

## U.S. NEWS

# Rebuilding Plan Counts on Private Money

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WASHINGTON—President Donald Trump's proposed infusion of funding for infrastructure turns on a critical question: how the administration will get private investors to put up most of the money.

Mr. Trump launched on Monday what he said would be a week focused on U.S. infrastructure with an embrace of a long-debated proposal to privatize the nation's air-traffic control system.

His advisers said the proposal is a model of how they want to approach an overhaul of national infrastructure maintenance, turning to user fees and private-sector management to fund and operate what has been a federal government service.

But there has so far been little detail on Mr. Trump's infrastructure promise. The GOP president has proposed spending \$200 billion over 10 years on programs to encourage greater use of financing from private investors. The administration said that funding will leverage a total expenditure of \$1 trillion to fix and build roads, bridges, dams and broadband lines.

The effort to shift to private funding reflects the difficulty of coming up with taxpayer dollars in an era of constrained budgeting. The last big transportation policy bill to pass Congress, in late 2015, was cobbled together with funding from a Federal Reserve surplus account and other sources that some lawmakers said were unorthodox.

Mr. Trump's advisers said they can get private investors to flock to put up the capital for such projects by curtailing permitting requirements and regulations, and by offering incentives to states and cities to turn to the private sector for financing.

"I think you'll see a huge increase in infrastructure fund balances once we put into place the two things we're doing investors care about," DJ Gribbin, the special assistant to the president for infrastructure policy, said.

The administration hopes to cut lead times to get projects from the planning stage to construction by reducing permitting requirements. That will lessen the political risk that has deterred some private investment, officials said.

Secondly, it plans to encourage cities and towns to raise



President Donald Trump outlined plans on Monday to privatize the air-traffic control system.

fees—like roadway tolls or water-usage charges—that will provide the revenue streams for private-equity investors. It isn't clear, however, that private investors will swarm to some of the country's most seriously decrepit infrastructure projects because not all of them will provide commercial

returns.

"I'm a huge supporter of increasing private capital in infrastructure," said Heidi Crebo-Rediker, an adjunct senior fellow at the Council on Foreign Relations who served in the Obama administration.

"But it is not a silver bullet, and as a country we are not

set up to take on a fully private investment in public infrastructure," she said.

The municipal bond market remains a more attractive source of funding to many state and local officials, she said, and many local governments lack expertise in how to structure public-private deals.

Meanwhile, officials at major transportation agencies have expressed concerns about the administration's infrastructure approach. One official, referring to the administration's desire to shift responsibility for providing direct funding from the federal to state local governments, said the Trump administration was trying to "starve the beast" and force states to find ways to finance privately.

Private-equity executives and bankers who specialize in infrastructure investing said that finding money isn't a problem. It is the dearth of attractive investments.

Last year, investors worldwide committed a record of about \$59 billion to private-infrastructure funds, pushing to more than \$140 billion the amount of ready-to-invest cash in such funds, according to Preqin, a provider of investment-fund data. Much of that money is likely to be spent outside the U.S.

The White House's challenge will be to steer Wall Street's infrastructure money to projects that have traditionally been bypassed, such as toll roads and bridges, because of political hurdles, low returns and long time lines.

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