

Mississippi River Cities & Towns Initiative

2017 Federal Policy Platform of
the Mayors along the
Mississippi River

Restoring Our Natural
and Built Infrastructure

*a plan to improve national
security, preparedness,
and our economy*



Mississippi River Cities & Towns Initiative

2017 Policy Platform



A Plan of the Mayors along the Mississippi River to
Restore the Built and Natural Infrastructure of the Waterway
Creating Jobs, Enhancing National Security, Improving Preparedness

Built and Natural Infrastructure

- Fund the Pre-Disaster Mitigation Grant Program at \$100 million
- Fund Section 319 Water Pollution Control Grants at \$200 million
- Support the Drinking Water and Clean Water State Revolving Loan Funds at \$2.35 billion combined
- Fund the USGS Water Resources Program at \$238 million
- Allocate full funding to the Land & Water Conservation Fund
- Fund America's Marine Highway Grant Program at \$10 million
- Improve the Mississippi River Navigation Infrastructure and Ecosystem

Finance Mechanisms

- Allow U.S. Companies to Repatriate overseas funds in infrastructure
- Establish a Resilience Revolving Loan Fund to augment PDM Grants
- Strengthen finance instruments such as the Water and Transportation Infrastructure Finance and Innovation Act (WIFIA, TIFIA) Programs

Restoring Our Infrastructure

Infrastructure is the physicality of our economy – it acts as the platform upon which our markets are based. Where infrastructure is dictates where companies reside, jobs are generated, and how communities prosper.

Our infrastructure has decayed beyond design life in many cases and is nearing a state of compromise in others. The American Society of Civil Engineers (ASCE) has given the nation’s infrastructure a grade of “D.” Further, the ASCE states we must spend \$1.6 trillion above current investment to refurbish current infrastructure in place.

The Mississippi River is the linchpin of our nation’s domestic freight and water infrastructure. The waterway transports more than 60 percent of America’s corn and soybean exports and 40 percent of the nation’s total agricultural output. The River also drains all or a portion of 31 states providing billions of dollars in natural flow regulation services annually. On the Mississippi River Main Stem, the River’s ecology provides 80 billion gallons of fresh water withdraws to industries each day as well as drinking water to 20 million people in 50 cities.

The majority of the 25,000 miles of commercial waterways currently operated by the Corps of Engineers feeds into or depends on the Mississippi River Main Stem. According to the U.S. Chamber of Commerce the waterways and ports of the ten-state Mississippi River Corridor alone provide over 500,000 jobs generating \$83.6 billion in annual revenue.

The natural infrastructure provided by the River ecology provides one of the most important resources to our manufacturing economy – clean fresh water. The natural infrastructure of the Mississippi River Delta alone provides \$12 to \$47 billion in benefits to the economy annually.

Yet, all of these benefits and all of this economy are at risk due to both natural and built infrastructure decay. The cost of this decay continues to increase. Infrastructure failures on the Mississippi River lead to closures which costs the nation over \$300 million per day in losses.

The Mayors of the Mississippi River propose a \$7.93 billion infrastructure investment plan that supports seven major U.S. industry sectors, creates nearly 100,000 jobs, continues 1.5 million jobs, sustains our ecological assets to power our economy, mitigates for hundreds of millions of dollars in disaster impacts, and generates \$24 billion in economic activity.

The Mississippi River Cities & Towns Initiative (MRCTI) is an association of 75 United States Mayors on the Mississippi River – America’s most essential inland waterway because it is the world’s most agriculturally productive zone, the largest navigable system, and has the largest global trade footprint of any U.S. inland waterway. The Mississippi River generates over \$496.7 billion in annual revenue, directly supports 1.5 million jobs mostly in manufacturing, tourism, and agriculture. [What follows here](#) is the Mayors’ recommendation of federal programs to support and strengthen that will achieve significant return to the American tax payer if directed toward built and natural infrastructure renewal of the Mississippi River Corridor due to the waterway’s essential status to the nation and the world.

