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**An Update on Prospects for a Comprehensive Federal
Infrastructure Initiative**

KELLY O'BRIEN: As I'm sure you will agree, we are fortunate to live in North America's premiere transportation hub, and it is a major component of our regional economy. Before I reintroduce this panel's moderator, I'd like to remind the audience of one of one of the key points stated in the OECD report. It said:

"Much of the existing public infrastructure in the region is in need of maintenance, refurbishment, and upgrading. The challenges of facing this transportation hub, in particular, the lack of interstate planning, and the need for significant ongoing investments to address passenger and freight infrastructure bottlenecks, demand that attention be paid to these issues. No one is better placed than the tri-state region's stakeholders themselves to take on this responsibility effectively."

So, think about that. That's just another reminder of how important it is that we continue to work together. And

in terms of infrastructure, what could be better than hearing from the senior advisor to Secretary Choa for infrastructure. So, I'd like to reintroduce Steve Schlickman back to lead the conversation about what we can expect with a comprehensive federal infrastructure plan.

It's a privilege to have this opportunity to bring Steve back on stage, and host our guest from our nation's capital.

STEVE SCHLICKMAN: Thanks, Kelly. As you've heard, or if you haven't you've been living in a cave somewhere, addressing our nation's aging infrastructure is one of the President's top priorities. He has targeted a \$1 trillion investment, which includes \$200 billion in new federal funding, and incentivized new state, local, and private investments, and newly prioritized and expedited projects.

The Alliance welcomes any opportunity to support new infrastructure funding. And so, we look forward to be supportive of the Trump initiative. As Kelly said, we're honored today to have Jim Ray, Secretary Elaine Choa's Senior Advisor for Infrastructure at the United States Department of Transportation, with us to give us a status report on the development of this initiative.

Jim has over 20 years of leadership experience in the USDOT, the White House Office of Management and Budget, on

Capitol Hill, and in the private sector. In his current role, Jim leads the Secretary's infrastructure agenda across all modes of transportation. He sits on the Department's Council on Credit and Finance. He leads the Department's Policy Leadership Council, and he supports the Department's interagency coordination efforts.

Jim will come forward, and now, summarize the scope and status of the Trump initiative. He and I will then engage in a short discussion/conversation for about 10 minutes, and then we'll open it up for Q&A. Jim?

JIM RAY: Well, thank you very much. It's an honor to be here. It truly is an honor to be here. I've spent a lot of time in Chicago over the years. In fact, for a period of time, I actually was here weekly. And so, this is a great place, and I appreciate the opportunity to come back and visit with you all. I came in last night, and enjoyed a night with some friends. It was good to be back in Chicago.

I will say, the Secretary had wanted to come and visit with you herself, and so I am her surrogate here today. She had a Cabinet meeting that's been long-planned, and knew that today was not going to be an option. But it's an honor to stand in her stead and give you all an update on what's happening in Washington. I can tell you, for those

of you all who don't know, I served at the USDOT, and as Steve mentioned, OMB, during the Bush Administration. And it's great to be back in government for a whole host of reasons.

But, I gotta tell you, I think I'm better now than I was then. And a lot of that is fueled by the fact that I spent the last eight years working shoulder to shoulder with cities and states on deploying infrastructure. And I've been on the receiving end of the federal government's requirements, and so I think I bring that experience back. It was hard fought, and a scrappy way of getting that experience. But, I bring that back to Washington, and I think I view it in a different light than, perhaps, I did the first time around. So it's good to be back in government for a lot of reasons. It's good to be back in government, I think at least I'm more capable than I was some time ago.

It's an exciting time to be in Washington. And I'm sure those of you all who have been monitoring things, you can see that infrastructure is an absolute core part of the national dialogue right now. And that's, for anybody that likes infrastructure, anybody in the profession of infrastructure, I can't imagine a better time to be in this dialogue.

I remember during my days in the Bush Administration I, of course, cared deeply about infrastructure, and I think we did some interesting and exciting things. Chicago was part of that. Some of you all may remember the Urban Partnerships Program. I think you all feel a really quite innovative and interesting response to that here in Chicago. And I'm proud of the things that we did. I think we changed the debate in many respects.

