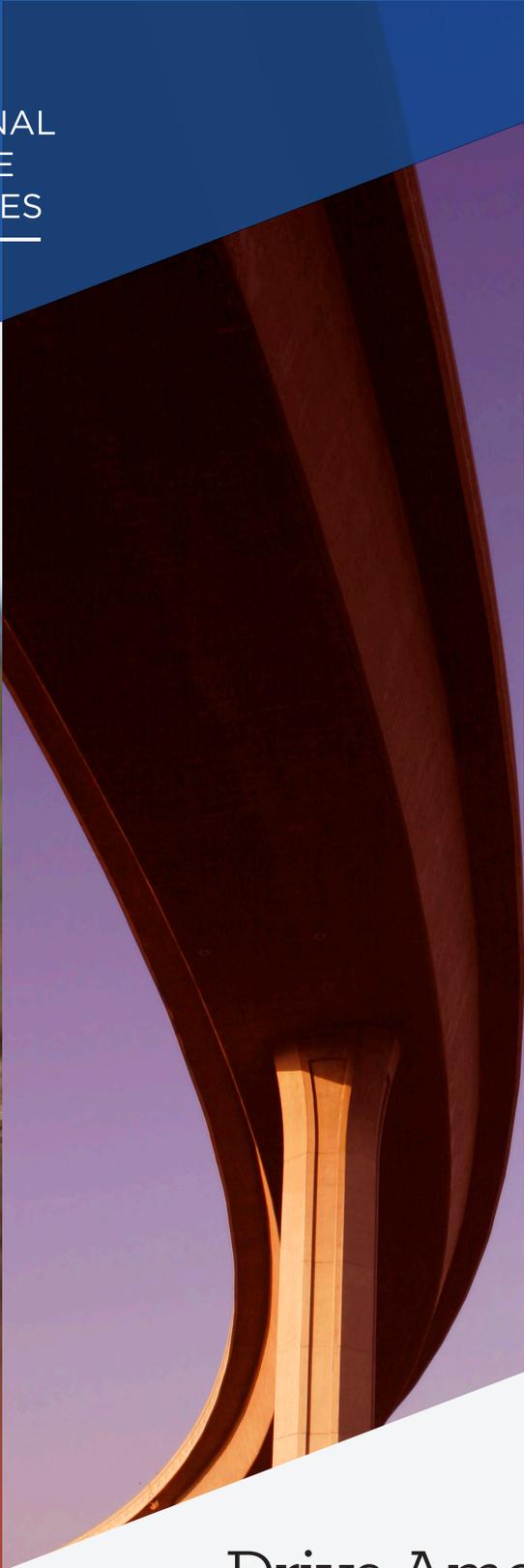


NLC NATIONAL
LEAGUE
OF CITIES

CITIES STRONG TOGETHER



Drive America's Economy
Forward by Reinvesting in
Municipal Infrastructure

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Drive America's Economy Forward by Reinvesting in Municipal Infrastructure

Guiding Principles

- 1** America's cities are paying their fair share: over two-thirds of all public infrastructure projects in the United States are locally financed by municipal bonds.
- 2** While the demands on America's infrastructure grow each year, federal funding has fallen to historically low levels, placing the economic and physical well-being of our cities in jeopardy.
- 3** City leaders are best positioned to identify where infrastructure needs are greatest, and should be given a stronger voice in how limited federal dollars are spent.

Infrastructure investment is essential to moving America forward. From the smallest to the largest cities, a safe and accessible network of streets, transit and sidewalks create pathways to opportunity for jobs, housing and education, allowing more residents to make their way into the middle class. The quick, reliable movement of goods across our highways, rail lines and ports allows an entrepreneur to grow their business and hire their first employee. Well-maintained water and sewer pipelines give a family peace of mind that the water their children are drinking will not harm them. Access to high speed internet allows a student to get the help they need to complete their homework. And across the country, revitalized neighborhoods and well-maintained parks,

schools, courthouses and other civic infrastructure create the kinds of communities where families want to live and businesses want to invest.

The vibrant network of infrastructure in America's cities is the economic competitive advantage that allows our 122.5 million households and 7.5 million businesses to lead the world in an increasingly globalized economy.

Yet, we know that our infrastructure is failing us. Too many bridges are in a state of disrepair, our internet lags behind the rest of the world, families drink from bottled water in the absence of safe tap water, and all the while, federal investments have fallen behind an ever increasing demand.



