January 22, 2015

CLEAN WATER CONSTRUCTION COALITION REPRESENTATIVES PRESENT LEGISLATIVE PRIORITIES FOR THE 114TH CONGRESS

Coalition Representatives have met with Congressional leaders to discuss the Clean Water Construction Coalition’s main priorities for the 114th Congress. As a result of last November’s elections, there have been committee member changes as well as leadership changes in both the House of Representatives and the Senate.

The Coalition’s priorities include, but are not limited to, the reauthorization of the Clean Water Act and the reauthorization of the Safe Drinking Water Act as well as other key water infrastructure initiatives such as “W21: Water in the 21st Century” and the “California Emergency Drought Relief Act,” that meet critical needs, promote economic development and generate jobs. The Coalition also noted to Congressional Representatives and staff that it is critical to increase the annual appropriations for the Clean Water and Drinking Water SRF’s. In a related public works matter, the Coalition noted that we support the reauthorization of MAP-21.

Included with this notice is a follow-up letter sent to House and Senate Congressional Leaders.

SENATOR BARBARA BOXER REINTRODUCES THE “WATER IN THE 21ST CENTURY ACT” TO FUND A NEW WATER INFRASTRUCTURE PROGRAM

U.S. Senator Barbara Boxer (D-CA) reintroduced legislation last week that would fund a new water infrastructure program to address the Country’s growing water resources needs. The bill “Water in the 21st Century Act” or “W21” and will provide grants and loans for projects and programs for water conservation, water storage, increased water efficiency or reuse, water quality improvement and research and development in these related areas.

The legislation will promote and fund residential water conservation projects as well as larger public works water systems. As we reported to you last Fall, the Coalition was successful in obtaining numerous specific changes to the measure. As a reminder, below are the specific changes:

1. We requested in the “WIFIA-like” loan and loan guarantee title that the language making eligible “any water infrastructure project not specifically authorized by law” (thereby allowing for more projects to receive funding);
(2) We requested that the $20M de minimus level regarding eligible project costs either be deleted or that language be included to allow for “bundling” of projects to meet the de minimus requirement. The bill allows for bundling and reduces the de minimus level from $20M to $10M;

(3) We requested 100% percent project financing compared to 90% in the earlier draft and the bill allows for 100% project financing;

(4) We requested flexibility in interest rates to allow for an interest rate “not more than” the Treasury rates which means it could be less;

(5) We requested in the Water Storage Projects grant title that the word “wastewater” be added as another source of eligible projects and the bill includes this language;

(6) We requested that projects not be required to have been previously authorized and the bill includes the phrase “eligible for assistance under this title” which avoids the need for prior authorization by the Congress.

Attached for your review is a general summary of the bill.

The Clean Water Construction Coalition will continue to advocate in Congress for the passage of this legislation.

CONGRESSIONAL COMMITTEE STAFF CONFIRMS COALITION’S REQUEST THAT PRIVATE ENTITIES ARE ELIGIBLE FOR LOANS UNDER THE WRDA LAW

During the WRDA/WRRDA legislative process last year, the Coalition advocated that private entities should be eligible for CWSRF funds. Last week, Coalition representatives met with the House Water Resources and Environment Subcommittee which confirmed our interpretation that, with respect to certain project types, private companies are now eligible for CWSRF funding. Pursuant to WRDA/WRRDA, there are now 11 eligible independent project types.

Some project categories are eligible only for public entities such as construction of publicly owned treatment works; development and implementation of certain conservation and management plans; water conservation, efficiency or reuse projects to reduce the demand for publicly owned treatment works capacity; and, energy consumption reduction projects for publicly owned treatment works. Other categories apply to both public and private entities such as construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage; measures to manage, reduce, treat, or recapture storm water or subsurface drainage water; development and implementation of watershed projects; reuse or recycling projects; projects to increase the security of publicly owned treatment works; and, for qualified nonprofit entities to provide assistance to owners and operators of small and medium publicly owned treatment works.

The CWCC wishes to thank the two staffers most responsible for these changes, Joaquin Esquivel from Senator Boxer’s office (the Coalition worked with him on supporting Boxer’s “W21: Water in the 21st Century” bill) and Geoff Bowman from the House Transportation & Infrastructure Committee (Geoff was a guest “speaker” at one of the Coalition’s Washington, D.C. luncheons).

