

# Unbundling Trump's infrastructure plans

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Washington, DC is famously divided into two deeply-entrenched camps, but one issue that is widely believed to have bipartisan support is the need to rejuvenate and replace outdated infrastructure across the US.

President Donald Trump's new administration is reportedly planning to capitalise on this bipartisan support to introduce a comprehensive infrastructure plan in the coming weeks, with an initial focus on 50 high-priority projects and several key bottlenecks that either pose a danger to US citizens or negatively impact American competitiveness. By tackling these projects, the administration would meet some of its key targets through creation of a large number of direct and indirect jobs, and significantly increased American productivity and competitiveness.

While federally-sponsored infrastructure projects often have access to low-cost capital, it is believed as much as 50% of the nearly \$2.5 trillion that is considered to be the lowest credible cost of fixing all of America's critical infrastructure could be sought from the private sector, *IJGlobal* was told.

## The worst of the worst

In assembling the priority infrastructure project list, the goal was to identify projects that represent "the worst of the worst." A recent report delivered to the White House by the Environmental Protection Agency indicates that there are "at least two dozen Flints out there" in the United States, an adviser to the President indicated in a closed session recently—meaning that people are drinking lead-contaminated water because pipes in these cases are more than 100 years old.

As such, water infrastructure features prominently on the priority list. Among the largest is the \$3 billion Project Clean Lake in Cleveland, calling for construction of seven new water tunnels to provide relief to the city's antiquated system that becomes overwhelmed by even moderate rainfall, feeding contaminated water into Lake Erie.

There are also said to be many projects with ticket sizes around \$50 million on the table that will be looking to procure private financing and there is talk in the administration of bundling some of these projects to attract larger pools of capital where local stakeholders are open to such arrangements.

## The Katrina framework

After New Orleans was devastated by Hurricane Katrina in August 2005, the US Army Corps of Engineers needed to get to work immediately on shoring up the city's levee system. There was no time to wait around for permitting to take its usual course, so it was decided that work would begin immediately even while the permitting process was ongoing. As a result, the work was tackled in about two and a half years, while permitting is reportedly still under way on certain aspects of those projects to this day.

Already, [expedited approvals have been ordered](#) for high-priority projects, and Trump's administration is also said to be considering this methodology in order to tackle some of the most critical areas where health and safety risks are high. This would in essence allow for certain projects to be pushed forward without having to worry about whether or not the ambitious plan to revamp the environmental review process proves successful.

A source close to the Trump administration's infrastructure plans said it is believed that most of the kinks in the project permitting process have been identified. Expected updates include the selection of a lead agency to ensure that projects aren't lost in the shuffle, allowance of concurrent permitting where possible, and reformation of the litigation process to limit the impact of "predatory" lawsuits. There is even talk within the administration of potentially incentivising the process by offering coordinating officials bonuses of around \$10,000 for achieving high numbers of approvals.

## Choke Points

Along with health and safety, American competitiveness features prominently in the Trump administration's infrastructure plans. Among the key projects up for development is the \$12 billion Gateway Programme to reconstruct critical corridor rail infrastructure connecting New York City with Newark, New Jersey.

There are also several projects included on the priority list focused on updating river infrastructure such as locks and dams critical to the movement of transport barges, such as the Locks and Dams 52 and 53 project on the Ohio River where transporters are sometimes forced to wait for as long as three days to pass through. With these delays, shipping costs grow and US producers' ability to compete in the global commodities marketplace is diminished.

Likewise in Baltimore, the Howard Street Tunnel is two inches shy of the necessary clearance to accommodate trains with double-stacked containers, putting the city's port at a serious disadvantage. It is expected that a project to alleviate this issue would cost about \$425 million, though engineering and permitting are still under way.

## Getting Defensive

The administration is also considering defence projects, including updates to the security of the power grid, which would be focused on addressing some of the dangers to national security presented by both natural and man-made disasters.

In Houston, a potential barrier island is under consideration in order to mitigate the effects of hurricane conditions, which could be disastrous for oil and gas infrastructure situated in the bay area. Similar endeavors are expected for ports in Miami, Florida and Norfolk, Virginia.

In addition to the protection of existing infrastructure, Trump's advisers believe that it is important to focus on the infrastructure of tomorrow in order to future-proof American competitiveness. To accomplish this, some attention is being directed toward autonomous cars, drones and artificial intelligence in the long run, and to technologies including the \$10 billion replacement of outdated radar-based air traffic control systems with the satellite-based NextGen system – which would double air traffic capacity in the US – in the short run.

## Progressive policy

While Trump may have campaigned on the promise that he would “drain the swamp” when he took office, he is relying on some of the most well-respected names in the infrastructure space to inform his policy so that he can show progress as soon as possible. It is believed by those close to the administration that work may begin as soon as this year on some of the most critical projects on Trump's to-do list.

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