Restoring Mississippi River Built and Natural Infrastructure Creating Jobs, Enhancing National Security, Improving Preparedness

Pre-Disaster Mitigation Grant Program - \$100 million

Background:

The Federal Emergency Management Agency's Pre-Disaster Mitigation (PDM) program effectively reduces threats to Mississippi River Valley populations and structures at risk by funding preparation in advance of natural disasters, while also reducing the River region's reliance upon Federal post-disaster recovery funds. PDM provided over \$70 million in pre-disaster planning and mitigation to 39 states and territories in 2011, saving money by investing in disaster preparation, when every dollar spent on disaster mitigation yielded four dollars in benefits. We applaud the Congress' renewed support for the value of PDM as a program that protects our communities and makes our economies more resilient.

The Administration's FY 2017 budget requested \$54.48 million for PDM. This level represents nearly a fifty percent cut to the program's FY 2016 level. The Mississippi River Valley sustained an estimated \$3 billion in damage from flooding that stretched from Grafton, IL to New Orleans, LA in late December 2015 and most of January 2016. Disaster impacts along the River continued throughout 2016 culminating in \$10 billion in impacts around the Baton Rouge area in August.

The Issue:

There is a larger degree of disaster frequency creating unprecedented costs. Since the turn of the millennium, natural disasters have become more severe and more chronic in the United States increasing from typically 47 per year to 61 over the last decade, recently topping-out at 97 in 2011. Since 2005, the Mississippi River Valley has sustained successive 100, 200, and 500-year flood events, a 50-year drought, Hurricane Katrina, and Hurricane Isaac. The 2011 500-year flood effected multiple locations. Disasters along the Mississippi River have become persistent and systemic incurring over \$50 billion in costs since 2011. Over the last ten years ten or more disaster declarations have been designated in thirty states while six states have received twenty or more.

Thus, with such devastating weather events on-going, cutting PDM at this point will have the basic effect of canceling critical mitigation work before it even begins. Any infrastructure investment plan must include resources to protect the infrastructure that is repaired and augmented lest disaster impact costs double or as much as quadruple.

Disaster Resilience Protects Critical National Infrastructure

Therefore, the Mississippi River Cities and Towns Initiative Mayors call upon Congress and the Administration to preserve and fully fund the Federal Pre-Disaster Mitigation Program at \$100 million for FY 2018. Further, Mayors urge the Federal Emergency Management Agency to allow and prioritize for multi-state applications so that state and local governments may meet impacts at the level they are occurring – the regional level. Disasters are not confined to man-made jurisdiction and thus resources are best deployed across jurisdictional lines.

Section 319 Non-Point Source Water Pollution Control Grants - \$200 million

Background:

EPA's Clean Water Act Section 319 Categorical State Grant Program provides grants (known as "Water Pollution Control Grants") to states for prevention and control measures that improve water quality. \$164.92 million was enacted for FY 2016 for Clean Water Act Nonpoint Source (Section 319) Grant Program (\$5.66 million over the FY 2015 enacted level). This spending is directed at state and tribal efforts designed to implement water pollution controls and strengthen nutrient management efforts consistent with the EPA's state nutrient reduction framework.

The Issue:

Section 319 Water Pollution Control Grants are the only grant within the EPA portfolio specifically intended to reduce non-point pollutants and toxins from entering waters of the U.S. The Mayors see nutrient loading as one of the most significant threats facing the water quality of the Mississippi River and all its aquatic systems that support cities' economies.

MRCTI has held discussions with stakeholders throughout the corridor to determine how mayors can play a valuable role in reducing nutrient loading into the Mississippi River. Out of the ten Mississippi River states, only Minnesota and Illinois have set both nutrient reduction goals and timelines. Two states have set reduction goals, but no timelines, and six states have neither. States have explained to us that budget constraints are one of the main causes for not pursuing nutrient reduction more directly. Funding is needed to deploy robust monitoring as well as conduct the research needed to set credible goals. Thus, mayors are working to see how they can help states secure more funding resources through the only non-point source grant program – 319. MRCTI's proposal pends on the approach that more revenue generated by our resources can be placed back into those resources to sustain the valuable environmental services they provide such as drinking water.