The CWCC believes that this change will result in additional work/job opportunities for Coalition members.
FEDERAL ADVOCATES JANUARY REPORT AND CWCC CONFERENCE CALL MINUTES

Attached with this advisory is Federal Advocates January Report and the Coalition’s minutes from the December 18, 2014 Conference Call.
NOTE: On December 13, the 113th Congress adjourned with the 114th Congress commencing January 6.

**FY15 Omnibus Appropriations**

On December 16 the President signed into law the FY15 Omnibus Appropriations bill (PL 113-235), the legislation that will provide discretionary funding for the vast majority of the federal government for the current fiscal year. The bill includes full appropriations legislation and funding for 11 of the 12 annual Appropriations bills through the end of the fiscal year, September 30, 2015. The 12th bill, which funds the Department of Homeland Security, is also included in the legislation, but is funded under a temporary “Continuing Resolution” mechanism that expires on February 27, 2015. Some of the details of the text are following.

**Corps of Engineers:**

Water Resources Construction: The bill provides $1.640 billion for water resources projects that provide for improvements to navigation, flood risk management and for ecosystem restoration. This amount is $16 million less than the fiscal year 2014 enacted amount and $515 million more than the request. The bill allows four new construction starts.

Mississippi River and Tributaries: The bill provides $302 million for the construction, operation and maintenance of navigation, flood control and ecosystem restoration projects along the Mississippi River and its tributaries from Cairo, Illinois to the mouth of the Mississippi River. This amount is $5 million less than the fiscal year 2014 enacted amount and $57 million more than the fiscal year 2015 budget request.

Water Resources Operation and Maintenance: The bill provides $2.9 billion for operation and maintenance of water resources projects. That is $48 million more than the fiscal year 2014 enacted amount and $309 million more than the fiscal year 2015 request. The bill provides $1.1 billion for eligible activities that are reimbursed by the Harbor Maintenance Trust Fund.
Department of the Interior

The bill provides $1.14 billion for the Department of Interior, which is $27 million more than the fiscal year 2014 enacted amount and $97 million more than the budget request. This amount includes $1.13 billion for the Bureau of Reclamation, including $19M for WaterSmart grants; $21.5M for Title 16 discretionary funding; and $37M for CALFED.

Providing water and power to the West: $978 million is provided for water and related resources to address water storage and conveyance, power and environmental compliance and restoration activities in the west. Within this amount, the bill provides $50 million for the Bureau of Reclamation to address the exceptional drought conditions that are impacting many parts of the Western United States.

The Clean Water State Revolving Fund receives $1.45 billion in funding, equal to the fiscal year 2014 enacted level and $431 million more than the President’s request. The agreement also provides the Safe Drinking Water State Revolving Fund with $906.8 million, equal to the fiscal year 2014 enacted level and $150 million more than the request.

Transportation:

Transportation Investment Generating Economic Recovery (TIGER) Grants: $500 million for grants to state and local governments to support a wide variety of transportation options, including roads and bridges, railroads, transit systems and port infrastructure. TIGER grants are distributed by competition, and the demand for these grants is enormous in comparison to the available funding. For fiscal year 2014 funding, for example, DOT received applications from almost every state in the country for projects that totaled $9.5 billion. The funding level is $100 million below the fiscal year 2014 enacted level. The President’s budget request had included $1.25 billion for this program, but it also assumed that the funding would be provided through new legislation authorizing surface transportation programs instead of the appropriations process.

Federal-aid Highways Program: $40.3 billion for the Federal-aid Highways program, which is equal to the level enacted for fiscal year 2014. This program provides grants to every state in the country to build and maintain roads and bridges. Funding is consistent with the Moving Ahead for Progress in the 21st Century Act (MAP-21), the most recent authorization law for federal surface transportation programs, and assumes that MAP-21 will be extended through fiscal year 2015. The President’s budget request had included $47.3 billion for the highway program, but it also assumed that the mandatory funding would be provided through new legislation authorizing surface transportation programs instead of the appropriations process.

