View from the Hill: Innovative Financing is Key to Improving, Upgrading and Investing in Water Infrastructure

By Sen. John Boozman (R-Ark.)

Access to safe and clean water is critical to the livelihood of every American. It’s important that we continue to prioritize infrastructure improvements in order to provide citizens with reliable and safe drinking water as well as effective wastewater and storm water treatment.

As a member of the Senate Environment and Public Works (EPW) Committee, I participated in the two hearings held this year on the needs and challenges of our nation’s water infrastructure. As we work to craft and pass a new Water Resources Development Act (WRDA), we are examining the state of our water infrastructure nationwide.

As you’re likely well aware, the American Society of Civil Engineers gave our nation’s drinking water infrastructure a D in its 2017 Infrastructure Report Card. The report reflects the damage our aging infrastructure has on the water supply. An estimated 240,000 water main breaks each year waste more than two trillion gallons of drinking water. The American Water Works Association estimates that $1 trillion is necessary to maintain and expand service to meet our needs in the next 25 years.

The challenge is that we face a more than $500 billion shortfall in funding to repair our aging water infrastructure. This is a national emergency. Investment in our water infrastructure is crucial to ensuring Americans have access to clean, safe and reliable drinking water. We need a cost-effective plan that will help address the backlog of long-awaited local infrastructure projects. That’s why I’m leading a bipartisan effort to update how we invest in water infrastructure.

The Securing Required Funding for Water Infrastructure Now (SRF WIN) Act seeks to modernize water infrastructure investment by empowering states to finance multiple water infrastructure projects. This legislation combines the best aspects of state revolving funds (SRFs) with the proven leveraging power of the Water Infrastructure and Innovation Act (WIFIA) to make the funding process easier and more affordable for states to meet their underserved or unmet water infrastructure needs.
The SRF WIN Act will create a significant pot of money, within the WIFIA program, that is available only to SRFs. The Fiscal Year 2017 appropriation of $25 million leveraged $1.5 billion in direct loans for water infrastructure. This legislation would be a five-year bill that authorizes $200 million each year for a total of $1 billion over five years.

Our legislation would dramatically increase the availability of SRF funding to communities across the nation while substantially reducing the time, and related costs, for completing projects. This legislation allows SRFs to bundle their priority drinking water and wastewater projects together and make a single loan request, saving the state the $100,000 application fee per project. This would allow thousands of vetted water and wastewater projects to receive funding without the EPA having to process as many applications. For those projects found to be unqualified, the EPA would also provide information about what needs to be done to meet the requirements.

In line with the administration’s infrastructure priorities, this bill is an innovative approach to helping communities of all sizes, in every state, secure loans so they can improve their aging infrastructure. For communities that have not traditionally qualified for funding in the past, this will be an important tool to finance water infrastructure improvements.

All 50 SRFs have a AAA bond rating, so they have a very low risk of default. This, combined with the leveraging power of WIFIA, gives the SRF WIN Act the leveraging capacity of an incredible 100 to 1, according to technical assistance provided by the Environmental Protection Agency’s (EPA) Office of Water.

Arkansas National Resources Commission Executive Director Bruce Holland expressed the organization’s support for the SRF WIN Act because it builds on the SRF investment, calling it “a significant addition to the ‘SRF tool box’ of financing options.”

Simply put, the SRF WIN Act would represent critical component to future water infrastructure financing.

This is not a hand out. The SRF WIN Act provides communities with the tools they need to help themselves. The low-cost loan available from the federal government will be paid back over 35 years. With more than three decades to pay back their loan, rate payers will avoid harm and not see massive rate spikes. Instead of waiting decades for funding, communities will be able to invest in their crumbling water infrastructure now.

The need to improve our aging water infrastructure is reflected in the broad, bipartisan Senate support for this bill. I was proud to introduce this legislation with Sens Cory Booker (D-N.J.), Jim Inhofe (R-Okla.) and Dianne Feinstein (D-Calif.). We have gained momentum with additional cosponsors including the Chairman of the Appropriations Committee Thad Cochran (R-Miss.) and Chairman of the EPW Committee John Barrasso (R-Wyoming).
This is not only a bipartisan effort, but a bicameral one as well. The SRF WIN Act was introduced in the House of Representatives by Congressmen John Katko (R-N.Y.) and Earl Blumenauer (D-Ore.).

The SRF WIN Act has strong support from rural and municipal water and wastewater organizations. This landmark legislation also has the support of our nation’s leading construction, engineering, labor and manufacturing organizations.