But I also remember a lot of evenings sitting on the edge of my seat watching the State of the Union, wondering what part of all the good work that we were doing was going to fill some component of the speech. And oftentimes, leaving at the end of that somewhat disappointed. Infrastructure just wasn't the type of dialogue that it is today, and that's made all the difference, frankly. As I travel around the country, as I do meetings in Washington, it's amazing the energy that people bring to that type of dialogue once prompted.

I can tell you just a couple of things about this. There's well over a dozen agencies at the federal level that are working on this. We meet frequently at the White House. Some of you all may remember a gentleman by the name of DJ Gribbin. He's at the NEC right now. Never before has there been a post within the National Economic

Council that's been dedicated solely to infrastructure. Frankly, never before has there been a post like mine at the Department of Transportation, dedicated at stitching the infrastructure portfolios across all of these disparate modes together. And it's really quite fun.

But what's amazing to me is to sit in these meetings, and oftentimes there's violent agreement on what may need to occur. And sometimes there's violent disagreement. But it's a forum for these kinds of really very honest discussions about what needs to happen to promote and facilitate the deployment of infrastructure, most of which is, of course, owned at the state and local level. But, it's heartwarming to look across the table, and see that the Department Energy is there. And beside them is Fish and Wildlife, and beside them is the Army Corps of Engineers. And there's the Veteran's Administration, and there's GSA. And all of these different people, everybody that you can imagine in the federal government that has a serious hand in infrastructure, either as an infrastructure owner or as a permitting agency, are there, and a part of this dialogue.

For those of you all who know another transportation professional in this space by the name of Mort Downey, some of you all may remember Mort from his days in the

Administration, and since then. Mort came up to me after a set of remarks once and said, "Jim, what you're describing is infectious. It's remarkable, and I think there was something kind of like that in the Carter Administration." And so, for those us, and I hope that means everybody in this room, that are really interested and invested in the infrastructure dialogue, it doesn't get better than this.

If you're waiting for the right time to engage in this national dialogue, if you're waiting for the right time to really advance your agenda, whatever that might be, please don't wait any longer. Because at least my experience is, the time now. And if it's not, then I sure would like to see what a better time would be.

Just a couple of other things, just in terms of the overall excitement. The President is, I'm sure everybody knows, is a builder. And while I really was raised in highways, that's where I cut my teeth in many respects in terms of infrastructure. While that may not be the President's professional background, I think he has a professional background in building things. And I had the opportunity to pull together a meeting for him in July, I think it was. It may have been June, where he asked me to essentially pull together a group of 11 or 12 state DOT heads.

And we sat there for probably almost an hour and a half, and had a discussion with these different CEOs about all of the issues, both federal and state and local, that really either facilitated or hindered the deployment of infrastructure. And the back and forth between the President, and these CEOs was a remarkable thing to watch, because he really did understand the issues that these men and women were putting in front of him. And he was able to translate that through a vertical construction lens that he had, and he was able to really understand it.

I can tell you, maybe others have different experiences, I, first off, I know for a fact that a meeting like that with the President of the United States has never taken place. And then secondly, I can tell you, at least in my experience, I've never seen a president who understands those issues the way that this one does. And, in kind of true CEO form, he was taking notes on what things people were saying. And immediately after that, marching orders went out to try to at least, in some ways, address the issues of these CEOs.

Another thing that is really driving, I think, we want to make sure that these very, very precious federal dollars stretch absolutely as far as they can. And so some of you all may have observed early in the Administration that OMB

put out a new requirement, which is commonly referred to as *two-for-one*. That means for every new regulation that comes in and layers on top of the American economy, two have to come out. And you would think, if you've seen the CFRs, that shouldn't be that difficult because I'm sure there's regs out there on buggy whips that we probably don't need anymore.

But what's really remarkable about that is, it gives us, not just the opportunity, but frankly the mandate, to find those regulatory hurdles and burdens that are out there that are slowing you down from doing good work. And try to streamline those in ways that frankly, hasn't happened. Having worked in, I think this my -- I think Elaine Choa is my fourth Cabinet Secretary that I've worked for, I've never seen anything like this, as well.

