarity and experience with large-scale infrastructure projects and their complex subject matter³. Incorrect information can contribute to local community concerns. It is also important to note that one agency can be more challenging than another, with different levels of resistance to allow large infrastructure projects at the local level. This resistance can also delay the permitting process for those unfamiliar with the agency's operations.



Entities issuing permits have historically lacked adequate resources

Staff shortages, exacerbated by the COVID-19 pandemic, have put additional pressure on the system, resulting in urgent need for guidance on permitting processes and requirements. Large infrastructure projects typically resort to hiring expeditors, who are familiar with the permit type and local compliance requirements, to usher a permit through the process.

Many local permitting agencies currently need to hire, with as many as 25 percent of positions being left vacant⁴. This staff shortage will be further exposed as the demand for permits rises due to the current Federal funding opportunities. Openings are not heavily sought after in the labor market, as the average annual salary for a U.S. permitting officer, is \$41,211,⁵ lower than the national average for all occupations at \$58,260⁶.



Accountability for meeting scheduled dates

Without precise time limits, permit providers do not have incentives to expedite the approval process, especially with their scarce resources. Some local providers will give applicants a broad timeline only, with no commitment to complete within the timeframe. Local public policymakers across the country have proposed legislation to install stricter and more precise due dates for local permit providers.

Some of the proposed legislation calls for permit providers to refund processing fees to applicants if deadlines are missed. After Florida passed a state-wide time limit law to keep counties accountable for residential building permits, one county successfully improved its ability to process permits within 30 days by 50 percent⁷, with another reporting more than a 30 percent increase. Metrics and incentives drive behaviors—if states pass bills that encourage permitting timeliness, permitting agencies will have the intrinsic motivation to accelerate the process.



Community involvement and the role of Justice40

Through the Justice40 initiative, the White House has established clear goals for 450 federally-funded clean energy and sustainable transportation programs⁸ to deliver 40 percent of their benefits to disadvantaged communities. Grant applicants need to consider where infrastructure investment is required and where it will produce meaningful outcomes and benefits for disadvantaged communities. Involving communities in the permitting process and related decisions is particularly critical when projects are located in traditionally disadvantaged communities.

³ Emma Penrod, "Why the energy transition broke the US interconnection system," Utility Dive, August 2022

⁴ Christina Jedra, "Efforts To Reform Honolulu's Troubled Permitting Office Faces an Uphill Battle, Here's Why," Honolulu Civil Beat, August 2022

⁵ "Permit Officer Salary," ZipRecruiter, 2022

⁶ "Occupational Employment and Wage Statistics," Bureau of Labor Statistics, May 2021

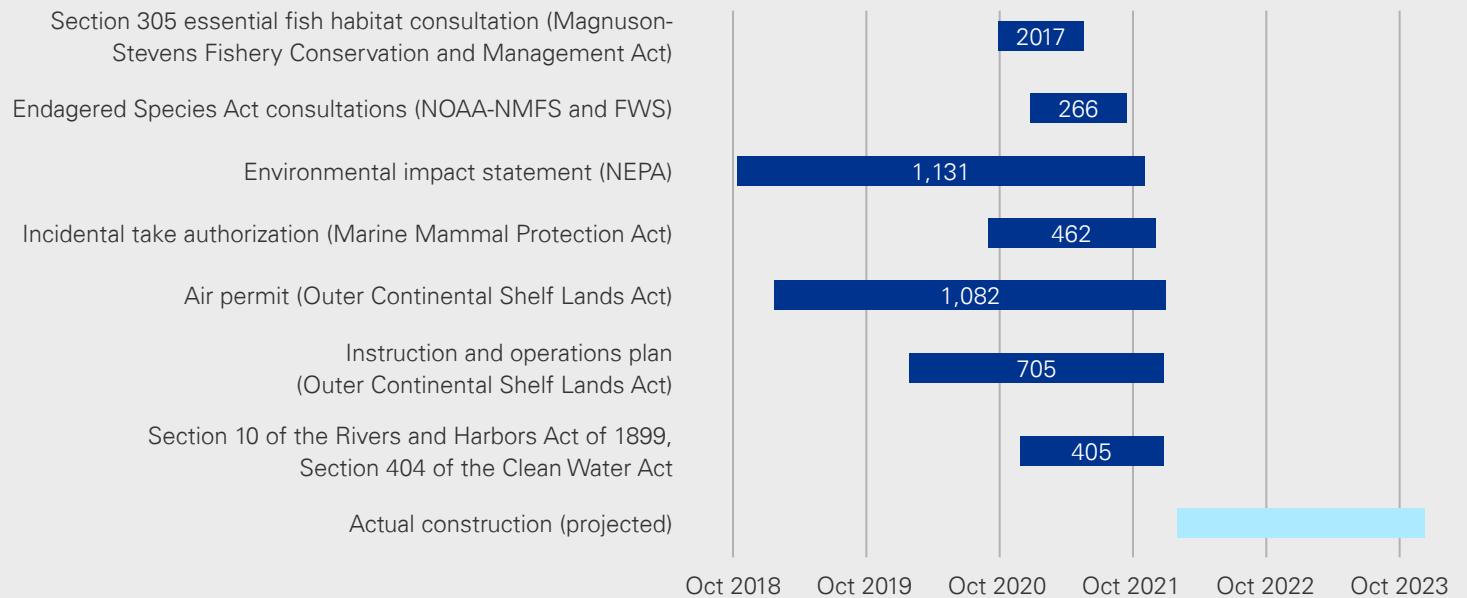
⁷ "Dallas Promised to Fix Longstanding Delays in the Permitting Process, but Some are Still Waiting," Dallas Observer, October 24, 2022