The proposed funding level for FY 2018 increases the spending for 319 grants as compared to the FY 2016 enacted level in order to begin meeting the needs of states for controlling the massive nutrient-intensive landscapes they are faced with managing. This resource assists state in securing the agricultural industry and aiding our manufacturing base because nutrients lost from the field to our rivers comprise a cost to farmers in nutrient replacement, and a cost to manufacturers and cities to clean the water before it can be used to power industry. The combined agriculture and manufacturing economies just in the 246 counties that comprise the Mississippi River corridor generate \$422.6 billion.

Clean Water Grants Sustain our Agricultural Industry and Assist Manufacturing

Therefore, the Mississippi River Cities and Towns Initiative Mayors ask Congress to fund the Section 319 Categorical State Grant Program's Water Pollution Control Grants at \$200 million for FY 2018. Further, Mayors recommend the U.S. EPA partner with the Natural Resource Conservation Service within USDA to ensure state 319 Grants plans include nutrient reduction capacities at an influential level. This type of cross-agency collaboration on evaluating grant applications has precedent in the HUD administered Sustainable Communities Grant Program where multiple agencies advised on application viability on a number of performance metrics.

Drinking Water and Clean Water State Revolving Loan Funds - \$2.35 billion

Background:

The President's FY 2017 request proposed an increase to the Drinking Water SRF by almost twenty percent above the FY 2016 enacted level while at the same time reducing the Clean Water SRF by nearly 30 percent. The SRFs were funded at a combined level of \$2.35 billion in FY 2015. The previous Administration's request represents a \$350 million cut to the FY 2015 enacted level of spending.

The clean and drinking water state revolving loan funds have baseline comparisons available to measure the actual effectiveness of expenditures. States require estimates of pollutants removed before a project is approved as well as insist projects come with monitoring and evaluation components. The drinking water loan funds have consistently scored a positive return on investment. According to a 2009 report, for every dollar spent by Congress on DWSRF, a \$1.82 was realized on the local end. For every dollar spent by states, a return of \$5.50 was realized.

The Issue:

For every federal dollar of SRF spending, 21.4% is returned to the federal government in the form of taxes and on average, 16.5 jobs are created for every 1 million spent through SRF; each job is estimated to bring about \$60,000 in labor income. Infrastructure investments create 16 percent more jobs than equivalent spending on a payroll tax holiday, 40 percent more jobs than an across-the-board tax cut, and more than five times as many jobs as temporary tax cuts.

Every million dollars of SRF spending results in \$2.95 million of input in the U.S. economy. This is a smart investment complimenting a narrow federal role of ensuring modern, efficient infrastructure. Since this is a loan program, SRFs leverage resources from all levels of government and the private sector empowering state and local governments. SRFs are voluntary reducing regulatory burdens on businesses.

SRFs are an important investment tool as U.S. businesses will have lost \$734 billion between the years 2012 and 2020 due to loss in sales and additional costs stemming from unreliable water infrastructure if current trends continue.

Twenty million people, fifty cities obtain their drinking water from the Mississippi River; the infrastructure makes possible these withdraws as well as those for manufacturing.

SRF-Funded Infrastructure Benefits Millions, Sustains our Water Delivery Systems

Therefore, the Mississippi River Cities and Towns Initiative Mayors ask Congress to make no cuts to the Drinking Water and Clean Water State Revolving Funds, and provide \$2.35 billion to the Funds, as it did in FY 2015 with \$1.393 billion allocated to drinking water and \$957 million allocated to clean water.

USGS Water Resources Program - \$238 million

Background:

Nutrient loading and sediment transport and deposition are two critical water-quality issues in the Mississippi River Basin (MRB). These issues can affect drinking water supplies, aquatic ecosystem health, manufacturing, utilities, and navigation on the main-stem Mississippi River. The U.S. Geological Survey (USGS) operates the National Water Quality Network (NWQN) for Rivers and Streams to assess the status of – and changes in – water-quality conditions. New sensor technologies can continuously measure concentrations of nitrate and phosphate, and estimate suspended-sediment concentrations.