And the creativity, now that's a tough rule. The *two-for-one* is one issue, but then beyond that it's a net zero positive impact on the American economy. And that's the mandate coming out of the White House. You would think that that would really just incent people to go, and start tearing up regs, but that's not what's happening at all. What's actually happening is people, these experts, we have professionals with 30+ years of experience in their field, are thinking in amazingly creative ways about how to

accomplish the legislative mandate that they're commanded to accomplish. And drive the public good that they're being asked to drive, but do so in a much less costly way.

And I've been really impressed, and frankly I'm proud of the work that USDOT is doing in finding ways that frankly make life a little bit easier for those of you all who are in the job of complying with federal requirements in building, and maintaining infrastructure. So with that, I know people are very interested in hearing about the President's Infrastructure Package. Let me give you a brief overview of that.

Of course, I think we build on an incredible legacy. I'm a casual historian, so forgive me if I get emotional about this for a second. But, I actually believe that the infrastructure that our forefathers built in this country ushered in an era of prosperity unlike anything the world has ever seen. So, I think when a lot of us think about the Golden Age of America, we think back to a time when we were building and constructing, and driving infrastructure in ways that, frankly, no one on earth had ever done before.

So we build on this rich legacy, but we know that that legacy, the benefits of that have been eroding for some time, whether it be maintenance issues that are causing

bridges to be posted for weight limits, or what have you. Or whether it be congestion, which by the way, even yesterday as I came in from O'Hare, I thought this was going to be smooth sailing on Sunday, but not quite so. These are robbing us of opportunities that we need to address.

On the heels of that legacy, immediately after taking office, I think the White House engaged, and we followed suit, in a deliberate and comprehensive effort to solicit opinions on what we can do better in terms of deploying infrastructure. And we were hoping that the ideas coming forward would be more than just, get a bigger checkbook. And sure enough, that's exactly what's happened. We've spoken to countless mayors, countless governors, MPOs across the country, state DOTs, engineering firms, experts in their fields.

Anybody that basically is involved in the chain of command of moving an infrastructure project forward, we've actually made a concerted effort to reach out to them. And we've done that one-on-one, but we've also done that through a Federal Register notice. Hopefully some of you all responded to that. I know Illinois DOT, which is here in the room, gave us a really great set of -- the Secretary actually gave me a great set of comments at an AASHTO

meeting once.

The ideas that are out there are absolutely tremendous. And we are racking and stacking those. The Federal Register notice alone generated over a thousand separate comments. And so, having done this in the Bush Administration with a fairly similar Federal Register notice, it was anemic by comparison. So, I'm hopeful that that's a sign that the industry is primed, and really generating these ideas.

The idea here is that we want to make sure that those ideas are incorporated and shaping our views. Not just from a regulatory standpoint, but also in the President's Infrastructure Package. And then, ultimately in reauthorization, depending on where the right fit really is. And I've been really overwhelmed with the types of ideas that are out there. Some of them are frankly out of the box, and I think that's exactly what we're looking for. No good idea will be ignored.

Highlights of the actual package, I'm hopeful that most of you all know this because a lot of this information has been reported on fairly widely. So, what we envision for the Infrastructure Package is approximately \$200 billion of federal money. There's still some discussion as to whether or not that moves slightly higher. But, I think

\$200 billion is the marker that we are using right now. Of course, ultimately, with discussing the matter with Congress that number could move around, as with any of the issues that I'm about to outline for you.

The goal of that is to drive net increase, so new money sitting on top of the current authorizations. A net increase of infrastructure spending to the tune of a trillion dollars. And I can see a former colleague of mine here in the audience, with KPMG, Ted Hamer. He and I worked on leveraging dollars quite a lot over the last eight years. And I don't think that's an unreasonable amount of leverage, given the amount of money that you guys are already spending in infrastructure today.

So the \$200 billion will be spread across all forms of infrastructure. A lot of people make the mistake of thinking, especially when I'm talking, that all of that is for transportation. And while I certainly have my predisposition towards where some of those dollars should go, it's meant to cover everything. And so, that means water, rural broadband, vertical. I mean, for instance, I think there's certainly going to be money in there for the VA, and the like. But the \$200 billion will be spread across a wide array of asset classes, but it will be broken down by these categories.

