

**THE BOND BUYER**

Infrastructure

**Obama Launches Federal P3 Initiative**By **Jim Watts**

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DALLAS — President Obama announced a new federal effort to connect local governments with private investor partners in transportation infrastructure projects during his visit Thursday to a shuttered bridge in Delaware.

The president stopped at the bridge on his way to New York to sign a memorandum launching the Build America Investment Initiative that he said would harness the potential of private capital to complement government funding.

"We're going to help cities and states get more public-private partnerships up and running, and get more projects under way," Obama said. "Lots of investors are interested in backing infrastructure because if it is done right they get a good return on their money."

Obama said the event at the I-495 bridge, which is closed for repairs, is part of a series of actions emphasizing that the federal government can move forward on infrastructure needs without waiting for congressional approval.

"We're taking these steps on our own in hopes that [Congress](#) actually does something," he said. "Instead of playing politics, we should be investing in the things that made our country great."

Overseas as well as domestic investors are interested in the U.S. infrastructure market, the White House said in a fact sheet, noting that total foreign investments in the U.S. topped \$230 billion in 2013.

"The global investment community has over \$83 trillion dollars with a growing appetite for infrastructure," the White House said. "That is potentially hundreds of billions of dollars to fund the building of U.S. public-private infrastructure."

Jonathan Gifford, director of the Center for Transportation Public-Private Partnership Policy at [George Mason University](#), said the new initiative will put a focus on P3s at the Transportation Department.

"Having a P3 center with such a broad ambition to pull together resources and information from across the department and others is a great idea," Gifford said. "It will make what is already available even easier to obtain."

The Build America Transportation Investment Center included in the initiative will be a one-stop shop for state and local governments to work with private developers and investors on innovative financing strategies. It will be housed within the Transportation Department.

The center will "increase infrastructure investment and economic growth by engaging with state and local governments and private sector investors to encourage collaboration, expand the market for public-private partnerships, and put federal credit programs to greater use," the fact sheets said.

The P3 center will encourage efficient use of existing resources, including the Transportation Infrastructure Finance and Innovation Act program's long-term, flexible financing for highway and transit projects with dedicated revenue sources, according to the White House.

Each \$1 in TIFIA loans can leverage \$10 in private loans, loan guarantees, and lines of credit, which often makes the difference between a P3 that is cost effective and one that is not.

The center will also promote the use of private-activity bonds to support TIFIA projects. Obama's proposed four-year, \$302 billion transportation bill would raise the ceiling on federal transportation PABs, which are not subject to state allocations, to \$19 billion from the current \$15 billion.

A new interagency working group co-chaired by Transportation Secretary Anthony Foxx and Treasury Secretary Jack Lew has been created to work with local governments and private interests to remove barriers to private investments in municipal water projects, ports, harbors, and broadband.

"The effort will include a particular focus on improving coordination to accelerate financing and completion of projects of regional and national significance, particularly those that cross state boundaries," the White House said.

Treasury will hold a P3 summit conference on Sept. 9 that "will bring together leading project developers and institutional investors with state and local officials and their federal counterparts," it said..

The P3 initiative is "the sort of long-term initiative that our economic future requires," said Ray LaHood, a former Transportation Secretary who currently co-chairs the advocacy group Building America's Future.

"President Obama's plan is essential to fostering public-private partnerships so that we can modernize our roads, rails, transit, and aviation systems," LaHood said.

Avery Ash, director of federal relations at AAA, welcomed the president's new P3 initiative.

"We support it," he said. "We think P3s are a very interesting and viable option for transportation needs."

Private investments should be one of the options on the table when it comes to funding infrastructure, Ash said, as public dollars may not be available or sufficient.

"P3s offer some good opportunities for states that are looking for additional resources for transportation, and most of them are," said Ash, who was in Wilmington, Del., for the president's address.

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