Water infrastructure investment needs to be a priority. It is time for leaders across the country to be realistic about our water problems and commit to funding this vital building block. Innovative financing is key to improving, upgrading and investing in our water infrastructure. The SRF WIN Act is another great tool that will help advance this goal.

Sen. John Boozman is a member of the Senate Environment & Public Works Committee and chairman of the Fisheries, Water, and Wildlife subcommittee. ACPPA frequently invites members of Congress and other policy thought-leaders to provide “View from the Hill” content in Actionline. The views expressed by Sen. Boozman do not necessarily reflect those of ACPPA. For more information about Sen. Boozman’s bill, click here.

**Trump Unveils Long-Awaited Infrastructure Plan … Now What?**

In wake of last month’s State of the Union address, the Trump administration in February rolled out the president’s long-promised infrastructure proposal. Infrastructure advocates have been anxiously awaiting the release, not necessarily because they were excited about Trump’s specific infrastructure policy objectives, but because Congress has deferred taking up infrastructure legislation pending White House action.

The Trump proposal is very much in line with expectations (see story in last month’s ACPPA Actionline) and is based on six principles:

- Provide $200 billion in federal funds to spur at least $1.5 trillion in infrastructure investments by partners at the state, local, tribal and private level.
- Make new investments in rural America.
- Return decision making authority to State and local governments.
- Remove regulatory barriers that needlessly get in the way of infrastructure projects.
- Streamline and shorten the permitting process for infrastructure projects.
- Strengthen the workforce.

**Where Would the Money Go?**

Of the $200 billion in new money, $100 billion will be used to create incentives for states, localities and the private sector to invest more; $20 billion will be dedicated to “transformative projects that have the potential to dramatically improve America’s infrastructure”; $20 billion will be used to expand infrastructure financing programs ($14 billion to the Water Infrastructure Finance & Innovation Act [WIFIA], the Transportation Infrastructure Finance & Innovation Act [TIFIA] and similar programs as well as $6 billion for private activity bonds); $10 billion would be spent on a new Federal Capital Revolving Fund for federal buildings; and $50 billion would be spent to modernize infrastructure in rural areas.
What About Water?

The administration recognizes the need to invest in water infrastructure. Among other things, White House has proposed:

- Allowing Rural Infrastructure and Transformative Projects Program dollars to be use for drinking water and wastewater projects.
- Lifting the WIFIA lending limit, provide more WIFIA resources, and expand WIFIA eligibility beyond community water systems.
- Lifting state volume cap on private activity bonds for drinking and wastewater projects (a long-standing ACPPA priority).
- Allowing Clean Water State Revolving Fund (SRF) resources to be used for privately-owned, public-purpose treatment works (Safe Drinking Water SRF money can already be lent to private owners).
- Providing new regulatory review and approval flexibility for water projects when little federal money is being used for the project.
- Giving the Environmental Protection Agency (EPA) administrator more flexibility to innovate on water projects.
- Apply the same regulatory requires to private- and publicly-owned water treatment works.

The full Trump infrastructure plan is available here.

A Mixed Reaction and Mixed Prospects

Infrastructure advocacy groups were generally positive in their public comments and praised the president for making infrastructure a priority. However, whether or not they said so publicly, many were also disappointed that the plan didn’t provide more actual federal dollars and didn’t address the chronic insolvency of the federal Highway Trust Fund. Others have expressed concern that the president’s proposal represents a significant shift in the federal transportation infrastructure funding model, by which the government has traditionally picked up 80 percent of project costs and states the other 20 percent. Still others questioned whether states and localities would be able to raise the money necessary to make the plan work given recent tax law changes limiting deductions for state and local taxes.

Although Democrats have traditionally been more supportive of federal infrastructure than Republicans, the Trump plan drew swift opposition from Democratic party leaders. Senate Minority Leader Chuck Schumer (R-N.Y.) tweeting that administration’s plan would “do very little to make our ailing infrastructure better, but would put unsustainable burdens on our local government & lead to #TrumpTolls all over the country …” Rep. Peter DeFazio (D-Ore.), the senior Democratic member of the House Transportation & Infrastructure Committee said, “This is not a real infrastructure plan, it is simply another scam.”

Although infrastructure investment is popular with voters, the prospects of a big infrastructure package being enacted into law this year are only about 50-50. Here’s why:

First, it will need strong Republican support. Given a range of views within the party about the federal role in infrastructure, urban versus rural priorities and the merits of direct funding versus innovative financing, it will be tough to reach a consensus. Also, neither Senate Majority Leader Mitch McConnell (R-Ky.) nor House
Speaker Paul Ryan (R-Wis.) are considered to be particularly passionate infrastructure supporters, raising concerns about how aggressive they will be in moving a bill forward.

