



CWCC

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DISCUSSION CONTINUES ON PRESIDENT TRUMP'S INFRASTRUCTURE PLAN

In mid-February, via a contact within the White House, CWCC learned that the Administration is targeting August for work to begin on a large-scale infrastructure bill. We were also told that the Administration expects the bill to include "some Federal spending" and not just P3's. This is consistent with what DOT Secretary Chao said at her confirmation hearing. It also recognizes the necessity of securing bipartisan congressional support.

In Congress, the House Transportation and Infrastructure Committee (T&I) kicked off the process of cobbling together an infrastructure package by inviting representatives from a wide-ranging group of business and labor interests to testify. While most said they were open to a variety of ways to pay for improvements to roads, bridges, waterways and airports, the main takeaway from the hearing was that non-government dollars accessed through arrangements like public-private partnerships are a good option, but won't be enough.

In the upper house, Senate Democrats, led by Minority Leader Schumer, released an outline for a \$1 T infrastructure bill that includes \$10B to provide innovative financing tools, and \$110B for water and sewer.

In early March, Key Advocates is having a series of meetings with Congressional staff in order to present CWCC's legislative priorities for 2017. Key meetings include staff from the House Clean Water Caucus, T&I Committee, Senate Energy and Natural Resources Committee, in addition to meetings with the legislative staff from the offices of Congressman Earl Blumenauer, and Congressman Jerry McNerney.

As for Clean Water/Safe Drinking Water SRFs, at least at this time, the thinking is that Congress will simply extend the current CR to the end of FY17 and move on to the FY18 process. Prior to recessing, the Congress passed a "clean" Continuing Resolution funding the government until April 28, 2017, at FY16 levels. By "clean," there were no new major policy issues included.

KEY ADVOCATES REPORT

Attached with this notice is KEY Advocates March 2017 report.

- AGC of America
- AGC of Texas
- Alabama Utility Contractors Association
- Arizona Utility Contractors Association
- Associated Pennsylvania Constructors
- Associated Utility Contractors Of Maryland *
- Connecticut Construction Industries Association
- CIC of Westchester County & Hudson Valley *
- Engineering Contractors Association
- General Contractors Association Of New York
- Georgia Utility Contractors Association
- Indiana Constructors Inc.
- Long Island Contractors Association
- Maryland Transportation Builders & Materials Association
- Michigan Infrastructure & Transportation Association
- Minnesota Utility Contractors Association*
- National Rural Water Association
- New Mexico Utility Contractors Association
- Ohio Contractors Association
- Public Works Contractors Association of Maryland
- Tennessee Road Builders Association
- Underground Contractors Association of Illinois *
- United Contractors *
- UCA of Anne Arundel County
- Utility Contractors Association of New England *
- Utility & Transportation Contractors Association of New Jersey *
- Contractors Association Of West Virginia
- Wisconsin Underground Contractors Association

* Steering Committee Member



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March 2017 Insights

March 1 Meetings

On March 1, on behalf of the Coalition, Key Advocates will be doing a series of meetings on the Hill (see below). The purposes of the meeting are to provide updated background information on the Coalition and to present its legislative priorities for 2017. A summary of the meetings will be forthcoming.

Melanie Stansbury, Minority Counsel, Senate Energy and Natural Resources

Paul Balmer, LA, Congressman Earl Blumenauer (D-OR-3)

Jonathon Freye, LA, House Clean Water Caucus (Cong Dan Lipinski (D-IL-3)

Jackie Silvers, Sr. Counsel, Congressman Jerry McNerney (D-CA-9)

Ward McCarragher, Minority Chief Counsel, T&I Committee

Infrastructure Bill

On Friday, Feb. 17, via a contact within the White House, we learned that the Administration is targeting August for work to begin “in earnest” on a mega infrastructure bill. We were also told that the Administration expects the bill to include “some Federal spending” and not just P3's. This is consistent with what new DOT Secretary Chao said at her confirmation hearing. It also recognizes the political reality in Congress for securing Democratic support. The President’s FY18 Budget will address the issue, at least in general.

