

RESEARCH FLASH

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WATER SECTOR: Another Big Water Bill on Capitol Hill

House Committee approves \$14 billion water resources bill

- The House Transportation and Infrastructure Committee, continuing its fast pace on water-related legislation this year, yesterday passed the Water Resources Development Act of 2007 (HR 1495), which authorizes \$14 billion in projects related to water resources managed by the U.S. Army Corps of Engineers. The bill will now go to the House floor.
- WRDA, as it's referred to, is a long-standing program that provides federal funding for U.S. waterways, including river and harbor navigation, coastal flood control, and environmental protection. It's a favorite of members of Congress, since it includes local projects for many districts. Historically, the legislation has been reauthorized every two years, but it has been languishing since 2000. Last year, both the House and the Senate passed versions of the legislation, but it was never enacted, as differences between the two versions were not reconciled before Congress adjourned.
- This year, both House Committee chairman Jim Oberstar (D-MN) and Senate Environment and Public Works Committee chairman Barbara Boxer (D-CA) have said they will work together to accomplish speedy passage of the bill. Boxer is targeting getting her version of the bill to the Senate floor this spring. It appears that odds of enactment for this legislation this year are relatively high, though the White House is likely to object to the high funding levels.
- As a result of the delay in enactment, there is a growing backlog of projects pending at the Corps of Engineers, particularly in the wake of Hurricane Katrina. The House version of the bill includes \$950 million for wetlands restoration and hurricane protection in coastal Louisiana. It also includes \$2.4 billion for other water related projects in Louisiana, such as levee improvement, and another \$2.4 billion for projects in Florida, with the largest portion slated for the Everglades restoration.
- While much of the new WRDA funding, if enacted, would go to a wide range of engineering and construction firms, not "water" companies, we do see **Tetra Tech** (TTEK-\$17.02-BUY) as a key beneficiary, since it has been particularly active in the Gulf Coast and Everglades restoration projects. Other companies active in water resources engineering include **Michael Baker** (BKR-\$24.16-not covered), **Shaw Group** (SGR-\$29.53-not covered), and **URS Corp.** (URS-\$42.13-not covered).

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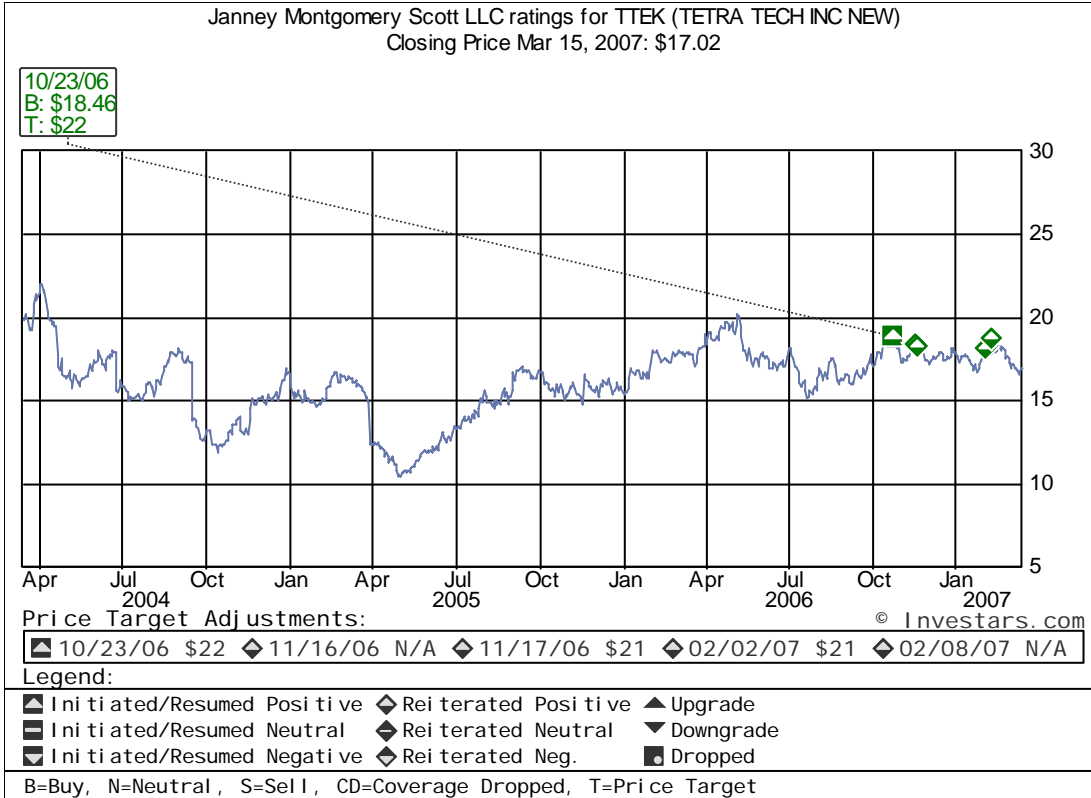
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