Second, unlike the tax bill, which passed under special budget rules, the infrastructure package needs 60 votes to pass the Senate. That means that even if all Senate Republicans support a bill (and that’s a big if), it will still require at least nine Democratic votes. Given traditional support for infrastructure in Democratic circles and the number of Democrats running for reelection in states Trump won, it’s not impossible. But given the president’s low poll numbers, Democrats smell blood in the water and generally think they can make big gains this election year. If that’s the case, why would they want to hand the president another major legislative victory in an election year?

All that being said, the fact that the president has made infrastructure a priority means that there’s a historic opportunity for organizations like ACPPA to make progress in addressing the nation's infrastructure deficit. If we engage aggressively, there’s a real chance to get something done. It’s an opportunity we need to seize.

WRDA Will Be A Priority This Year, ACPPA’s Klein Tells Industry Advocates

ACPPA is a leading member of the North American Concrete Alliance, a lobbying coalition managed by the Portland Cement Association (PCA) that aims to leverage the power of more than a dozen concrete and cement trade associations to achieve collective objectives. In recent weeks, ACPPA lobbyist Christian Klein has participated in more than a dozen congressional meetings with NACA allies to advocate for more infrastructure investment. ACPPA has become the leading voice for water infrastructure within the coalition.

With that in mind, it’s no surprise that Klein was asked to deliver remarks on prospects for water infrastructure legislation during NACA’s State of the Industry webinar on Feb. 13. Klein focused his remarks on the Water Resources Development Act (WRDA), legislation Congress traditionally debates every two years that authorizes new Army Corps of Engineers activities and projects.

The last WRDA bill was enacted in December of 2016 and authorized 30 new construction projects valued at more than $10 billion. The 2016 bill also included non-Army Corps water infrastructure language intended in part to address the water crisis in Flint, Michigan.

WRDA bills are generally bipartisan and broadly popular because of their implications for construction and transporting agricultural products and manufactured goods. In fact, the first veto by George W. Bush overridden by Congress was for a WRDA bill.

Klein told webinar participants that, even with the talk of a bigger infrastructure package, “WRDA is still very important and worth keeping your eye on.”

“However you want to handicap the odds of a bigger infrastructure package getting done, there’s an even better chance that WRDA will,” Klein said. “That means it could be an important vehicle for other water-related infrastructure priorities.”

As to the current status, Klein said that based on his conversations with congressional staff, WRDA is clearly a priority on both sides of Capitol Hill. Both the House T&I and Senate EPW Committees have already held
WRDA hearings this year. “I don’t have a lot of specifics for you about timing, but as a practical matter, given that this is an election year, we need to have bills on the floor by early summer,” Klein said. “That means there will be a lot of focus on writing the legislation in the next few months, with the goal of having a solid legislative proposal and markup in both the House and Senate by late spring. I think it’s likely we’ll start to see legislative activity on WRDA ramp up in March.”

Klein reminded listeners that the last WRDA bill wasn’t signed into law until Dec. 2016, after the elections. “With all the election year distractions, it’s not impossible to imagine WRDA taking that long again,” Klein said.
To keep members aware of the activities of government and standards organizations, we regularly sweep public databases and publications for the industry-specific terms indicated below. We then provide our members with links to documents identified in the search. Please note that in some cases the URLs may link to subscription-only databases. The purpose of this service is to identify emerging threats and trends as well as opportunities for collective action by ACPPA.

**NEWS RESULTS**

**Incidents**

**[Maine] Contractor Damages Pipe, Causing Discharge of 1,500 Gallons of Sewage in South Portland**
An estimated 1,500 gallons of untreated sewage was released into the Fore River when a contractor damaged a sewage pipe during a construction project at the Coast Guard station.

**[Florida] Man Dies After Being Trapped in Pipe at Brandon Construction Site**
A man was killed Wednesday afternoon when he became trapped inside a pipe at a construction site, according to the Hillsborough County Sheriff’s Office.

**[New York] Broken Pipe Closes PBES Classrooms**
An early morning pipe burst in Pine Bush Elementary School has led to classrooms being closed off and students being transported to E.J. Russell Elementary School.

**[New York] Hutchinson River Sewage Leak Gets Immediate Action**
An integral part of the Bronx’ sewage system burst, threatening bucolic wetlands just south of the borough’s border with Pelham.