The proposed monitoring network will deliver near real-time estimates of nutrient and sediment concentrations and loads at key locations across the Mississippi River Basin (MRB). The data would be delivered using a state-of-the-art mapping and visualization website that would enable water managers, key stakeholders, and the public to track how nutrients and sediment move throughout the MRB, evaluate how effective agricultural management practices are at reducing nutrient and sediment contributions to large inland watersheds and the main-stem Mississippi River, and provide a significant ability to track the impacts of floods or contaminant spills on a near real-time basis.

The one-time cost to purchase and install the necessary sensors and infrastructure at the 54 monitoring sites is approximately \$5M. Funds to operate and maintain the continuous sensors, add discrete water-quality sampling at selected sites to verify sensor data, and to analyze, quality-assure, and deliver information on a website would be about \$6M per year.

The Issue:

Nutrient loading is one of the greatest threats to our business lines on the river because it compromises water quality, impedes manufacturing, and depresses the tourism and recreation industries that account for the second largest economy on the waterway. States are working to reduce nutrient loading into the watershed, but require robust monitoring to help them determine if their reduction practices are working at a regional scale. Hundreds of millions of dollars are being spent across the landscape on this issue blindly if there is not systemic monitoring in place to measure the effectiveness of nutrient reduction projects.

The previous Administration's FY 2017 budget called for \$227 million for the USGS Water Resources Program. Adding \$11 million to that figure will allow for deployment of a nutrient monitoring net as well as one year of sensor operation funding. \$6 million being added to the USGS baseline budget will allow for ongoing operation of the sensors in outlying years. This support will allow for the measurement of nutrient reduction activity across at least ten states.

Real-Time Water Quality is Essentials to Disaster Response, and Targeted Investment

Therefore, Mayors urge Congress to fund the USGS Water Resources Program at \$238 million for FY 2018. Robust monitoring at this level will allow accurate measurement of infrastructure project effectiveness.

Allocate Full Funding to the Land & Water Conservation Fund

Background:

Congress authorized the Land and Water Conservation Fund (LWCF) to reserve natural areas, wildlife habitat, and provide Americans with access to valuable outdoor experiences and enjoyment. Conservation has multi-lateral benefits to our economy as it sustains natural resources, health of public lands assets, quality of life enhancements, and economic growth. The conservation, outdoor recreation and historic preservation sectors contribute \$1.06 trillion annually to the American economy, supporting 9.4 million jobs (1 out of every 15 U.S. jobs).

The tourism industry along the Mississippi River specifically comprises the second-largest economy generating \$41.4 billion in annual revenues supporting more than 600,000 jobs.

The outdoor recreation economy within the ten-state corridor of the Mississippi River by itself generates \$109.4 billion in consumer expenditures supporting 1.1 million jobs. Confining our analysis to just areas within the vicinity of the Mississippi River, the 113 counties along the lower River benefited from 38 million recreational trips generating \$1.3 billion in expenditures in 2011 providing 54,000 jobs for just outdoor recreation.

Looking at one example of return along the Mississippi River, the LWCF has provided funding of nearly \$5 million for acquisitions for the Upper Mississippi River Wildlife and Fish Refuge (IA, IL, MN and WI), and visitors to this refuge generate \$226 million annually to the local and regional economy.

Benefits of the LWCF go beyond just the tourism industry. According to the Trust for Public Lands, every \$1 invested from the LWCF returned \$4 in economic value from natural resource goods and services.

The Issue:

On average, about \$900 million in annual royalty payments are placed into the LWCF from Outer Continental Shelf energy resource extraction. The money is intended to supplement water quality benefits as well as restore forested areas and wetlands feeding into the Mississippi River that help clean the water and act as buffer zones to disasters. However, Congress typically diverts accumulated funds to other purposes creating a conservation project backlog of nearly \$30 billion.