Here’s also what we learned in February-

- The House Transportation and Infrastructure Committee kicked off the process of cobbling together an infrastructure package by inviting representatives from a wide-ranging group of business and labor interests to testify on what they think 21st-century infrastructure entails. While most said they were open to a variety of ways to pay for improvements to roads, bridges, waterways and airports, they emphasized that non-government dollars accessed through arrangements like public-private partnerships aren't enough. While P3s could be helpful, "what needs to happen is to increase the gasoline and diesel taxes" on the national level, FedEx CEO Fred Smith said. He added that he told the Administration as much.

- Not surprisingly, Rep. Peter DeFazio would like to do exactly that. The Committee's top Democrat provided a broad outline at the hearing of a plan he's drafting to expand upon existing user fees to pay for infrastructure projects. It includes indexing the gas and diesel taxes to inflation to pay for 30-year Treasury bonds, raising the cap on the passenger facility charge for airports and releasing \$9 billion in Harbor Maintenance Trust Fund receipts that have been redirected toward deficit reduction.
- The House has a New Democratic Coalition composed of moderate to progressive Democrats. The Coalition announced recently that Congressmen Delaney (Maryland), Congresswoman Elizabeth Este (Connecticut), Congresswoman Norma Torres (California) and Congresswoman Stacey Plaskett (Virgin Islands) are chairing a new task force on infrastructure investment. The press release said the group would look for money for infrastructure.
- Senate Democrats lead by Schumer put out an outline for a \$1 T infrastructure bill that includes \$10B to provide innovative financing tools, and \$110B for water and sewer.
- The Senate Environment and Public Works held a hearing on modernizing our nation's infrastructure.
- White House Press Secretary Spicer said that the situation with the Oroville Dam's spillways are a "textbook example" of why lawmakers should pass a large-scale infrastructure bill. "Dams, bridges, roads and all ports around the country have fallen into disrepair," Spicer said. "In order to prevent the next disaster, we'll pursue the president's vision for an overhaul of our nation's crumbling infrastructure."
- House Transportation Committee Chairman Bill Shuster delivered a message that's already clear to the transportation world: a big legislative package isn't going to happen right away. "You're not going to see an infrastructure [bill] in the next month or two," Shuster said at a National Association of Regulatory Utility Commissioners meeting.
- National Economic Council Director Gary Cohn will lead the White House's infrastructure team. DJ Gribbin was selected as special assistant to the president for infrastructure.
- President Trump told Rep. Shuster that he should expect some transportation cash - though when, exactly, is an open question. "That's right, I'm going to give you some money for transportation," Trump said at a White House meeting with House members who supported him early in his presidential campaign. The response was prompted by Shuster pointing out that he's the Chairman of the Transportation Committee. Trump didn't specify how much money he plans to give, where that money will come from or how it'll be spent.
- Rep. Lou Barletta (R-Pa.) also attended the White House session which he described as mostly a way for Trump to thank some of his earliest and staunchest supporters on the Hill. While infrastructure did come up, he said, it was clear that other priorities are ahead of that issue in the policy line. "I have been a big supporter of his plan with infrastructure, but you know I understand they want to do tax reform first, and the Affordable Care Act, obviously," he said.

- Some Democrats are starting to feel bummed about the lack of movement on an infrastructure proposal. "It's painful for someone like me who was excited about infrastructure and tax reform," Rep. Jim Himes (D-Conn.) "It seems like the Administration and the majority are nowhere."

FY17 Clean Water/Safe Drinking Water SRF's Funding

The latest word from the Appropriations Committees is that it is unlikely that individual bills will pass given the time constraints, the expected opposition of the Democrats, and the pressure to get on with the FY18 appropriations process. It also appears that the same challenges would be faced were the Congress to try to pass an omnibus appropriations bill (rolling all the appropriations bills into one). Therefore, at least at this time, the thinking is that Congress will simply extend the current CR to the end of FY17 and move on to the FY18 process.

Prior to recessing, the Congress passed a "clean" Continuing Resolution funding the government until April 28, 2017, at FY16 levels. By "clean," there were no new major policy issues included (except for \$1.1B to combat Zika, \$500M to Louisiana and other states facing natural disasters, \$170M for Flint, MI lead contamination, and \$20M for WIFIA). To review, the House FY17 Interior Appropriations Bill provides \$1B for the Clean Water SRF, \$1.07B for the Safe Drinking Water SRF and \$40M for WIFIA. The Senate bill provides \$1.35B for the Clean Water SRF, \$1.02B for the Safe Drinking Water SRF and \$30M for WIFIA.