**[California] Crews Still Working on Big Sinkhole; Unrelated Water Pipe Break has Businesses Closed**
A big sinkhole at Ashe and Harris roads is unrelated to a water pipe break that has left businesses, including a WinCo and several restaurants, closed at nearby Ashe and Panama Lane.
[Idaho] Meridian Must Pay for Water Main Repair, Contractor off the Hook

The pipe is designed to last up to 100 years, but this pipe only lasted 34. Meridian city officials say at this point, the contractor cannot be held responsible.

[Texas] Construction Worker Trapped in Equipment in Frisco

A surgeon had to amputate a construction worker's leg to free him after he was trapped in the blades of a trenching machine near Main Street and Independence Parkway in Frisco on Thursday.

Infrastructure Policy

Opinion: Infrastructure Bill Shouldn't Ignore Our Aging Water Systems

Safe drinking water is the bedrock of public health. On that score, America is failing. From lead poisoning in Flint, Michigan, to toxic levels of arsenic found in Texas, over the past decade tens of millions of Americans have likely been exposed to dangerously unsafe water.


[California] Water, Power and High-Speed Rail

Water scarcity continues to threaten and disrupt California's economy. The State Water Project cannot satisfy demand. Even worse, our invisible underground water supplies are being consumed at an unsustainable rate.

[Pennsylvania] 'Big Pipe' is 'Big Issue' for Council
02/15/2018 http://www.gettysburgtimes.com/news/local/article_b9d4e2c5-d825-592f-a212-98e27f53dc5c.html

"The Big Pipe is a big issue," resident Mike Shestok told the Gettysburg Borough Council during its regular meeting Monday.
[Michigan] SJ Commissioners Debate Millage Increase  
02/08/2018  
At the first session, City Engineer Tim Zebell discussed a multi-year project to assess the conditions of water and sewer lines and streets, and recommendations for funding repairs. That study resulted in a list of proposed projects over the next 20 years, with a price tag of $90 million to repair and replace aging infrastructure.

[South Carolina] Council Approves Capital Improvement Plan  
02/06/2018  
https://www.moultrie.news.com/news/council-approves-capital-improvement-plan/article_30356f5c-05ee-11e8-839f-ab3dc96717b0.html
Mount Pleasant Town Council, at their annual retreat, voted unanimously to approve a proposed capital improvement plan presented by staff. The submittal is conceptual and could be changed as it moves through the approval process.

Montreal's 3-Year Capital Works Program Invests in Underground Infrastructure  
02/06/2018  
https://trenchlesstechnology.com/montreals-3-year-capital-works-program-invests-underground-infrastructure/
Montréal Mayor Valérie Plante, and the chair of the executive committee, in charge of finance, Benoit Dorais, presented the program, which covers a variety of projects and programs that the city plans to carry out or undertake over the next three years. The Program provides for investments totaling $6.383 billion (CAD) over the next three years.

[Maryland] County May Loosen Rules for Utilities Repairing Infrastructure  
02/05/2018  
Allegany County commissioners hope to make it easier for utility companies to repair underground infrastructure by loosening restrictions on county-issued road restoration permits.

[Michigan] Snyder Calls for Fee to Pay for Water Infrastructure  
02/02/2018  
http://wmuk.org/post/snyder-calls-fee-pay-water-infrastructure
Governor Rick Snyder has called for an assessment on water bills to help pay for fixing pipes and other infrastructure. A plan rolled out Thursday would add a dollar every year to most water bills for five years.

Promises and Plans for U.S. Public Infrastructure  
02/01/2018  
A plan to raise US$1.5 trillion to “rebuild our crumbling infrastructure” was a pledge by President Donald Trump in his State of the Union address to Congress for 2018. While much was anticipated from the infrastructure line-item in the speech, (and while infrastructure is said to be the next big focus of attention by the White House Administration after national security, immigration and tax reform), there was little detail to satisfy infrastructure owners or the engineering and construction industries.
**Materials**

**Industrial Waste to Green Cement**
The rise in construction and building activities is the primary growth driver for the global green cement market. The demand for these types of cement is being accelerated by uptake of alternative fuels derived from waste materials such as foundry sand, used oils, sewage sludge, solid recovered fuels, filter cakes, animal meals and fly ash.

**A Look at 3 Sustainable Products Hailed as a 'Win, Win, Win'**
Though it may not be top of mind, sustainable materials and systems in building projects can have a positive environmental impact.