Another asset of the LWCF is its diverse spending allowing for a number of efforts to be funded for state and local government facilities, urban parks, and even private owners of forest land who want to voluntarily conserve their forests.

Collected Conservation Funds can Strengthen our Economy Supporting Millions of Jobs

Therefore, Mayors urge Congress to allocate \$400 million in discretionary funding and \$500 million in permanent funding as part of a multi-year strategy leading to full permanent funding for the LWCF.

America's Marine Highway Program Grant Account - \$10 million

Background:

Consisting of over 29,000 nautical miles of navigable waterways, America's Marine Highway System serves as an extension of the surface transportation system and promotes short sea transportation. Two Marine Highway System routes (the M-55 and M-35 Corridors) incorporate the Mississippi River. Those two corridors are vital components of the nation's inland waterway system and central to maintaining our ability to efficiently transport a significant portion of the region's agricultural and other commodity exports to the Gulf.

America's Marine Highway Program is a Department of Transportation-led program to expand the use of our Nation's navigable waterways and to relieve landside congestion by increasing the efficiency of the surface transportation system. The Program is administered by the Maritime Administration (MARAD), which collaborates with stakeholders from all transportation sectors to improve and strengthen the U.S. marine transportation system, including building a U.S. maritime system for the 21st Century.

In 2014, \$1.7 trillion worth of U.S. goods moved through the nation's ports. The largest U.S. port ranked by tonnage is the Port of South Louisiana along the Mississippi River. Indeed, the nation's only trade surplus in agricultural goods is made possible by port infrastructure of the Mississippi. Waterways and ports of the ten-state Mississippi River Corridor alone provide over 500,000 jobs generating \$83.6 billion in annual revenue.

The Issue:

Regardless of the infrastructure and economy described above, containerized freight, the most ubiquitous medium of freight movement, is almost non-existent on the nation's inland waterway system. Of the 30 million containers that came into the United States in 2014, almost none of them moved on the Mississippi River. Thanks to a broad public/private partnership brokered by the Mayors of the Mississippi River, Inland River Port & Terminal Association, and the Upper Mississippi River Basin Association container movement is returning to the River.

Our inland ports and waterways cannot be ignored and are essential to our economic future:

- Our population will grow from 319 million in 2014, to 400 million by 2051;
- The movement of freight is expected to increase by 40 percent over the next 30 years;
- As much as 10 percent of the cost of goods can be attributed to transportation costs; infrastructure inefficiencies and failures coupled with freight bottlenecks increase these costs to our businesses constraining our economy.

Bottom line, there is not enough surface transportation infrastructure to accommodate projected growth in U.S. freight demand and it is cost prohibitive to build-out roads and rail to meet the pending mandate when there is 40 percent of unused shipping capacity provided by our inland waterways system.

Inland Port and Waterway Infrastructure is Vital to U.S. Economic Competitiveness

Therefore, Mayors call upon Congress to support the Marine Highway Program by funding the grant account at \$10 million.

Navigation and Ecosystem Sustainability Prog - \$4.1 billion, UMRR - \$33 million

Background:

The Navigation and Ecosystem Sustainability Program (NESP) is a long-term plan of navigation improvements and ecological restoration that benefits the entire inland waterway system.

NESP aims to reduce commercial traffic delays while restoring, protecting, and enhancing the environment. NESP implements an integrated, dual-purpose plan that progresses toward economic and environmental sustainability of the River. NESP can advantageously build from the existing Upper Mississippi River Restoration Program (UMRR, \$33 million); and then, UMRR can help ensure continuous benefits after NESP's 15-year duration has completed.

As authorized by Congress, NESP includes \$1.948 billion in navigation improvements and \$256 million for targeted, cost-effective efficiency measures while at the same time providing for \$1.717 billion toward a 15-year ecosystem restoration program that includes an additional \$10.42 million annually for critical monitoring.