⁸ White House website, Environmental Justice Section, Justice40 A Whole-of-Government Initiative

Example: South Fork Wind permitting timelines

The below chart shows the federal permitting timeline for the South Fork Wind project. The project began its permitting process with an environmental impact statement (EIS) under NEPA in October 2018. The EIS process lasted about three years, until in October 2022, when the construction and operations plan was approved by the Bureau of Ocean Energy Management. This example provides insight into the number of different federal permits required for a single project, variation in permit timelines, and the length of time required for some permit approvals, which can exceed the time of actual construction.

Exhibit 2: Number of days from application to decision



The role of states in permitting

States are critical to improving the transparency and efficiency of permitting processes and decisions

States should drive permitting process transformation by providing applicants with a central resource throughout the process. The process can be made easier with states improving coordination, providing transparency, and working with applicants to remove roadblocks. States can also help prioritize and expedite permits for critical, large-scale infrastructure.

Several states are already sharing leading practices, disseminating lessons learned, and supporting local-level jurisdictions to progress with infrastructure permitting. Examples include:

- **New York's** Office of Renewable Energy Siting was created in 2020 to address challenges in the permitting process and accelerate clean energy development in the state. The office has introduced standardized application and environmental review processes and provided local officials with a guide for initiating projects. Additionally, the office has the ability to override municipalities on unreasonably burdensome local requirements. The office runs on a strict 60-day deadline for designating applications as complete, giving applicants a target date of when to expect a decision. Since its establishment, the office has facilitated the approval of seven major renewable energy sites with an average processing time of approximately six months⁹.
- **New Jersey's** Business Action Center serves as the permitting council for businesses looking to develop in the state. It serves as a "one-stop shop" for assistance in permit applications, provides applicants with training and mentoring throughout the process, and familiarizes them with local permitting practices.
- **Michigan's** Infrastructure Office was assigned to develop a publicly accessible dashboard for infrastructure permitting. Dashboards identify all required permits for a project, their status, and an overall timeline for completion. The dashboard aims to keep permitting offices accountable and ensure applicants and citizens stay informed.

- **Arizona** is currently developing its permitting dashboard, which will provide a single location for owners of large, complex infrastructure projects to submit their projects for permitting considerations, collaborate with the state in identifying required permits, and track progress.
- **Massachusetts** produced a map that assists in project site selection, identifying sites that would be eligible for infrastructure projects as well as areas that should be avoided for development to preserve biodiversity.

Early and ongoing state-level involvement in the permitting process enables coordination and supports the development of an overall roadmap for permit applicants from the onset. Key benefits a state can provide in the permitting process include:



Educating local governments and agencies - States can host workshops and provide informational material to small municipalities that lack experience constructing large-scale infrastructure projects. This support can boost public perception of the project and prepare local permitting offices for their role in the process.



Facilitating communication - Applicants may need to know who to contact at the beginning of the process. States can initiate conversations between applicants and local, state, and federal agencies. They can provide a list of construction permits and critical information related to each permit. States can also deliver insights about preferences, unique laws, and standard practices at local offices and help to resolve roadblocks for applicants.



Transparency and accountability - States can provide a central resource for permitting information and schedules using an up-to-date website or dashboard. This would improve coordination, provide clarity for government agencies and applicants, and help keep permitting agencies accountable to scheduled dates.

⁹ "Governor Hochul Announces the Office of Renewable Energy Siting has Approved Two Major Solar Energy Facilities," State of New York, Office of Renewable Energy Siting, September 22, 2022