**How to Put Seeming Waste to Good Use**
Coal-fired power plants are turning to ash removal conveyors that eliminate the need and use of ash ponds and support EPA regulations on the safe disposal of coal ash in landfills and surface impoundments.

Every day, tons of coal ash are hauled away from Duke Energy's old Riverbend Steam Station in Gaston County. The electricity generating plant is retired now, but in the past, the coal-fired steam turbines were a major power producer for the region beginning in the late 1920s.

**Projects**

**[New Hampshire] How Keene got a Downtown Revitalization Project**
Several years ago, staff in Keene’s Public Works Department got to talking about tearing up the heart of the city. Too-small drainage systems under Central Square and Main Street were exacerbating floods, and the city’s oldest water main runs under the downtown drag.

**[South Dakota] Woodstave Penstock Replacement Project Complete in Spearfish**
02/22/2018  http://www.bhpioneer.com/local_news/woodstave-penstock-replacement-project-complete-in-spearfish/article_ffd91600-17f0-11e8-a1a0-9fa823bc57f4.html
A large project that affected Spearfish Creek flow and replaced century-old wooden pipes built by the Homestake Mine is substantially complete.
[California] Opinion: The Monterey Pipeline — Unnecessary Grief and Expense
The irony of all this public inconvenience is that it was totally unnecessary. Appeals to the Monterey City Council in late 2016 to deny the encroachment permit fell on deaf ears. Shortly afterward, there came to light a report that California American Water had commissioned from consultants as long ago as 2007.

[New York] Kingston to Replace Mains While State Installs Roundabout
02/18/2018  https://hudsonvalleyone.com/2018/02/18/kingston-to-replace-mains-while-state-installs-roundabout/
The city is poised to spend $2.3 million to replace underground infrastructure, in conjunction with the state project to install a roundabout at an Uptown Kingston intersection.

02/16/2018  http://www.capegazette.com/article/outfall-work-flows-along-henlopen-ave/151018
Construction of the force main pipe for the ocean outfall in Rehoboth Beach is centered on Henlopen Avenue, where crews are laying one section of pipe and preparing to connect to the pipe that will extend a mile off Deauville Beach into the ocean.

Massachusetts Maritime Academy Possible Site for New Wastewater Discharge Pipe
As Bourne readies to install a new temporary wastewater treatment facility near Queen Sewell Park in Buzzards Bay, the town has not taken its eye off the ball for a permanent long-term solution to its wastewater treatment needs.

[Florida] Traffic, Water, Schools: What You Need to Know About Proposed Stonegate Development
After nearly two years of wrangling, the Reno City Council is poised to make a final decision Wednesday on whether to allow developers to build 5,000 housing units-- more than exist in the entire town of Fallon-- on the northern outskirts of the city.

[Louisiana] Water Quality Pond Project in Mandeville Area Completed
02/05/2018  http://www.bizneworleans.com/February-2018/Water-Quality-Pond-Project-in-Mandeville-Area-Completed/
Pat Brister, St. Tammany Parish President, announced that the Bayou Chinchuba Water Quality Pond project in the Mandeville area, is now complete. The cost of the project was $486,573.
[Maryland] Sewer Pipe Replacement Work Complete, Main Street Reopens
The Calvert County Department of Public Works reports Main Street in Prince Frederick has reopened and the sewer main pipe replacement work is complete.

Workforce Issues

Workforce Solutions Grant Program Helps Dislocated Workers
During the four months when Dennis Wade Kohutek was unemployed after Hurricane Harvey struck, he submitted more than 200 job applications and spent up to 10 hours a day looking for a job.

REGULATORY RESULTS

Cement

Department of the Interior | Notice | Draft List of Critical Materials
The United States is heavily reliant on imports of certain mineral commodities that are vital to the Nation’s security and economic prosperity.

Drought

Department of Agriculture | Notice | Notice of Request for an Extension of Existing Information Collection Package
In accordance with the Paperwork Reduction Act of 1995, this notice announces that NRCS will request an extension for a currently approved information collection for long-term contracting forms.

Water Supply

Department of Energy | Notice | Water Facilities Authority a Joint Power Agency; Notice of Application for Surrender of Exemption, Soliciting Comments, Motions To Intervene, and Protests
The United States is heavily reliant on imports of certain mineral commodities that are vital to the Nation’s security and economic prosperity.
**LEGISLATIVE RESULTS**

**Water & Sewer Infrastructure**


This bill amends the Lincoln County Land Act of 2000 (LCLA) to require implementation of a multispecies habitat conservation plan in Lincoln County, Nevada.