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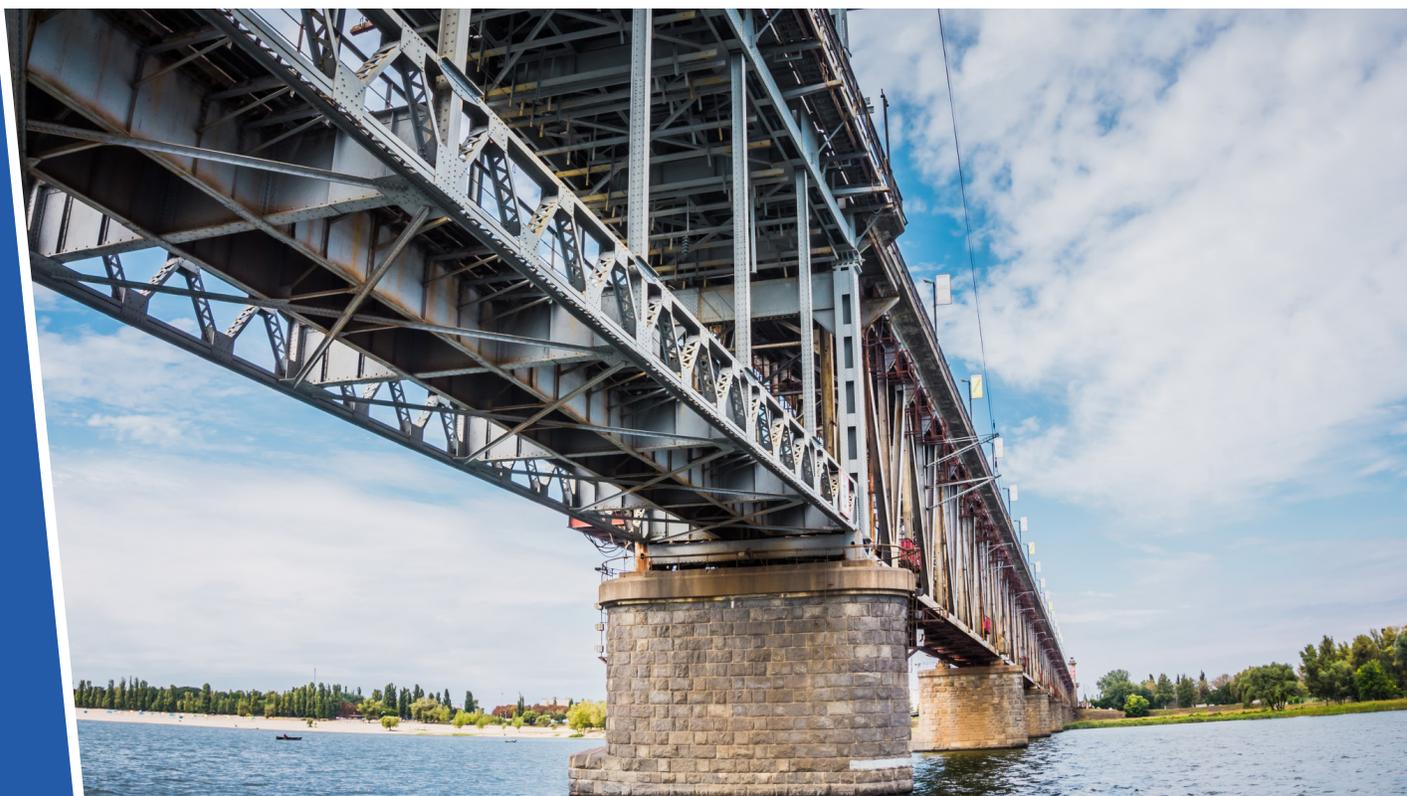
The economic costs of continued inaction are staggering. The American Society of Civil Engineers (ASCE) says that our failing infrastructure is costing each of America's families \$3,400 annually in lost disposable income.¹ Cities are already paying their fair share — financing more than two-thirds of all infrastructure projects through tax-exempt

municipal bonds — but cities simply cannot afford to carry our nation forward alone. For that reason, the National League of Cities (NLC) calls on Congress and the administration to invest in making America's transportation, water and broadband infrastructure, once again, the envy of the world.

Transportation

NLC calls on Congress and the President to modernize our nation's transportation infrastructure by passing legislation that will:

- 1** Identify a user-fee based pay-for that keeps the Highway Trust Fund fully paid for beyond the expiration of the FAST Act;
- 2** Fund transportation infrastructure projects by putting money directly in the hands of local governments, who
- 3** are best equipped to identify high-priority projects and where the need is the greatest;
- 3** Increase federal funding for programs that support all modes of transportation, including TIGER, Transportation Alternatives, the Surface



Transportation Block Grant Program, New Starts and FASTLANE; and

- 4 Create greater flexibility for private investment in infrastructure, while also recognizing that public private partnerships that utilize private financing are only viable for a limited number of very expensive and complex infrastructure projects.

Put simply: investing in municipal transportation infrastructure is critical to our national economic interests. Cities generate 90 percent of America's GDP and represent 85 percent of its population.² The federal government should recognize that continued underinvestment in metropolitan regions has significant impacts on our entire nation.