So targeted federal investments. We want to be very precise in the way that the federal dollars are being spent. So there's a bucket around targeted federal investments, and those will be meant to really drive a strong federal interest.

Incentives, we want to create an incentive structure that will essentially drive a new paradigm in the way that we think about funding and building and operating infrastructure in America. So, we're looking at an incentives bucket. And if you want to know what that looks like, I think a lot of the concepts that we're talking about for the incentives bucket are actually already found in the INFRA Grant process. If any of you all have read that solicitation, it closes in November. So, the INFRA Grant process I think is a down payment on the ideas that we envision for incentives.

There will be a rural category. I think that all too often the infrastructure problems in rural America can kind of fade into the background, and they don't sit in the absolute forefront of our thinking. And we want to make sure that we don't run the risk of having that happen here, again. I can say that I think that that -- we were subject to having that happen from time to time in the Bush Administration. This will guard against that by having a

specific basket that's geared toward rural.

And then transformative, we really think that the face of infrastructure is going to change in the future. There's so many incredibly interesting, and potentially disruptive ideas that are out there in technologies. And so, transformative is something that we want to get behind, at least in an appropriately-sized way, to make sure that these ideas can actually come to the forefront, and deploy in a way that enriches the public good. If you're wondering what transformative could mean, I'll give you just a couple of examples.

One, for instance, if anyone is familiar with Elon Musk's The Boring Company. It's the type of idea that I think could be transformative. In that regard, they're literally building a tube right now, wants no public money for it at all, so far. And we'll see where that goes, right Steve, so far as a good qualifier.

But essentially the idea is to use the undercarriage of a Tesla skate, and it would ride on a fixed guideway in a narrower tunnel than you would think for highway use, but the undercarriage of a Tesla skate. And so, if I come up, and I want to go across L.A., and I'm driving my own vehicle, my vehicle can be loaded on top of this Tesla skate, and it will go forward. If Steve comes after me,

and he's joined by five of his friends, and they just want to get on the other side and then catch a cab, they can be loaded in something that would look more akin to a transit vehicle.

And it's interesting, The Boring Company has said, "We looked into whether or not we could build tunnels faster and cheaper. We could build them faster, but cheaper is a function of how much dirt you're moving." And so, what they really looked at was, can we build tunnels smaller? You can't do that, and rely on human driving, so these would be all fully autonomous, fixed guideway-types of things.

Another interesting thing, a lot of people don't realize this, but supersonic commercial flight is restricted. It's actual illegal to fly supersonic in a civilian aircraft over the continental United States. That's because the sonic boom that we hear once actually goes the entire way of the noise cone for the people underneath it. Technologies have changed dramatically since the Concorde. You may have just read, there was actually a test flight, just in the last few weeks, whereby people are testing much smaller, lighter, supersonic aircraft that have a much, much reduced noise cone coming out of them. And we want to look at whether or not those

are the types of ideas that we think could potentially be transformative.

And then I'm sure if you went and talked to people, the water sector and others, there's other very interesting things there. So, those are the core baskets, targeted federal investments, incentives, rural, and transformative.

But on the other side, and that's the package, but on the other side of the coin, and this is something that I really want to share my enthusiasm and excitement with. I think that Congress has done a tremendous job of giving, at least to us at USDOT, a great deal of flexibility. Is there more that can be done? Absolutely. Do I have 101 ideas? You betcha. But I think that we can do a lot more with what we already have.

And so, on the other side of the coin, I already mentioned grants, but I'll just kind of go through a couple of things there. So, for instance, TIGER closed today. So if you haven't gotten your TIGER application in, you guys are excused. You can go outside and get it mailed in real quick. It closes at eight o'clock tonight, East Coast time.

INFRA closes on November 2nd. We absolutely can take those programs, and drive a lot of the policies that we're talking about in Washington into those programs right now.

I can tell you, from a leverage concept, the types of ideas, and the projects that I'm hearing about for INFRA are absolutely changing the paradigm-type of ideas. So, we hope that that will shift a lot of things.

We also, another interesting thing on INFRA, we're very interested in making sure that our assets are well-cared for. And so we've asked for asset management plans come along with those, which I think is a great thing, and it builds on the TAMP idea that the Congress has already put out there.