Congressman Blumenauer Water Trust Fund Bill

Per Paul Balmer, LA, Congressman Blumenauer (D-OR-3rd) is planning to reintroduce, likely in the first quarter, a version that is pretty similar to H.R. 4468 in the last Congress. Balmer has offered to let the Coalition weigh in on draft text, share a one pager summary, and engage in a general strategy discussion. The Congressman would very much welcome our support of his bill, if helpful.

H.R. 4468, the Water Infrastructure Trust Fund Act of 2016, from the last Congress amends the Internal Revenue Code to establish in the Treasury a Water Infrastructure Investment Trust Fund and appropriates to it amounts equivalent to the fees received in the Treasury before January 1, 2022, under this Act. The bill requires 85% of amounts in the Fund to be available to the Environmental Protection Agency (EPA) for capitalization grants under the Federal Water Pollution Control Act (commonly known as the Clean Water Act or CWA) and 15% to be available for capitalization grants under the Safe Drinking Water Act. Amounts in the Fund may not be made available for a fiscal year unless the amount of funds appropriated to the Clean Water State Revolving Fund through annual capitalization grants is not less than the average of the annual amounts provided in capitalization grants under the CWA for the immediately preceding five-fiscal-year period. The Department of the Treasury shall: (1) implement a program under which it provides a label suitable for placement on products (for a fee of three cents per unit) to inform consumers that the manufacturer, producer, or importer of the product and other stakeholders participate in the Fund and are contributing to America's clean water; and (2) deposit amounts received in the Treasury. The EPA, with participation by the states, shall conduct a study to: (1) assess the affordability gap faced by low-income populations located in urban and rural areas in obtaining services from clean water and drinking water systems; and (2) analyze options for programs to provide incentives for rate adjustments at the local level to achieve full cost or true value pricing for such services, while protecting low-income ratepayers from undue burden. If you recall, voluntary fee trust fund was included in the Senate-passed WRRDA bill last year but did not survive the conference.

McNerney Omnibus Water Bill

We continue working with Congressman McNerney on his omnibus water bill. Per the latest from Jackie Silvers (McNerney's Counsel), Legislative Counsel should have a final draft in early February. She also said that they are looking to get a Senate companion, having had discussions with the offices of Sens. Cantwell, Udall, Hirono, Heitkamp and Risch. We expect the draft to include, as we have seen in previous drafts, all of our suggested changes to the Alternative Water Source Projects Program and reauthorization of the Clean Water SRF at \$100M increments over the \$1.3B figure.

House Clean Water Caucus

On February 22, Key Advocates was invited to a meeting called by Don Walker (Congressman John Duncan of Tennessee) and Jonathon Freye (Congressman Lipinski of Illinois). Duncan and Lipinski are the co-chairs of the Caucus. Also invited to the meeting were Judson Greif who represents the US Water Alliance, Judson Greif who represents the Sustainable Water Coalition, and Jeff More who represents the Water Infrastructure Network (WIN). More worked on the Water Resources Subcommittee of the House Committee on Transportation and Infrastructure when I was Chief Counsel of the Committee. The purposes of the meeting were to discuss the Caucus' agenda for the 115th Congress and efforts to get members for it. The meeting began by Walker/Freye describing what the Caucus did in the last Congress. It was not very active at all. It hosted only two hearings – one on technology and the other on innovative water programs in Denmark. Also, its membership was very low. For this Congress, they said that they want the Caucus to be very active. They asked for our input on agenda items. Freye referenced my outline (eight areas which could serve as the basis for one event per quarter for the next two years with suggested different forums, targeted participants and a final report) a number of times. More suggested that Duncan and Lipinski introduce a bill tripling funding for the SRF's per the President's proposal. Wyman suggested starting with a session to educate Hill staff on the importance of water as a resource. It was decided that we would all submit our suggestions to them and go from there. They also want our help in getting Caucus members. They sent out a Dear Colleague earlier this year and have gotten some responses but not many. The Coalition should discuss how best we can help on this effort. In all, good meeting and am pleased that we are at the forefront on this effort.

FY17 Transportation Appropriations Bill

To review, the full Senate approved its version of the FY17 Transportation Appropriations bill on May 19 by a vote of 89 to 8. On May 17, the House released and approved its version of the bill.

