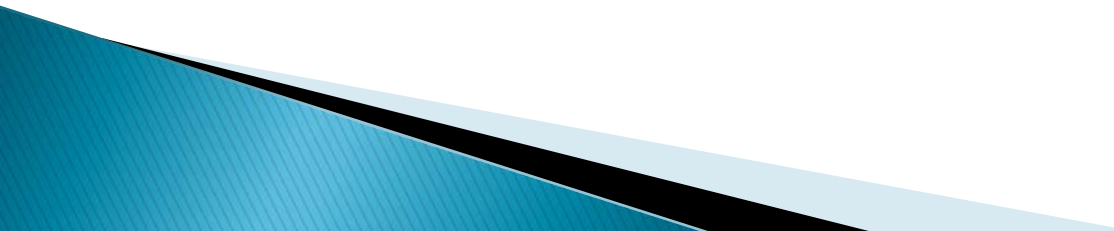


Water Strategies
Politics and Federal Financing
Columbia Basin Development League
November 3, 2016

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Politics and Federal Financing

- ▶ Traditional Programs
 - Appropriations
 - Current Status
 - Short Term Outlook
 - Next Congress
 - “Earmarks”
- ▶ Newer Federal Financing Programs
 - Water Infrastructure Financing Innovation Act (WIFIA)
- ▶ Proposed Funding Programs
 - Reclamation Infrastructure Financing Innovation Act
 - Water Infrastructure Loan Act

Traditional Federal Financing

▶ Appropriations –

- *“No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law”*
 - –Article I, Section 9 of the United States Constitution
- More than a decade since Congress pass all twelve appropriations bills through regular order
- Rely on Continuing Resolutions (CR) or omnibus appropriations.
- This practice used to be unusual but now becoming commonplace. Government currently funded through December 9th.
- “Earmarks” – The Good, the Bad and the Ugly
 - Ban imposed by House in 2010
 - Senate ban in 2011
 - WRDA and what it means for earmarks

Newer Federal Financing Vehicles

- ▶ Water Infrastructure Finance and Innovation Act (WIFIA)
- ▶ Included in 2014 Water Resources Reform and Development Act(Public Law 113-121)
 - Federal loans for up to 49% of a project cost.
 - Loan set at T-Bill rate for up to 35 years.
 - Projects must have a minimum total cost of \$20 million. (\$5 million for communities of 25,000 or less)
- ▶ Eligibility
 - Entity must prove creditworthiness
 - Projects that can receive SRF funding
 - Investor owned utilities
 - Funds used for drinking water system improvements
 - Desalination

Proposed Federal Financing Options

- ▶ Reclamation Infrastructure Financing and Innovation Act
 - Currently included in legislation that has been introduced by Senator Diane Feinstein(D-CA), Subtitle D of S. 2533
 - Similar to WIFIA but for Reclamation Projects
 - Utility of program would be limited by title per OMB

Water Infrastructure Loan Act (WILA)

▶ WILA Background

- Modeled after an existing program used for rail infrastructure called the Railroad Rehabilitation and Improvement Financing (RRIF) program.
- Congress has authorized the RRIF program twice
- To date the program has loaned out over 2.7 billion dollars for railroad infrastructure improvements.
- The draft WILA proposal builds on the model set up by RRIF but directs resources toward water infrastructure.

WILA Program Details

▶ WILA Specifics

- Revolving loan fund set up within Department of the Treasury administered by the Department of the Interior.
- \$35 billion in loan authority.
- Loans made under WILA could cover up to 100% of project costs
- Loan rates would be set at the T-Bill rate
- T-Bill ranged from 2.11 percent to 3.01 percent this year for a thirty-year loan)
- The loan repayment periods as long as 40 years.
- Minimum loan amount \$5 million
- Loan recipient required to pay a credit risk premium at the time the loan is made. For RRIF loans, which WILA is based on, premiums have ranged between 2 and 8 percent of the total loan amount.
- Credit risk premium covers the estimated subsidy cost of the loan.
- This credit risk premium would eventually be applied to the loan as it nears term completion.

WILA Continued – Outlook

▶ WILA challenges

- Not likely to be introduced this year
- “Too good to be true”
- Overcoming power user concerns – ensure beneficiary pays
- Searching for a champion

▶ Optimistic

- With trillions of dollars of water infrastructure investment needed in the U.S. and limits on traditional federal appropriations process this is a viable option.

Water Strategies Capitol Hill Office



- ▶ Built in 1890
- ▶ 1800 square foot commercial property with parking
- ▶ Five minute walk to U.S. Capitol
- ▶ Second floor offices
- ▶ First floor kitchen and meeting/reception area

Convenient Meeting Space



Apartment Available for Client Use



Questions / Comments?

Please feel free to visit Water Strategies office on Capitol Hill the next time you are in DC.

Thank You!