Rail Investments: $1.39 billion for Amtrak, which is consistent with the level of funding provided in fiscal year 2014. This funding will allow Amtrak to continue providing passenger rail service in 46 states. Amtrak’s ridership hit an all-time high of 31.6 million people last fiscal year, and Amtrak has reached record ridership levels for 10 of the last 11 years. This level of funding will allow Amtrak to make investments in the state-of-good repair infrastructure projects
and to operate a safe and reliable passenger rail network for the nation. The agreement provides $1 billion less than the budget request, which assumed the mandatory funding would be provided through new legislation authorizing surface transportation programs instead of the appropriations process.

Transit Investments: $10.9 billion for transit programs, $141 million more than the fiscal year 2014 enacted level and $6.7 billion less than the request. These resources will be used to improve subway, light rail and bus rapid transit services in 15 states. The President’s budget assumed passage of a surface transportation bill that would fund most transit programs rather than the appropriations process. The bill includes $8.6 billion for formula grants, $37.5 million for research and technical assistance and $150 million to continue modernizing the Washington Metropolitan Area Transit Authority. In addition, it provides $2.12 billion for the transit capital investment grants, an increase of $177 million to help communities build new rail and bus rapid transit capacity in California, Maryland, North Carolina, Colorado, Florida, Texas and other states. These investments help communities find solutions to road congestion, support economic development, manage population growth and reduce air pollution.

Air Transportation: $15.7 billion for the Federal Aviation Administration (FAA), which is $83 million more than the fiscal year 2014 enacted level and $437 million more than the President’s budget request. This funding makes it possible for the FAA to supply air traffic control services 24 hours a day, seven days a week. The agreement includes $144 million to fully fund the FAA’s contract towers in fiscal year 2015 and $3.5 billion for airport grants. The agreement also provides $856 million for NextGen, the FAA’s effort to modernize the country’s air traffic control system.

Automobile Safety: $830 million for the National Highway Traffic Safety Administration (NHTSA), which is $11 million more than the fiscal year 2014 level and $13 million less than the budget request. The increase in funding will allow NHTSA to make important investments in its safety defects analysis and investigation programs and improve the agency’s ability to aggressively screen defect trends. This will help the agency identify safety defects earlier and recall vehicles and vehicle equipment that pose an unreasonable safety risk.

**MAP-21 Reauthorization**

In meeting with the staff of both sides of the Senate Environment and Public Works Committee, we learned that they expect to meet the May reauthorization deadline, using Boxer’s MAP-21 bill as a starting point, and that the new chairman, Senator Inhofe (R-OK), plans to revisit the current earmark ban as it applies to transportation with a view to a possible re-definition of the term. On the House side, Republican staff of the Transportation and Infrastructure Committee advised us that they are already in the process of drafting a bill. To date, Democratic staff have not been involved in the process.

To review, on August 8, President Obama signed into law (Public Law 113-159) the “Highway and Transportation Funding Act of 2014.” The law would transfer approximately $10.8B from the General Fund into the Highway Trust Fund (HTF) - $8.8B into the Highway Account and $2.0B into the Mass Transit Account - to keep the HTF solvent and provide funding for highway and transit programs at current levels through May 31, 2015.
The cost to the General Fund would be offset by various "pay-fors," all of which are unrelated to transportation and most of which extend over 10 years. They include "pension smoothing," an extension of custom duties, and a transfer of $1B from the Leaking Underground Storage Tank Trust Fund (LUST). The bill also includes an extension of the MAP-21 authorization through May 31, 2015 at current funding levels, pro-rated.

**National Freight Network**

On July 14, Congresswoman Janice Hahn (D-CA), Co-Chair of the Congressional Ports Caucus, introduced H.R. 5101, the “National Freight Network Trust Fund Act of 2014”. The legislation (with 39 cosponsors) calls for transferring five percent of all import duties collected by U.S. Customs and Border Protection (calculated to be about $1.9B annually) into a new freight trust fund. Her goal is to use this bill to continue the freight funding discussion as the House Transportation and Infrastructure Committee starts to draft its MAP-21 reauthorization bill. Hahn's bill: operates as a competitive grant program in which the U.S. Secretary of Transportation makes the selections; requires a federal project cost share of 90 percent; names ports, states, and local and regional transportation bodies as eligible entities; names state freight plan projects and state transportation plan projects as eligible; specifies that funds can be used for connectors, regional freight projects, cross-border projects, on dock rail, and intermodal freight facility projects; and, requires state freight plans be updated every five years.

