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# Thoughts on successful infrastructure partnerships

**By Maj. Gen. (Ret.) Charles Williams and Gary Loew**

President Trump's infrastructure plan appears to be facing headwinds, both within the administration and in Congress. On Capitol Hill in particular, many lawmakers have shown skepticism that the administration can reach its goal of generating $1 trillion in infrastructure spending over 10 years by speeding up environmental permitting and incentivizing companies to invest in projects in exchange for tolls or fees.

This is a shame because more use of public-private partnerships (PPPs) could generate major benefits for the country's infrastructure. Done right, public-private partnerships can reduce the requirement for government funding; free governments of oversight, management and legal expenses on infrastructure projects; and reduce the risk of underbudgeted or failed projects. Partnerships can expedite completion of needed projects that don't have adequate funding or provide all of the funding for projects that strapped governments can simply not fund at all.

PPPs are woefully underutilized in the U.S. and much of the reason is self-inflicted. During our careers overseeing infrastructure plans within and outside the U.S. Army Corps of Engineers, we have seen good projects become hamstrung due to insufficient funding, uncertainty about regulatory approvals, and failure to coordinate among federal, state and local agencies for approvals and funding. This has scared off private investment.

So how can government and public-private partnerships work together successfully?

To begin, for the partnership concept to work, there have to be changes in how public-private projects are conceived. Governmental agencies need the authority to negotiate these partnerships, revenue sources must be identified, and the approval processes should be streamlined.

For the Trump administration, that means a necessary focus on timely delivery of all permits and funding, plus a "fast track" design-build mentality. Real estate issues should be resolved early, and governments must approve funding sources, such as tolls, taxes and other fees that might be charged for project services.

The private sector can provide the upfront capital funding needed under the right conditions. Several years ago, the Corps of Engineers encountered serious problems with the Olmsted Locks and Dam project in Illinois. The project was repeatedly behind schedule and over budget. The inland waterways community — which provided half of the funding through a fuel tax — was frustrated.

A Corps‘ internal investigation determined that the key reason for failure to meet schedules was the consistent annual failure to fund the project to achieve an efficient construction plan. In cooperation with the inland waterway industry, the Corps began applying a much larger share of its construction budget and the matching share of fuel tax funding to the project. As a result, Olmsted is now expected to complete earlier than scheduled and under budget.

Another success story is the Fargo-Moorhead flood control project now under construction near the Red River that flows between North Dakota and Minnesota. The local sponsor, the Flood Diversion Board of Authority, agreed to accelerate project funding, and both the Corps and the sponsor agreed to advance the schedule by split delivery of the project. The sponsor is constructing the diversion channel and the Corps is constructing the southern embankment.

This public-private partnership has reduced the federal cost from $850 million to $450 million and is expected to reduce the delivery time by 50 percent. The cost and time savings would not have been possible with traditional appropriated annual funding.

Second, government agencies at all levels need to improve coordination. This includes greater real-time sharing of documents, more coordination of processes, shared execution dates, and coordination of permitting requirements. The Trump administration initiative in Executive Order dated August 15, 2017 to “Establish Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects” should improve coordination and timely processing.

In addition, the Trump administration can push federal agencies on improvements to the mechanics of the permitting process. These include greater automation of standard functions, such as application receipt letters and status updates. The administration could expedite efficient reviews by accounting for different potential impacts among proposed projects. While a large partnership project may require a complicated Environmental Impact Statement, there is probably more latitude to prepare Environmental Assessments for projects with minimal or no significant impact.

Finally, when significant infrastructure projects are approved and funded, the responsible private parties should execute these with design-build or other techniques to accelerate construction, reduce public inconvenience, and put the projects in service as quickly as possible. It is also important to emphasize that partnerships need to be smart about how they pursue their objectives.

This has not always been the case. Before commencing, partnership members should have a clear and comprehensive strategic agreement. The agreement should address all project development and financial responsibilities; include specific schedules; and be clear about risk-sharing and environmental mitigation requirements; incentive agreements; pay-back periods; and responsibility for future operation, maintenance and project expansion.

The Trump administration is right to focus on public-private partnerships for the country's infrastructure. Done right, these are a win-win for everyone.

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