The Issue:

The domestic movement of materials and commodities is pivotal to our nation's economy and the Mississippi River's built and natural infrastructure contribute to that obligation beyond any inland waterway. Yet, lock outages have increased 700 percent nationally over the past decade and ecosystem degradation has played a significant role in exacerbating disaster impacts. There is a cost-effective program ready to address these issues if implemented as authorized.

- *Equipping the U.S. Army Corps of Engineers with the data needed:* The feasibility study for NESP, which was approved by the chief of engineers and authorized by Congress, outlines specific incremental steps for navigation efficiency; the first one being to complete construction and implementation of non-structural and targeted measures. Following non-structural and efficiency measure implementation, economic and efficacy studies will guide future action on lock construction ensuring more public benefit and less government waste.
- *Providing for both built and natural infrastructure:* The NESP authority requires the Corps to spend near-equally towards ecosystem restoration and navigation improvements.
- *Facilitating long-term benefits:* The NESP feasibility study promises ongoing restoration funding beyond the life of navigation projects. For as long as navigation continues on the Mississippi River, restoration and monitoring programs will be necessary to protect the environmental services our economy depends on.

NESP Provides Maximum Economic Benefits by Addressing Built and Natural Infrastructure

Therefore, Mayors urge Congress to fully fund NESP ensuring a 1) persistent support of our natural infrastructure: NESP promises nearly \$2 billion for ecosystem restoration over the life of the program. This component is essential to our manufacturing, water supply, and tourism economies. Thus, it is imperative this work continue unhindered through the life of the program and beyond. 2) Efficient and tailored federal role: It is important Congress empower the Corps of Engineers to clarify new institutional arrangements with USGS and other partners to ensure there is no disruption in long-term monitoring and restoration as NESP is implemented.

Funding Mechanisms to Restore Mississippi River Infrastructure *Creating Jobs, Enhancing National Security, Improving Preparedness*

Allow U.S. Companies to Repatriate Overseas Funds in Infrastructure

Background:

The burden of restoring our nation's infrastructure should not be placed wholly on the American taxpayer, but should include a number of innovative financing tools that compliment federal investment. Further, federal investment itself can be tailored and efficient for maximum return to the taxpayer.

American companies hold more than \$2 trillion in undistributed earnings outside the U.S.; if only half that investment were returned to American soil, \$150 billion could be infused into our infrastructure which would add \$189.5 billion to our GDP in only the first few years.

U.S. Companies that reported water risk in the Mississippi River Basin to the Climate Disclosure Project in 2016 comprised \$1.35 trillion in market cap and withdrew as much water as is used by 56.21 million Americans annually. Such corporate presence in the Basin creates tremendous leverage that Mississippi River Basin companies could bring to infrastructure investments.

The Issue:

According to the American Society of Civil Engineers, approximately 19 percent of U.S. GDP would be required to bring our national infrastructure to a state of good repair. But, the idea is to add to our economy's performance, not impede it. So, other investment beyond government is necessary as such a percentage of our GDP would require involvement from much of our economy to realize.

It is becoming more expensive for companies to meet their stock repurchase and dividend obligations with so much of their liquidity stockpiled overseas adding to cash flow costs. Further, supranational tax agencies are becoming more aggressive in pursuing revenue.

Unlike the tax holiday of 2004, under an infrastructure-driven plan, companies would buy infrastructure bonds issued by state and local governments within a specified time in the amount of at least 15% of the repatriated funds. Companies would not be permitted to use the repatriated funds toward shareholder-friendly actions, nor mergers and acquisitions.

An opportunity to generate return on investment in our nation's infrastructure through municipal bonds provides an attractive alternative to losing money through taxes. Also, infrastructure bonds typically benefit from lower default rates and higher yields than comparable corporate debt. Infrastructure-driven repatriation can offer U.S. firms an opportunity to invest and realize return.

Tax Reform can Equip the U.S. Economy with a Crucial Infrastructure Investment Tool

Therefore, Mayors recommend setting a path for repatriation of overseas holdings into tax exempt municipal bonds.

