

Infrastructure Funding

Overview of WRRDA & its impact on water infrastructure projects

Interview compiled by Neda Simeonova



Steve T. Park is associate, P3/Infrastructure Group, for Ballard Spahr LLP. Park advises issuers, underwriters, borrowers and purchasers in connection with the structuring, issuance, offering, placement, remarketing and restructuring of tax-exempt and taxable municipal securities and other debt instruments and derivatives. He serves as bond, borrower's and underwriter's counsel to various clients, including investment banking firms, higher education institutions, health care institutions, school districts and municipalities. Park also advises clients in all phases of transportation, infrastructure and public-private partnership projects.

Park can be reached at parks@ballardspahr.com or 215.864.8533.

In June, President Obama signed into law the Water Resources and Reform Development Act of 2014 (WRRDA), which authorizes funding for more than \$12 billion of new infrastructure projects. *W&WD* Editorial Director Neda Simeonova spoke with Steve Park, associate, P3/Infrastructure Group, for Ballard Spahr LLP about the legislation and its implications for public-private partnership (P3) projects.

Neda Simeonova: How will the new legislation impact water infrastructure projects?

Steve T. Park: WRRDA's focus on the broader industry should lead to a larger pipeline of projects, some of which will be delivered through traditional appropriations, while others will be delivered as P3s. The statute streamlines and speeds up feasibility studies and environmental approvals to help backlogged projects move closer to realization, and once the pipeline is closer to procurement, the incentives for a P3 structure will likely become more relevant for particular projects.

Simeonova: Which types of water infrastructure projects will benefit the most from WRRDA?

Park: WRRDA authorizes funding for 34 specific water infrastructure projects across the country. The 10-year, \$12.3-billion spending plan authorizes projects ranging from port improvements in Los Angeles, New Orleans and Boston, to ecosystem enhancement in the Chesapeake Bay, Florida Everglades and Columbia River, while also de-authorizing some \$18 billion in old, inactive projects.

Simeonova: What are the benefits of WRRDA's Water Infrastructure Public Private Partnership Program?

Park: The Water Infrastructure Public Private Partnership Program (P3 Program), which authorizes the Army Corps of Engineers to enter into agreements with state and local governments and private entities to finance construction of at least 15 water resources development projects, including coastal harbor improvement, channel improvement, inland navigation, flood damage reduction, aquatic ecosystem restoration and hurricane and storm damage reduction. Projects qualifying for the P3 Program will benefit from potential waiver from or modification of applicable federal regulations as well as technical assistance from the Army Corps of Engineers.

Simeonova: The WRRDA contains provisions creating the Water Infrastructure Finance and Innovation Act (WIFIA). What are some of the benefits and limitations of the WIFIA program?

Park: The WIFIA program is a welcome new financing tool for water and wastewater projects. The hope is that WIFIA becomes for water what TIFIA has been for transportation. That said, it is unclear if it will be. The main reason for that uncertainty is that it's unclear which types of projects the WIFIA loans will be used for. It is also unclear which types of borrowers will be lining up for WIFIA loans. It is possible that the only borrowers for the loans will be municipal water authorities borrowing money to fix their existing systems. That result would not be a bad thing, but would not end up being

WRRDA Highlights

Reforms Bureaucracy, Accelerates Project Delivery & Streamlines Environmental Reviews

- Sets hard deadlines on the time and cost of studies
- Consolidates or eliminates duplicative or unnecessary studies and requires concurrent reviews
- Streamlines environmental reviews

Fiscally Responsible

- Deauthorizes \$12 billion of old, inactive projects that were authorized prior to WRDA 2007
- Fully offsets new authorizations with de-authorizations
- Sunsets new authorizations to prevent future project backlogs
- Reduces the inventory of properties that are not needed for the missions of the Army Corps of Engineers

Strengthens Oversight, Transparency & Accountability

- No earmarks
- Establishes a new, transparent process for future bills to review and prioritize water resources development activities with strong Congressional oversight

Increases Flexibility for Non-Federal Interests

- Maximizes the ability of non-federal interests to contribute their own funds to move authorized studies and projects forward
- Expands the ability of non-federal interests to contribute funds to expedite the evaluation and processing of permits
- Establishes a Water Infrastructure Public Private Partnership Program

Improves Competitiveness, Creates Jobs & Strengthens Water Resources Infrastructure

- Authorizes needed investments in U.S. ports
- Supports underserved, emerging ports
- Reforms and preserves the Inland Waterways Trust Fund
- Authorizes priority water resources infrastructure improvements recommended by the chief of the Army Corps of Engineers to improve navigation and commerce and address flood risk management, hurricane and storm damage risk reduction, and environmental restoration needs

the private investment spur that others want it to be. At this point, I think we have to wait and see what the guidelines will look like, what the process will be and who the first few applicants/projects are going to be.

Simeonova: When will the water industry begin to see projects being funded through WRRDA, and which types of water infrastructure projects do you anticipate to kick-start first?

Park: Implementation of WRRDA-funded projects may begin as early as the fall of 2014. It is hard to say at this point which types of infrastructure projects will be the ones to kick start under WRRDA and WIFIA. That said, I think it is safe to say that projects which are further along on the approval and permitting process will go through first. **w&wd**

Neda Simeonova is editorial director of *Water & Wastes Digest*. Simeonova can be reached at nsimeonova@sgcmail.com or 847.391.1011.

For more information, write in 1115 on this issue's reader service form on page 102.