¹⁰ "New Jersey Business Action Center, Government of Salem County, NJ website

¹¹ MI Infrastructure Permits, State of Michigan website, Project Dashboard, 2022

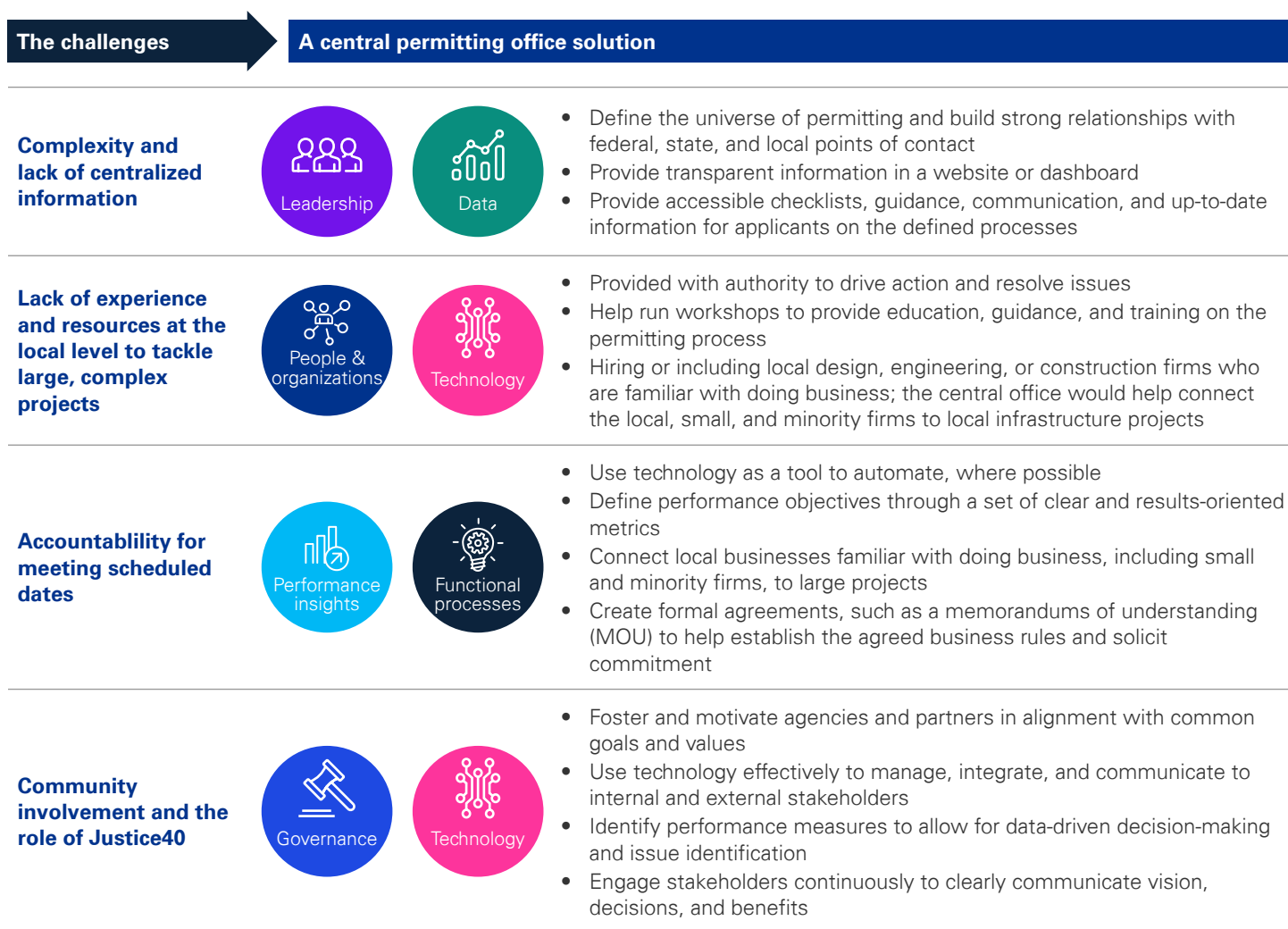
¹² "Solar Massachusetts Renewable Target Program Guideline Regarding Land Use, Siting, and Project Segmentation," Massachusetts website, Executive Office of Energy and Environmental, April 15, 2020

The central permitting office model

A central permitting office can support the introduction of integrated permitting capabilities at the state and local jurisdiction level. KPMG provides insight into cycle time, project application status, and streamlines the process by which infrastructure funding goes to the projects and communities that need it.

While many states have resources assigned to permitting-related issues, only some have dedicated offices sufficiently resourced and empowered to address the known issues.

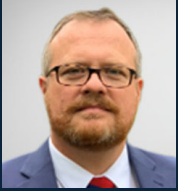
Today's permitting challenges will be exacerbated by the accelerated pace of infrastructure investment over the next decade. Now, more than ever, there is an urgency to establish clear guidance, enabling clear communication and providing access to consistent information.



A central permitting office model creates a framework for how a central state or local permitting office may function, and provides an enterprise with reference architecture to help it rapidly improve its permitting functions, thereby improving cycle time.

Each of the model's interdependent components—leadership, governance, people and organization, functional processes, technology, and performance insights and data—is vital to shaping the office's purpose, function, and responsibilities.

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Christian has over 28 years of experience managing assets and providing strategic asset management advisory services to the critical infrastructure sectors. He has extensive experience at the national and international levels, having led asset strategy and business transformation programs in the U.S., U.K., Europe, the Middle East, and Canada, resulting in significant savings, risk reduction, and performance improvement.



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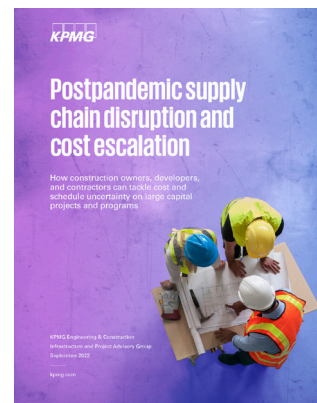
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