Status Update: No change since the last report

**WRRDA/WIFIA**

The Environmental Protection Agency convened an information and stakeholder input session in Washington, DC on December 8. The purpose of the session was to discuss implementation of the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA). WIFIA is an innovative financing mechanism for water-related infrastructure of national or regional significance. It was signed into law on June 11, 2014. EPA provided an overview of the statute, assistance options and terms, and suggesting ideas for implementing the program. The agency invited participants to discuss project ideas and potential selection criteria; opportunities, challenges and questions about implementation; and future stakeholder engagement. The audience was municipal, state and regional utility decision makers; private finance sector representatives; and other interested organizations and parties.

To review, on June 10, the President signed into law (Public Law 113-121), the “Water Resources Reform and Development Act of 2014.” Of particular interest in terms of providing future funding opportunities is the newly created WIFIA (“Water Infrastructure Financing Innovation Act”) program.

WIFIA provides loans and loan guarantees to fund various infrastructure projects. It is modeled after the TIFIA loan program for surface transportation projects within the U.S. Department of Transportation. In order to be eligible for assistance, an eligible entity must submit to the Secretary or the Administrator an application containing information the Corps or the EPA require. It defines eligible entities as corporations, partnerships, joint ventures, trusts, a federal,
state, or local government or agency, a tribal government or tribal consortium, or a state infrastructure financing authority. It also defines projects eligible for assistance, including but not limited to, projects for navigation, flood damage reduction, restoration of aquatic ecosystems, water recycling projects improvements to inland and intracoastal waterway navigation systems, wastewater treatment works, desalination plants, and the acquisition of property for the construction of projects. It further defines eligible project activities such as planning, feasibility analysis, revenue forecasting, permitting, engineering, design, construction, rehabilitation, replacement, and the acquisition of property; the criteria to be eligible to receive financial assistance and the factors considered for project selection; and, the types of financing mechanisms and requirements that may be provided to carry out projects and activities authorized.

It clarifies that recipients of funds must comply with all applicable federal, state, local, and Tribal laws, and it authorizes the Secretary and the Administrator to promulgate regulations to carry out the program. It establishes discretionary appropriations as follows: fiscal year 2015, $20 million; fiscal year 2016, $25 million; fiscal year 2017, $35; fiscal year 2018, $45 million; and, fiscal year 2019, $50 million. However, based on the revolving loan aspect of the program, WIFIA, like TIFIA, can “loan out” $10 for every $1 dollar that is appropriated to the program – thus, assuming an appropriation of the full $20M in the first year, the program can loan $200M.

It also requires the Secretary and the Administrator to make transparent on the Internet each application received for assistance and a list of projects selected for assistance, and not later than 4 years after enactment, requires the Government Accountability Office to submit a report to Congress reviewing the program and any subsequent recommendations to improve the program. Lastly, it clarifies that funds made available may not be used for a project unless all of the iron and steel products used in the project are produced in the United States.

**Water in the 21st Century Act**

On July 31, Senator Boxer, along with Senator Feinstein, and Representatives Napolitano and DeFazio (D-OR) introduced S. 2771 and H.R. 5363 (23 cosponsors) the “Water in the 21st Century” (W21) legislation. W21 proposes new EPA grant programs and new Reclamation loan programs for various water projects including wastewater, water recycling, reclamation, desalination, etc. As previously reported, throughout formulation of the bill the Coalition worked closely with Boxer’s staff to provide its recommendations for new legislation that can provide funding for various water projects. The introduced legislation incorporates all of our requests, including: 100% project financing; allowing interest rates lower than the treasury rates; lowering the $20 M minimum financing level to $10 M and allowing project bundling; ensuring “recycled water” and “wastewater” reclamation project eligibility for grants and loans, and ensuring recycled water financing eligibility even if not previously authorized. As the Coalition has continued to work closely with Boxer’s staff, they have requested and we have provided CWCC support to the introduced legislation. The Coalition plans to continue to be engaged to communicate our funding needs and to do what we can to move this beneficial funding legislation forward.