Establish a Resilience Revolving Loan Fund to augment PDM Grants

Background:

In 2012, disasters cut into the total revenue of the Mississippi River economy by 8.75 percent in actual losses, to say nothing about ongoing drains on the economy that metastasize and multiply over time. On average over the last five years, disasters are costing the Mississippi River economy close to 3 percent annually. But, the impacts are actually much larger than this since disasters tend to spike losses in the economy and have on-going impacts that can take years to neutralize.

The multiplier effect of disasters is exactly why investment in preparedness and mitigation can payback as much as \$5.00 for every dollar spent. More importantly, if the investment is in the form of a loan over a grant, ROI to the taxpayer can be improved even more.

The Issue:

Resilience has considerable national security implications since the security of our nation is dependent on the ability of our society to reduce effects and respond. Response depends on our economy's ability to sustain and recover from shocks.

Since the Mississippi River System (as described above) is so integral to the U.S. economy both domestically and globally and sustains so many jobs – the repercussions to our national security require explicit attention.

A Resilient Communities Revolving Loan Fund (RRF) is a proposed tool to provide another investment leveraging option for infrastructure. State Revolving Loan Funds for clean water and drinking water provide a minimum return of almost \$2.00 for every dollar spent. A similar instrument can be established for a broader application toward preparedness activities.

Moreover, a resilience loan fund can directly compliment an already existing grant fund. The key, however is applying the RRFs in such a way that revenue is generated to repay loans. Resilience activity is not necessarily tied to end-user fees like water infrastructure projects are; and yet, resilience investment adds to the economy. To capture this economic benefit, resilience investments can be linked to infrastructure that does include user fees. RRFs can also be linked to economic improvement zones where benefits are colligated into direct returns.

Resilience and Preparedness within the Mississippi River Corridor Enhance National Security
Therefore, Mayors urge the creation of a Resilient Communities Revolving Loan Fund to compliment the Pre-Disaster Mitigation Grant program and create greater return on investment around making our infrastructure more adaptive to more frequent disasters.

Strengthen finance instruments such as the Water and Transportation Infrastructure Finance and Innovation Act (WIFIA, TIFIA) Programs

Background:

WIFIA and TIFIA are designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital.

WIFIA and TIFIA were created because state and local governments that sought to finance large-scale transportation projects with tolls and other forms of user-backed revenue can encounter difficulty obtaining financing at reasonable rates due to some of the uncertainties associated with these revenue streams especially in the early years of project implementation. Innovative revenue sources, such as proceeds from tax increment financing, are difficult to predict. WIFIA and TIFIA credit assistance is often available on more advantageous terms than in the financial market making it possible to obtain financing for needed projects when it might not otherwise be possible.

The credit assistance available through these innovative finance programs includes secured loans, loan guarantees, and a standby line of credit.

The Issue:

WIFIA is an EPA administered program; TIFIA is managed by the Department of Transportation. Both agencies require empowerment around these innovations to create maximum effectiveness and benefit. Thus, the process for WIFIA and TIFIA needs to be as transparent and as predictable as possible. Interest rates should be tied to U.S. Treasury securities. The programs can be better used by more applicants if the programs are offered more than once a year. TIFIA includes a three-stage application process that provides a secure template from which to operate.

WIFIA can be leveraged with SRF resources coordinating and compounding return. That is why it is important that these programs have ample clarity and facilitation around how they can be coupled with other federal options. Indeed, much of this entire plan functions on the strategy of linking seemingly disparate federal programs into a multi-lateral infrastructure investment strata designed to maintain a discrete federal role while encouraging a growing private financing opportunity.

Existing Federal Finance Programs can Facilitate Market Solutions

Therefore, Mayors call for the strengthening of EPA's WIFIA and DOT's TIFIA to assist in the private sector financing of large-scale infrastructure projects in several sectors of the economy.

Epilogue: Applying Current Levels of Federal Investment Smarter

The plan presented here emphasizes better spending of current federal resources adding only a total of \$65 million across seven of the eight programmatic spending lines that are included in the plan. NESF is recommended for funding at the level authorized by Congress.