The Executive Order on environmental streamlining, for any of you all who have seen the pictures of the President with the giant scroll behind him, showing how a project gets done. That's actually a slightly simplified way. It almost indicates that the process is linear in that regard. And, of course, we all know that it's more of a spider web. But this scroll was a better way to show it. But the Executive Order on environmental streamlining, which in my opinion has really yet to get a lot of attention, is dramatic.

So the President's order to us is to find a way to move through this process, and make good decisions within two years. And I think that is going to be an incredibly challenging mandate for us to meet. But, what's really

dramatic is that OMB and CEQ are already doing the underlying work that they need to do to implement that. So, for the first time in as long as I can remember, OMB will actually have the ability to assess penalties on agencies that are not complying with that in a chronic way.

As with anything, there's loopholes, if you have a great reason why you need to hold back. The merits of a particular problem dictate that it take longer. There are exceptions to that. But for chronic offenders, OMB can actually assess penalties on an agency's budget. And that's dramatic. That tool, I think, will do amazing things to align interests, and help us move through the process faster.

The idea here is not to cut short any particular process. It's to make better decisions faster, which countries like Germany and Australia seem to do every day of the week. But the nature of our system, and the alignment of interests being what they are, I think prohibits us from doing that. So this Executive Order, in many ways, tries to bring together some of the lessons learned from our friends overseas, and bring those ideas into the United States.

I will say that I think we have to look at fiscal constraint. I had the opportunity to sit down with some of

your colleagues just before this. Fiscal constraint right now is, in my opinion, one of the primary reasons why, for instance, when the Obama stimulus package went through, the bulk of that money went to repaving projects. It's because that's what was available from a permitted project, and this fixation on shovel-ready projects dictated that that be done.

And I think that we can actually do a lot on fiscal constraint, again within our current authorities, to make sure that when future infusions of cash come that we actually have more ambitious projects on the shelf, and ready to build. And my thought there is that we could do better with what we have.

Just a couple of other things. I think, TIFIA, for those of you -- has anybody here ever pursued a TIFIA loan? Wow, well Ted, you can't raise your hand. But, more than I would've expected. TIFIA is really in the second year of its reorganization. I think it's only natural that it should have some teething pains, as it really figures out -- like we just moved a project that went after both a RRIF and a TIFIA loan at the same time for the same project.

The reason they did that is, before the two programs were broken apart. And I think, frankly, it was hedging their bet. Because they didn't know exactly how the two

programs were going to be administered. But in today's world, where they're administered under the same roof, I think that's less necessary when you have eligibility that's equal in both camps.

But, nevertheless, I think it's natural to have some teething pains as you go through this process. But without a question, I mean, without question at all, the process has become less predictive and longer since I was last there. And we're very focused on trying to make sure that TIFIA is something that works, because we will no doubt need it to get to the President's target of a trillion dollars.

So, one thing that you may have noted, I'm going to wrap here, and then Steve and I will do our show for you, so to speak. But I'll tell you that one of the constant themes of my remarks, and I hope you all picked up on it, because it's is going to be very important for the way that you compete for projects in the future, is leverage. Now, what I mean by leverage, a lot of people will go immediately to public/private partnerships. But, I'll tell you as a Fed that is working on these issues every day, I think what it really means is non-federal share. So, if you're Mayor Garcetti from Los Angeles, and you took the initiative to pass Measure M, and you want to bring those

dollars to a particular project, those dollars are every bit as valuable as some other dollars.

We have recently put on the street the new solicitation for projects for interstate reconstruction, a tolling pilot program, which will allow you to toll your interstates in order to rehabilitate them. That is a way to bring revenue, non-federal revenue, into the model. I know that's controversial in many circles, but we have a lot of interstate miles that need to be rebuilt.

My home state of North Carolina, just by example, has to rebuild all of I-95. I think it's 311 miles. That was one of the earlier segments of the interstate that was built. It all needs to be rebuilt, and the last estimate that I saw for doing that was about \$4.5 billion. By the way, the entire transportation budget in the State of North Carolina is about \$4 billion. I'm not sure when and how they will do that, absent something like tolling.