Status Update: No change since the last report.
Other Legislation of Interest

NOTE: All bills not enacted into law by the end of a Congress “die.” They may be reintroduced in the new congress but would have to start at the beginning of the legislative process and not where they left off in the previous congress.

REED (R-NY-23) H.R.4739 – the “Impaired Waters Improvement Act.” Introduced on May 23, the bill has 3 (now 4) cosponsors and was referred to the Committee on Transportation and Infrastructure. The bill would authorize the EPA to make grants to publicly owned treatment works serving a covered total maximum daily load jurisdiction (TMDL - a total daily load for nitrogen, phosphorous, or sediment established under the Federal Water Pollution Control Act); to publicly owned storm water management practices serving a covered TMDL jurisdiction; or to a privately owned farm implementing methods to reduce discharges of nitrogen, phosphorus, or sediment in a covered TMDL jurisdiction. Grants would be used generally to reduce discharges of nitrogen, phosphorus and sediment using proven technology or innovative practices. Each grant shall not exceed $2M. The bill would also establish an Impaired Waters Improvement Fund, financed from civil penalties for violations of the Federal Water Pollution Control Act, to finance the EPA grants.

Status Update: No change since the last report.

BLUMENAUER (D-OR-3) H.R.3582 - a bill to create a Water Protection and Reinvestment Trust Fund introduced on November 21 with 7 cosponsors on a bipartisan basis. The revenue base for the program would be a voluntary fee of 3 cents per bottle that would allow a drink producer to label the bottle with a seal that indicates support for clean water. It is uncertain how much revenue would be generated from the voluntary fee. Most of the funding created by the Water Protection and Reinvestment Act would be distributed as grants and loans through the existing Clean Water SRF. In addition, twenty percent of the funds in the Trust Fund would be used to finance a WIFIA program to provide low-cost capital to clean water infrastructure project.

STATUS UPDATE: No change since the last report.

MERKLEY (D-OR) S.335 – the Water Infrastructure Finance and Innovation Act of 2013. The bill, introduced on February 14, has one cosponsor. It was referred to the Senate Environment and Public Works Committee (EPW). It authorizes the Administrator of the FEMA to make a direct loan, including a subordinated loan or a loan guarantee to an eligible entity to carry out various water projects. Merkley is a member of EPW and the WIFIA issue was addressed/included in the Committee’s WRDA bill.

STATUS UPDATE: No change since the last report.

CAPPS (D-CA-24) H.R.765 - the “Water Infrastructure Resiliency and Sustainability Act of 2013.” The bill, introduced on February 15, has no cosponsors (now 25) and was referred on March 1 to the Subcommittee on Water and Power of the House Natural Resources Committee. It requires the Administrator of the EPA to establish the Water Resiliency and Sustainability
Programs to provide grants to owners or operators of water systems for programs or projects to increase the resiliency or adaptability of the systems to any ongoing or forecasted changes to the hydrologic conditions of a U.S. region. On September 17, Senator Cardin, Chair of the Subcommittee on Water and Wildlife, introduced S.1508, the companion bill (with Reid and Boxer as cosponsors). The bill was referred to the Environment and Public Works Committee that Boxer chairs.

STATUS UPDATE: No change since the last report.

REID (D-NV) S.4 – the “Rebuild America Act.” Introduced by the Majority Leader on January 22 with 14 cosponsors. The bill expresses the sense of the Senate that Congress should create jobs and support businesses while improving the nation's global competitiveness by modernizing and strengthening our national infrastructure; invest resources in transportation corridors that promote commerce and reduce congestion; update and enhance the U.S. network of rail, dams, and ports; develop innovative financing mechanisms for infrastructure to leverage federal funds with private sector partners; invest in critical infrastructure to reduce energy waste and bolster investment in clean energy jobs and industries; invest in clean energy technologies that help free the United States from its dependence on oil; eliminate wasteful tax subsidies that promote pollution and fail to reduce our reliance on foreign oil; spur innovation by facilitating the development of new cutting-edge broadband internet technology and improving internet access for all Americans; modernize, renovate, and repair elementary and secondary school buildings in order to support improved educational outcomes; invest in the nation's crumbling water infrastructure to protect public health and reduce pollution; upgrade and repair the nation's system of flood protection infrastructure to protect public safety; and invest in U.S. infrastructure to address vulnerabilities to natural disasters and the impacts of extreme weather.