Like the Senate, the House proposes to fully fund all Highway Trust Fund supported programs, such as the federal highway program and transit formula grants, at the same amounts authorized in the FAST Act. The House provided more money than the Senate for transit discretionary Capital Improvement Grants (CIG). The House provided less money for TIGER grants - only \$450M versus the Senate's \$525M, but given that the House has typically zeroed out or provided very limited funds for TIGER, the \$450M is a step forward.

Funding details:

Program	Current FY'16 Funding	FAST Act Authorization for FY'17	Senate-Passed FY'17 Funding	House THUD Subcomte. FY'17 Funding
Core Highway Program - Obligation Limit	\$42.36B	\$43.26B	\$43.26B	\$43.26B
Transit Total	\$11.6B	\$12.17B	\$12.18B	\$12.5B
Transit Formula and Bus Grants	\$9.35B	\$9.73B	\$9.73B	\$9.73B
Transit CIG-New Starts, Small Starts, Core Capacity	\$2.17B	\$2.30B	\$2.33B	\$2.5B
DC WMATA	\$150M	NA	\$150M	\$150M
TIGER	\$500M	NA	\$525M	\$450M
Amtrak Northeast Corridor	NA - Total Amtrak Funding \$1.39B	\$474M	\$345M	\$420M
Amtrak National Network	NA	\$1.02B	\$1.07B	\$1.0B
FRA Rail Discretionary Grants Total - see below	\$0	\$350M	\$85M	\$50M
Airport Improvement Grants (AIP)	\$3.35B	NA	\$3.35B	\$3.35B

Additional details:

FTA Capital Improvement Grants-

Program	Current FY'16 Funding	FY'17 Senate Passed	FY'17 House THUD Subcomte.
CIG Total	\$2.177B	\$2.3B	\$2.5B
New Starts w/Existing FFGAs	\$1.25B	\$1.2B	\$1.2B
New Proposed FFGAs	\$497M	\$511M	\$500M
Small Starts	\$353M	\$241M	\$408M
Core Capacity	\$50M	\$333M	\$332M
Expedited Delivery Program	\$5M	\$20M	TBD

The House bill includes language prohibiting any new FFGAs with a federal cost share of over 50%.

FRA Discretionary Rail Grants-

Program	FAST ACT FY'17 Authorized	FY'17 Senate Passed	FY'17 House Subcommittee
Consolidated Rail Infrastructure and Safety Improvement (CRISI)	\$190M	\$50M	\$25M
State of Good Repair (SOGR)	\$140M	\$20M	\$25M
Restoration/Enhancement (R/EG)	\$20M	\$15M	\$0

Earmarks

House Republicans re-opened their debate on earmarks, six years after they banned the practice that became the target of ire among conservatives and tea party groups. The Republicans are weighing an option that would let them control spending related to various infrastructure projects. Critics of the ban say that removing the ability to wheel and deal on items specific to individual lawmakers -- from parks to major projects -- has fed into the gridlock that has beset the Capitol in the last six years. It also gives more power to the executive branch to control where money is spent. The discussion follows just months after Speaker Ryan stalled an earlier effort to revive earmarks amid concerns about how that would be received by the public. Ryan did promise to let Republicans weigh in on the issue again -- effectively putting the debate on ice until now. The Rules Committee said that they plan to begin debating options for a limited earmark revival -- and that a plan could be presented to Republicans for consideration before they leave town for the Fourth of July holiday. The House Freedom Caucus has expressed concerns about bring earmarks back. The Democrats, however, say that they are ready to help Republicans revive earmarks.

President's FY18 Budget

On Monday, **Feb. 27**, the White House sent its initial budget guidance to federal agencies outlining a \$54B increase in defense spending and corresponding reductions to most non-security agencies. This assumes a 10 percent increase in defense spending and in national security but that will mean cuts to domestic programs as well as foreign aid.

Also learned on Friday, **Feb. 17** via the White House, is that a "skinny budget" will be released in two-three weeks that will provide "overall policy initiatives, but with limited specifics." The more detailed budget will be submitted sometime in April.

Bill Tracking

Note the new format per the change in format by the Congress for the listing of bills. More information on each bill will be provided when it becomes available on the official site.