But nevertheless, from a leverage standpoint, I think there's a lot of ways to do that. Virginia may choose to pursue a public/private partnership. Illinois may choose to bring dollars in some other way. Mayor Garcetti clearly has looked at Measure M. But, nevertheless, I think there's a lot of ways to bring those non-federal dollars into the mix.

Some people, just timeline very quickly for those of you who are interested in the Infrastructure Package. We are working aggressively, teams of people, on the policy and regulatory changes; pushing out the grant programs, re-gearing all of these things. So, the things that we control, and aren't going back to Congress, that is an ongoing effort.

I invite you, by the way, if you didn't respond to the Federal Register, and you have some ideas of things that you think are broken, could be fixed. I generally like problems and solutions paired. But, you needn't feel like you have to do that. But, please bring those forward. That is an ongoing, rolling basis.

The timeline for the Infrastructure Package, I think -- we always assumed, and a number of people thought that it should go first. We always assumed that it needed to come behind Tax Reform. Because while Tax Reform is not the only way that this package may get paid for, it's certainly is a candidate way. And finding the pay-fors is absolutely critical, particularly for Congress, as we move forward. I don't think there is -- I don't think that there is a strong interest in doing deficit spending on the part of Capitol Hill to drive the package forward. So, Tax Reform goes first. We'll see where that goes. There are a number

of other ideas that we're working on as pay-fors, in case Tax Reform either doesn't move, or it's not adequate for the purposes. And we'll see how that goes. But right now, I think we are looking at something after Tax Reform. I'm sure some of you all have been following that.

So with that, I'll close and we'll start our conversations, Steve, if that's all right.

MR. SCHLICKMAN: Perfect.

MR. RAY: I hope you guys, please do, if you've got good ideas, there's a lot of room on that table, and please bring those to us.

MR. SCHLICKMAN: Good. Thanks, Jim. That was an excellent summary, thank you. This room is particularly informed on the existing DOT programs. Maybe you can tell us how the new infrastructure initiative might dovetail with that or affect the existing pipeline.

MR. RAY: Sure. The purpose of the package, of course we have reauthorization on the horizon already. In fact, by this time next year, I'm sure we will be up to our eyeballs in discussions around that. We will have to start, I think, those discussions prior to this point next year. But, we should be up to our eyeballs in that discussion by this time next year.

The package itself is meant to sit on top of the

authorization. So it's not meant to displace. I think we have much through comments from either yourselves, or your peers across the country. I think we have found a number of things that, if amended, would help to make the package more efficient, and more effective. And so, I won't tell you that there will be no policy changes, but a number of those policy changes may be restricted only to the dollars flowing through the package.

For instance, if there's a programmatic change that we're looking for in order to, say for instance Steve, you had sent us a letter, and said, "If you change this, everything would be right in the world." And let's just say we agreed with you, and found that you were right, we may change that little thing that you talked about. But we would likely restrict it for the purposes of the package itself.

I think the goal here is to not do -- not to do -- not to try to replace or drive a new authorization before its time. And I will mention, just actually on that point, so a number of people saw the President's budget, and saw that we showed the Highway Trust Fund going under at the end of the FAST Act. And frankly, a lot of people were very alarmed by that. We had a discussion about that, and frankly thought that it was the responsible thing to do, to

not make assumptions on the part of Congress, but rather, to flag that there is a big task ahead of us as a country. We have to find a way to fund infrastructure. We have to find a way to fund the next authorization. And it would have been, in some ways, irresponsible just to presume that such a task was going to happen. So we wanted to actually flag the fact that it was there. And, of course, Congress knew that it was there because it's a function of their last authorization.

MR. SCHLICKMAN: I think it's excellent, and it sounds great how you're proceeding to try and streamline the approval process. Many of us who have worked on projects, who have seen projects take 7-10 years to get done, believe that --

MR. RAY: Only 7 or 10, you're doing well.

MR. SCHLICKMAN: Well, we can do better in Chicago.

MR. RAY: I'm sure you have a few in your history that took a bit longer.

MR. SCHLICKMAN: Yeah, mostly for local concerns probably, as well. But there are watchdog organizations that are concerned about what you're doing. Are you reaching out to those groups to include them in the dialogue, so that when you're ready to issue a -- let's say a revamp of the regulation, it will go more smoothly rather

than possibly result in litigation?

