



# Santa Clara Valley Water District

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**File No.:** 17-0117

**Agenda Date:** 3/28/2017

**Item No.:** 7.2.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Recommended Position on Federal Legislation: HR 547 (DeLauro) - National Infrastructure Development Bank Act of 2017; and HR 434 (Denham) - New WATER Act.

### **RECOMMENDATION:**

- A. Adopt a position of "Support if Amended" on: HR 547 (DeLauro) - National Infrastructure Development Bank Act of 2017; and
- B. Adopt a position of "Support" on: HR 434 (Denham) - New WATER Act;

### **SUMMARY:**

**A. HR 547 (DeLauro) - National Infrastructure Development Bank Act of 2017**

**Recommendation: Support if Amended**

**Priority Recommendation: 2**

Bill would establish the National Infrastructure Development Bank as a wholly owned government corporation.

The legislation authorizes funding of transportation, environmental, energy, and telecommunications infrastructure projects. Requires the Bank's Board of Directors to establish criteria for determining project eligibility for financial assistance under this Act. In general, the Bank would conduct an analysis that takes into account the economic, environmental, social benefits, and costs of each project under consideration for financial assistance under this Act, prioritizing projects that contribute to economic growth, lead to job creation, and are of regional or national significance. The legislation also would provide for additional consideration for specific types of infrastructure. For example, for environmental infrastructure, the criteria should consider job creation, public health benefits, pollution reduction, reductions in greenhouse gas, increased coastal and inland flood mitigation and protection, and reduction in risk of structural failure over the service life of the project.

The Bank would be capitalized with \$5 billion in each of FY 2014 through FY 2018. As this is an authorizations bill, this program would be funded through the appropriations process once authorized.

Similar bills were introduced in previous sessions of Congress by Representative DeLauro, but were not successful in being passed and enacted into law.

**Status:**

HR 547 was introduced on January 13, 2017. The bill was referred to the Committee on Energy and Commerce, and Committees on Transportation and Infrastructure, Financial Services, and Ways and Means. To date, no hearings have been held.

**Proposed Amendment:**

Proposed amendment to this bill is to request including funding for water infrastructure projects. Without water infrastructure included in the bill, it is unlikely that any water agency will receive any amount of funding from the Bank.

**Importance to the District:**

Staff is recommending a "Support if Amended" position on this bill.

A national infrastructure bank would support infrastructure development by providing relatively low-interest loans and other types of credit assistance in such a way as to stimulate investment and would be complementary to direct federal investment in infrastructure. However, without establishing a priority for water infrastructure projects in the bill, it is unlikely that water agencies will receive any amount of funding. This is the same position that ACWA took on a previous version of the bill.

**Pros:**

- A national infrastructure bank could increase the total amount of investment in infrastructure by leveraging resources.
- It could accelerate construction of projects that may be impeded due to the lack of availability of funding.
- This bill could provide an additional source of funding for the District's infrastructure projects.

**Cons:**

- Legislation is not specific to water infrastructure projects.

**B. HR 434 (Denham) - New WATER Act****Recommendation: Support****Priority Recommendation: 2**

This bill authorizes a pilot project for an innovative water project financing program to help finance

development of water resources infrastructure in reclamation states, such as California.

This bill authorizes the Department of the Interior, for 15 years after this bill's enactment, to provide financial assistance, such as secured loans or loan guarantees, to entities that contract under federal reclamation law to carry out water projects including: non-federal water infrastructure projects that would contribute to safe, adequate water supply for domestic, agricultural, environmental, or municipal and industrial use; enhanced energy efficiency in the operation of a water system, accelerated repair and replacement of an aging water distribution facility; brackish or sea water desalination project; and acquisition of real property or an interest in real property for water storage, reclaimed or recycled water, or wastewater, if the acquisition is integral to a project described above.

In order to be approved, projects must be capable of generating sustainable revenue streams, whether through user fees or other dedicated sources, determined to be creditworthy and be anticipated to have project costs of at least \$20 million. The maximum amount of a secured loan under this bill would be 49 percent of the reasonably anticipated project costs.

**Status:**

HR 434 was introduced on January 11, 2017. The bill was referred to the House Natural Resources Committee. To date, no hearings have been held.

**Importance to the District:**

Staff is recommending a "Support" position on this bill.

This bill would provide a source of funding water infrastructure projects through the Department of the Interior. This could provide a source of needed funding for the District's recycled water projects.

**Pros:**

- Provides a loan program for water infrastructure projects.
- It could accelerate construction of projects that may be impeded due to the lack of availability of funding.
- This bill could provide an additional source of funding for the District's recycled water projects.

**Cons:**

- None identified at this time.

**FINANCIAL IMPACT:**

None.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

None.

**UNCLASSIFIED MANAGER:**

Rick Callender, 408-630-2017