H.R.434 — 115th Congress (2017-2018)

To authorize a pilot project for an innovative water project financing program, and for other purposes.

Sponsor: Rep. Denham, Jeff [R-CA-10] (Introduced 01/11/2017)

Cosponsors: (5)

Committees: House - Natural Resources

Latest Action: 01/11/2017 Referred to the House Committee on Natural Resources.

H.R.23 — 115th Congress (2017-2018)

Gaining Responsibility on Water Act of 2017

Sponsor: Rep. Valadao, David G. [R-CA-21] (Introduced 01/03/2017)

Cosponsors: (13)

Committees: House - Natural Resources, Agriculture

Latest Action: 01/03/2017 Referred to House Agriculture

H.R.465 — 115th Congress (2017-2018)

To amend the Federal Water Pollution Control Act to provide for an integrated planning and permitting process, and for other purposes.

Sponsor: Rep. Gibbs, Bob [R-OH-7] (Introduced 01/12/2017)

Cosponsors: (1)

Committees: House - Transportation and Infrastructure

Latest Action: 01/12/2017 Referred to the House Committee on Transportation and Infrastructure

H.R.100 — 115th Congress (2017-2018)

Support Local Transportation Act

Sponsor: Rep. Brownley, Julia [D-CA-26] (Introduced 01/03/2017)

Cosponsors: (0)

Committees: House - Transportation and Infrastructure

Latest Action: 01/03/2017 Referred to the House Committee on Transportation and Infrastructure.

H.R.547 — 115th Congress (2017-2018)

National Infrastructure Development Bank Act of 2017

Sponsor: Rep. DeLauro, Rosa L. [D-CT-3] (Introduced 01/13/2017) **Cosponsors:** (76)

Committees: House - Energy and Commerce, Transportation and Infrastructure, Financial Services, Ways and Means

Latest Action: 01/17/2017 Referred to the Subcommittee on Water Resources and Environment.

This bill establishes the National Infrastructure Development Bank as a wholly owned government corporation. The bank's board of directors shall be responsible for monitoring and overseeing energy, environmental, telecommunications, and transportation infrastructure projects. The board is authorized to: (1) make loans and loan guarantees to assist in the financing an infrastructure project, (2) issue public benefit bonds and provide financing to infrastructure projects, and (3) pay an interest subsidy to the issuer of American Infrastructure Bonds. The bank shall establish a risk management committee, which shall: (1) create financial, credit, and operational risk management guidelines; (2) set guidelines to ensure diversification of lending activities by geographic region and infrastructure project type; (3) create conforming standards for financial assistance; (4) monitor financial, credit, and operational exposure; (5) provide financial recommendations to the board; and (6) ensure that the aggregate amount of interest subsidies provided for such bonds in a given calendar year does not exceed 28% of interest payable under all such bonds. The board shall approve criteria established by the bank's executive committee for determining project eligibility for financial assistance. The bill sets forth criteria to be considered by the board for each type of infrastructure project. The executive committee shall conduct an analysis that considers the economic, environmental, and social benefits and costs of each project under consideration, prioritizing projects that contribute to economic growth, lead to job creation, and are of regional or national significance. Financial assistance for an infrastructure project: (1) shall be repayable from dedicated revenue sources that also secure the infrastructure project obligations, and (2) shall not exceed 50% of reasonably anticipated project costs. Bank bonds shall be exempt from state or local government taxation. Assisted projects must comply with wage rate, domestic content, and buy American statutes. The board shall establish an American Infrastructure Bond program. The bill establishes the National Infrastructure Development Bank Trust Fund into which an amount equal to the tax receipts attributable to interest payable under such bonds is to be appropriated.

H.R.481 — 115th Congress (2017-2018)

REBUILD Act

Sponsor: Rep. Calvert, Ken [R-CA-42] (Introduced 01/12/2017) **Cosponsors:** (0)

Committees: House - Natural Resources

Latest Action: 01/12/2017 Referred to the House Committee on Natural Resource

H.R.966 — 115th Congress (2017-2018)

TIGER CUBS Act

Sponsor: Rep. Larsen, Rick [D-WA-2] (Introduced 02/07/2017) **Cosponsors:** (5)

Committees: House - Appropriations, Budget

Latest Action: 02/07/2017 Referred to House Budget Committee