MR. RAY: So I know that CEQ is really leading the way on this, as they should. It's really their function to do that. OMB has a role, no doubt, but their role is I think more siloed, whereas CEQ's is much, much broader. I know that CEQ has reached out to quite a number of people. I think they will continue to do that as they try to operationalize this.

We have started to reach out internally at DOT to, I think, a lot of our federal stakeholders. We want to make sure that we have a common game plan with them. The short answer is, I don't know the full list of people that CEQ has reached out to. They're certainly running lead on this. Our conversations, at least to date, have largely been with the federal stakeholders.

I think they know, quite well, the challenges of trying to meet the President's demand. But, it's a point well taken. I'll make sure I take it back to CEQ, and see. But frankly, I'm not sure who all -- I go to the meetings I'm invited to, not the ones I'm not.

MR. SCHLICKMAN: I found it interesting how you sort of moved away from the PPP reference to the non-federal share reference. But, let's stick with PPP for a second, because we've had some good and not so good experiences

with public/private partnerships. What I try to tell my students is that if you've seen one PPP, you've seen one PPP, and it can be done in many ways.

MR. RAY: That's right.

MR. SCHLICKMAN: It can be done in very good ways. It can be done in very horrible ways. I would say, one of the horrible ones to anybody here in Chicago would point to is the parking meter privatization. I'm not sure if you're familiar with that. It did not go well at all. But that was after a number of other privatizations, such as the Skyway and the parking garage privatization, or concessions, went well from -- maybe from some people's perspective. Maybe not as to how the money was spent after the concession was put into place.

Do you have any thoughts about, how in this Infrastructure Package, you would encourage the better PPPs, as opposed to the bad ones?

MR. RAY: That's an interesting way to frame that question. Let me back up just to agree with you on a couple of points. I remember at the time I was chief counsel of federal highways, and quite a number of people who were involved on the Skyway deal were quite proud of themselves. And they should be. I don't know what everyone else thinks. I actually think that was quite a

good deal in many respects. The backlog of maintenance that was remedied was something that, at least those of us that are students of P3, certainly admired that that was addressed in a way that I think made sense.

But nevertheless, people came to see me when I was federal highway chief counsel and said, "Jim, we think this is the best deal ever," and I'm paraphrasing. "And we want you to stand behind this contract, and say that it is the standard bearer for what everybody should do." And my point at the time, similar to yours, if you've seen one, you've seen one, was we are way too early in the evolution of this industry to start picking one as a template.

The amount that we will undoubtedly learn, as we move forward, and as we operationalize these over time, is going to be tremendous. So, I agree with you that every deal you have to take on its merits. There are good ones. There are bad ones. And hopefully we're getting better at the time.

But the one thing that I guess I would say to your point about, what are we doing to encourage them through the package? Honestly, from my perspective, we're looking at non-federal share. I think that the assets, for the most part, the assets all reside on the roles of state and local governments. They are federal assets, but there are

not nearly as many, dwarfed by the number of state and local assets. How a state goes about, or a local community goes about, pursuing and delivering their project is really up to them.

In terms of best practices, the Bureau, which is where TIFIA and RRIF are now housed, is working on a number of best practices. I think you would expect us to try to educate on those. I think there's a number of things involved that both give us money, as well as opportunity to do that. But I would say that that will run in parallel with the package. It won't be driven in the package itself because, again, I think that we are more focused on the funding and operations paradigm than I think we are about the delivery mechanism. Now, in some jurisdictions those lines will overlap quite a bit, but others, it may not at all.

MR. SCHLICKMAN: Good answer. So, we want to open this up to the audience. Over here, Greg. We have about seven minutes.

MALE SPEAKER: Thank you, Steve. Your comment about the greatness of American infrastructure brings to mind Abraham Lincoln, when he was a freshman congressman, and the Illinois/Michigan canal. And then what he did with the Morrill Act, and also the Transcontinental Railroad. I

wholly agree with you that we're at a real inflection point.

So, my question is a couple. Is there a way to take the money that's being used for disaster relief, and also get creative then about the non-federal share in terms of new infrastructure that replaces damaged infrastructure? And is there a role for federal preemption on the question of the planning, as it relates to the infrastructure and the land use around it?