Local governments own and operate 78 percent of the nation's road miles, 43 percent of the nation's federal-aid highway miles, 50 percent of the nation's bridge inventory and support our local transit systems. Yet, under

MAP-21, formula funding and grant programs that funded local priorities were constricted, with most federal funding still going to state departments of transportation. And neither MAP-21 nor the FAST Act solved the funding issue at the heart of a shrinking federal transportation program.

With ever growing backlogs of deferred maintenance on the plates of local governments, cities need strong revenue commitments and discretionary grant opportunities from the federal government to bring their transportation systems into a state of good repair.

Finally, while NLC supports innovative financing solutions through public private partnerships, we oppose tax credits to equity investors that place the risk squarely on the shoulders of taxpayers, and that doubly charge America's families through tolls and tax subsidies.

Water

NLC calls on Congress and the President to improve our nation's water infrastructure by passing legislation that will:

- 1 Reauthorize and provide federal funding for water infrastructure improvements through the Clean Water and Drinking Water State Revolving Loan Fund (SRF) programs;
- 2 Provide full appropriation to the Water Infrastructure Finance and Innovation Act (WIFIA) for loans and loan guarantees for water infrastructure projects, as well as permanently establish the program beyond a pilot program;
- 3 Remove the federal volume cap on tax-exempt bonds for water and wastewater infrastructure projects, which will make additional private capital available for water projects;
- 4 Establish a comprehensive and flexible integrated planning and permitting process for local water, wastewater and stormwater management that will allow communities to meet their requirements under the Clean Water

Act and Safe Drinking Water Act in an efficient and cost-effective manner through the sequencing and scheduling of projects; and

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Clarify that rebates provided by local water utilities to homeowners for water conservation and water efficiency are not subject to a federal income tax.



With much of our water infrastructure built in the post-World War II period—and some of it more than 100 years old—there are an estimated 240,000 water main breaks each year.³ The main challenge in improving this infrastructure is the significant financial commitment needed from all levels of government. Local government investments account for 95-98 percent of all water and sewer infrastructure spending, including more than \$115 billion in 2014, according to the U.S. Census Bureau.⁴ Meanwhile, financial participation by the federal government in assisting cities in maintaining and upgrading

water infrastructure systems has declined significantly in the past 30 years.

Combined with our infrastructure needs for maintenance, repair and rehabilitation, are new costly and complex federal mandates that are driving local water and sewer rates to levels that are unaffordable for many of our citizens.

Moreover, studies show that climate change will have regionally different impacts on water supply, water quality and water infrastructure — including increased flooding, an increase in frequency and intensity of heavy downpours and precipitation events, sea level rise, decreased snow pack and drought. Climate change will exacerbate existing water challenges and pose new risks for communities.

Finally, the ongoing drinking water crisis in Flint, Mich., highlights the nation's aging infrastructure problem and the need for investment. In many ways, the situation in Flint is unique – but it also highlights the everyday challenges faced by cities across the country. We know that Flint is not alone in its high lead levels. A recent analysis by the American Water Works Association estimates that 6.1 million lead service lines remain in U.S. communities, and the cost of replacing these lines is estimated at \$30 billion.⁵

Broadband

NLC calls on Congress and the President to update our nation's broadband infrastructure by passing legislation that will:

- 1** Expand broadband access to underserved neighborhoods by eliminating state barriers to municipal broadband networks;
- 2** Establish a broadband grant program to accompany the U.S. Department of Agriculture's Rural Utility Service Broadband Loan program and increase the population threshold for eligible areas to at least 20,000;
- 3** Increase funding for Community Development Block Grants and Choice Neighborhoods Grants, so that local governments can allocate funding for broadband planning and deployment alongside affordable housing and neighborhood improvement projects;
- 4** Expand the HUD ConnectHome program to ensure a growing number of HUD-assisted households with children have Internet access; and
- 5** Increase the financial viability of middle- and last-mile broadband infrastructure investment by incentivizing inclusion of conduit or fiber placement in federally-funded infrastructure projects.

Broadband infrastructure is no longer a nice-to-have for American cities — it is a necessity. Broadband access and adoption help promote economic development and social equity while enhancing public health, public



safety and educational opportunities for Americans around the country. Ten percent of all Americans still lack access to broadband service at home, either because of lack of infrastructure, or high prices driven by lack of competition. We urge federal investment in programs that will expand broadband infrastructure and close the digital divide in underserved communities, while respecting local decision making processes.

Endnotes

- 1** American Society of Civil Engineers, "Failure to Act: Closing the Investment Gap for America's Economic Future"
- 2** IHS Global Insight, "U.S. Metro Economies: GMP and Employment report 2015-2017"; Brookings Institution. 2011; U.S. Census Bureau, 2013.
- 3** American Society of Civil Engineers, "2013 Report Card for America's Infrastructure"
- 4** U.S. Census Bureau, "2014 Annual Surveys of State and Local Government Finances"
- 5** American Water Works Association, "National Survey of Lead Service Line Occurrence"

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