STATUS UPDATE: No change since the last report.

BISHOP (D-NY-1) H.R.1877 - the "Water Quality Protection and Job Creation Act.” On May 8, with 27 cosponsors (now 40) on a bipartisan basis, Rep. Timothy Bishop (D-NY) introduced a bill that would amend the Clean Water Act to establish a Federal trust fund to finance improvements to publicly owned treatment works. H.R. 1877 would also authorize $13.8 billion over five years for the Clean Water Act State Revolving Loan Fund (SRF) program. The SRF monies would be available to states and municipalities to build publicly-owned treatment works, repair or replace decentralized wastewater treatment systems, reduce water demand through conservation efforts, manage non-point source pollution, and adopt energy conservation measures. Another $600 million would be authorized over five years to assist municipalities in managing storm water through green infrastructure and other approaches to controlling runoff from urban areas. The bill would require a state or municipal government to award all contracts for architectural, engineering, surveying, and other design services for projects funded by the legislation with the Federal qualifications-based selection (QBS) process under the Brooks-Architect Engineers Act of 1972.

STATUS UPDATE: No change since the last report.

DELANEY (D-MD-6) H.R.2084 – the “Partnership to Build America Act of 2013.” On May 22,
Rep. John Delaney (MD-6) introduced H.R.2084 with 43 (now 75) cosponsors on a bipartisan basis. It was referred to the Committees on Transportation and Infrastructure and Ways and Means. The bill would establish the American Infrastructure Fund (AIF) as a wholly owned government corporation to provide bond guarantees and make loans to state and local governments and non-profit infrastructure providers for transportation, energy, water, communications, or educational facility infrastructure projects (Qualified Infrastructure Projects [QIPs]). It would also require the AIF to make equity investments in QIPs such entities sponsor; direct the Secretary of the Treasury, acting through the AIF, to issue American Infrastructure Bonds with an aggregate face value of $50 billion; and, require proceeds from the sale of the bonds to be deposited into the AIF. It also would amend the Internal Revenue Code to allow U.S. corporations to exclude from gross income qualified cash dividend amounts received during a taxable year from a foreign-controlled corporation equal to the face value of qualified infrastructure bonds the corporation has purchased. Lastly, the bill would prohibit allowance of a foreign tax credit to the excluded portion of any dividend received by a U.S. Corporation and the allowance of a deduction for expenses related to that excludable portion.

STATUS UPDATE: No change since the last report.

SIRES (D-NJ-8) H.R.2424 – the “Community Parks Revitalization Act.” On June 18, Congressman Albio Sires (NJ-8), with 24 (now 38) cosponsors, introduced the bill and it was referred to three committees. It would require the Secretary of Housing and Urban Development (HUD) to carry out a community revitalization program of federal grants to eligible local governments located within standard metropolitan statistical areas for various park and recreation purposes, including grants for rehabilitation and construction, innovation and recreation programming, and recovery action programs. It would also authorize the Secretary to designate local governments not located in standard metropolitan statistical areas to receive such grants under a partial eligibility waiver; prescribe requirements, including matching requirements, for rehabilitation and construction and for innovation and recreation grants; limit to 10% the use of funds appropriated for rehabilitation and construction grants for acquisition of land or interests in land; allow a recipient, at its discretion, to transfer a grant in whole or in part to private nonprofit agencies for recreational areas and facilities they own or operate which offer recreational opportunities to the general population; require an applicant, for project approval, to submit to the Secretary evidence of its commitment to ongoing planning, rehabilitation, service, operation, and maintenance programs for its park and recreation systems, expressed in a five-year local park and recreation recovery action program; prescribe requirements for the five-year park and recreation recovery action program under an at-risk youth recreation grant; authorize the Secretary to increase federal rehabilitation and construction, innovation, and at-risk youth recreation grants to a state under this Act by an additional match of up to 15% (but not more than 15%) of total project or program cost; limit the aggregate amount of the grant and the additional grant amounts to 85% percent of total project or program cost; and, prohibit the conversion, without HUD approval, of any property improved or developed with assistance under this Act for uses other than for public recreation.

STATUS UPDATE: No change since the last report.