And the thought is, if we can evolve projects of national significance, and we can draw from models like Infrastructure Ontario, and other places -- I don't know that we can do all of this quickly. But there is a moment in terms of disaster relief, and then there's also a moment that comes in other sectors, where the federal government can lead.

I take your point wholly that a lot of the assets are on the state and local budgets, and part of their capital facilities. But nonetheless, I think there's a role for federal leadership. And with the President, with the skillset that he has in terms of understanding the building environment, we could move the needle. Any reaction?

MR. RAY: Well, I mean several, because you raised several things. The first thing is, let's take disaster

relief as an example. One of the things that we're generally a prohibition on betterments, right? Which, I was -- actually the most recent conversation I had on this was with the State of Texas, as they look at some of their issues in and around Houston. And looking at whether or not that betterment clause actually makes sense.

And should we be rebuilding the same asset multiple times over, or is there some smart engineering, or alternative solutions that could be brought to bear? So, I can't tell you where that conversation will end up. But I can tell you that conversation is underway, and certainly hasn't been lost on us.

I think, in terms of your overall reference about leading, don't take my comments on recognizing that the assets are yours as an opportunity for us to step out. It's not at all. We want to make sure that the programs that we have are incenting the type of behavior that frankly, we would like to see.

And I think, frankly, from what I've heard out of the INFRA Grant process, that is happening multiple places over. And I can't wait to see what we get in. I'm sure there will be lots of fairly normal stuff, but I think there's going to be a lot of out of the box-type of things as well.

And I'll share with you, and by the way, I'm happy to talk because I'm interested in this discussion. But, I'll share with you the Secretary's remarks at an event about two weeks ago. I hope this kind of drives home the point that we've not trying to remove ourselves. So she told, this was at AASHTO, and I think is a big departure from maybe the direction that USDOT has been moving for quite some time.

Let me back up real quick. So, Secretary Mineta, who I care about deeply. He's a super -- and for any of you all who have had the opportunity to meet him, he's a superstar in my mind. And I really enjoyed working with him and for him. But Secretary Mineta, when he was chairman of TNI, essentially passed the bill that called an end to the interstate era.

And what I -- I remember having lunch with him, and telling him that "Sir, this is your fault." And what I mean by that was, I said, "You took away the country's brass ring." That was the thing that Illinois didn't mind terribly that Ohio might go first, because they were going to get theirs next. The country was unified around a single vision. And when we were unified around a single vision, whether you were at the state, the local, or the federal level, all the wickets lined up, and things were

able to happen.

I don't mean to be Pollyanna-ish about where that was, but that alignment of interest was tremendous for helping us deliver this great thing. And he called an end to it, and that's when you really saw the proliferation of programs. I think maybe a dilution of the federal interest. That brass ring that we all were happy to jump after, was removed. And so I think, in many ways that started the acrimonious relationship that can so often exist between the feds, and the state and locals. Because all of a sudden we had a different job, and we had a different objective.

What the Secretary said at this conference, and I'm sorry for being long-winded on this, but I think it's important. She told the state CEOs that she understood that the system belonged to them. That she was there -- let's see, how did she say it. You might have to help me, because I think you were there. But she said, "I am your advocate, not your adversary, and I will define my success by your success." And I think those words are really, really powerful. And frankly, I walked away, going back to Washington and saying, I need to find a way for this building to live those words.

Because that means that the solutions that you all

approve for yourselves here in Chicago, unlike the interstate era, they don't need to look like the solutions in Jacksonville, Florida. They can look like Chicago solutions. But nevertheless, our job will be to help you get there.

And I think that's a different posture than I think what you've seen out of USDOT in recent years. And so, anyway, I was really proud to be a part of that conversation. And I hope we can make those words a living, breathing thing, and help you all reach your goals.

MR. SCHLICKMAN: Okay, we're virtually out of time, so we'll take a question that demands a short answer.

Anybody? No?

MR. RAY: How about you, Steve?

MR. SCHLICKMAN: One more question? Well, no.

MR. RAY: No?

MR. SCHLICKMAN: I think we'll move on.

MR. RAY: All right.

MR. SCHLICKMAN: We're really at our end. We're supposed to start the next session.

MR. RAY: Okay, thank you very much.

(END)