

NACWA State and Regional Call

Post-Election Analysis

What the New Administration & Congress Mean for the Clean Water Community

Conference: 866-851-4369 (No PIN needed)

URL: www.uberconference.com/bmannion

NACWA
A Clear Commitment to America's Waters



Agenda

- I. Implications of Election/New Administration
- II. EPA Regulatory Priorities pre-2017
- III. LIWAP Project and Affordability
 - I. Missouri Affordability Update: Phil Walsack, MPUA
- IV. Water Week and NACWA Update



Legislative Issues



115th Outlook

Political Context

- Senate (Mitch McConnell (R-KY) and Chuck Schumer (D-NY))
 - 52-48 Republican Majority (LA run-off in Dec. but R win anticipated)
 - 6 Democratic Senators Face 2018 Re-election in States Donald Trump Won by > 8% / 4 Ds in < 3%
 - (OH, IN, MO, WV, MT, ND)
 - 8 Democrats needed to reach 60 votes in the 115th
- House (Paul Ryan (R-WI) and Nancy Pelosi (D-CA))
 - 241 – 194 (likely) Republican Majority (47 seat diff.)
 - 218 needed to pass legislation (23 seat R buffer)
 - 36 Returning Members of Tea Party (13 seats)

Remaining Items for 114th Lame Duck

- FY 2017 Appropriations Package
 - Continuing Resolution expires December 9th
 - - SRF Appropriations
 - - Integrated Planning Technical Assistance
- Water Resources Development Act of 2016
 - S. 2848 passed 95 – 3 / H.R. 5303 passed with 399-23 vote
 - * Title VII: CWA Reforms, Trust Fund, Other Investments
 - * Municipal Stormwater Link to ACOE Projects

Remaining Items for 114th Lame Duck (cont'd)

- Energy Legislation
 - Remains in conference
- Federal Aid to City of Flint, MI
 - Package in WRDA
 - Package in Energy Legislation
 - May include in Appropriations

Potential 115th Policy Items

Trump Administration Priorities

- \$ 1 Trillion over 10 years Infrastructure Package: “American Energy and Infrastructure Act”
 - Link with Tax Reform
 - Revenue neutral sources (tax-exempt bonds at risk)
- Trump Infrastructure Vision: Make clean water a high priority. Develop a long-term water infrastructure plan with city, state and federal leaders to upgrade aging water systems. Triple funding for state revolving loan fund programs to help states and local governments upgrade critical drinking water and wastewater infrastructure.
- Put American steel made by American workers into the backbone of America’s infrastructure (Buy American stays)
- 100 Day Action Plan: cancel billions in payments to U.N. Climate Change programs and use the money to fix America’s water and environmental infrastructure.

Potential 115th Policy Items

FY18 Budget (cuts likely)

Farm Bill Reauthorization

- Health Waters Coalition and Focus on Nutrients

House Republican Priorities — Chairman Shuster and Ranking Member DeFazio return to T&I

- WRDA / ACOE oversight
- CWA program oversight: SRF Formula allocation, Integrated Planning and Affordability
- Workforce Development Issues – GAO report
- Partnerships and Consolidation in Water/Wastewater Sector

Senate Republican Priorities – New EPW Leadership: Chairman Barasso (R-WY) and Ranking Member Carper (D-DE)

- WRDA / ACOE oversight
- Anti-Regulatory Agenda: Clean Power Plan, Clean Water Rule

Democrats Focus: Opposition Where Doable / Cooperation Where Necessary

Regulatory Issues



Fate of EPA

- Dismantle EPA?
 - No, but “refocus...on its core mission of ensuring clean air, and clean, safe drinking water”
 - Ensure it is guided by “true specialists in conservation, not those with radical political agendas”
 - Less regulatory-heavy mission
 - Cut regulations by 70-80% – issue one – repeal two

EPA Transition and First 100 Days

- Myron Ebell, Competitive Enterprise Institute – leading the EPA transition team
- Early rumors for EPA Administrator:
 - Myron Ebell, Competitive Enterprise Institute
 - Jeff Homstead, Lobbyist and former Air Pollution Office Director under George W. Bush
 - Scott Pruitt, Oklahoma Attorney General
 - Kathleen Hartnett White, former head of TCEQ
 - Craig Butler, head of Ohio EPA
 - Pat Morrissey, WV Attorney General

EPA Transition and First 100 Days (cont'd)

- Federal government-wide hiring freeze, except the military
 - Any political staff that may have stayed on will be gone very soon
 - Retirement-eligible staff likely to head for the exits
 - Younger career staff may be looking for a way out
- Already identified for repeal/dismantling/withdrawal in the first 100 days:
 - Obama's Climate Action Plan
 - Clean Power Plan
 - Paris Climate Agreement
 - Clean Water Rule (WOTUS)

Regulatory Environment

- Federal Level
 - EPA will still develop regulations, but nature and pace likely to be different
 - Key appointment for Trump will be the head of the Office of Information and Regulatory Affairs (OIRA) at OMB – Regulatory Gatekeeper
- States still run the bulk of the water program

Status of Pending Rules and NACWA Priority Issues

- **Dental Amalgam Rule** – expected end of 2016 – EPA will make every attempt to get this out before January 20
- **Stormwater Phase II Remand Rule** – Finalized, published any day now
- **Proposed Great Lakes CSO Notification Rule** – Congressionally mandated – proposal signed in early 2017, final rule, due December 2017
- **EPA Survey on Nutrient Performance, Secondary Treatment** – fate unknown, delay likely

Pending Rules and NACWA Priority Issues (cont'd)

- **Coliphage, nutrients, other WQC issues** – No immediate change expected
- **Discussion of possible solutions for blending/SSOs/wet weather** – career staff may resist any efforts during a Trump administration
- **Integrated Planning, Affordability** – no change expected in EPA support
- **UOTF-related Initiatives** – no change expected in EPA support

LIWAP & Affordability



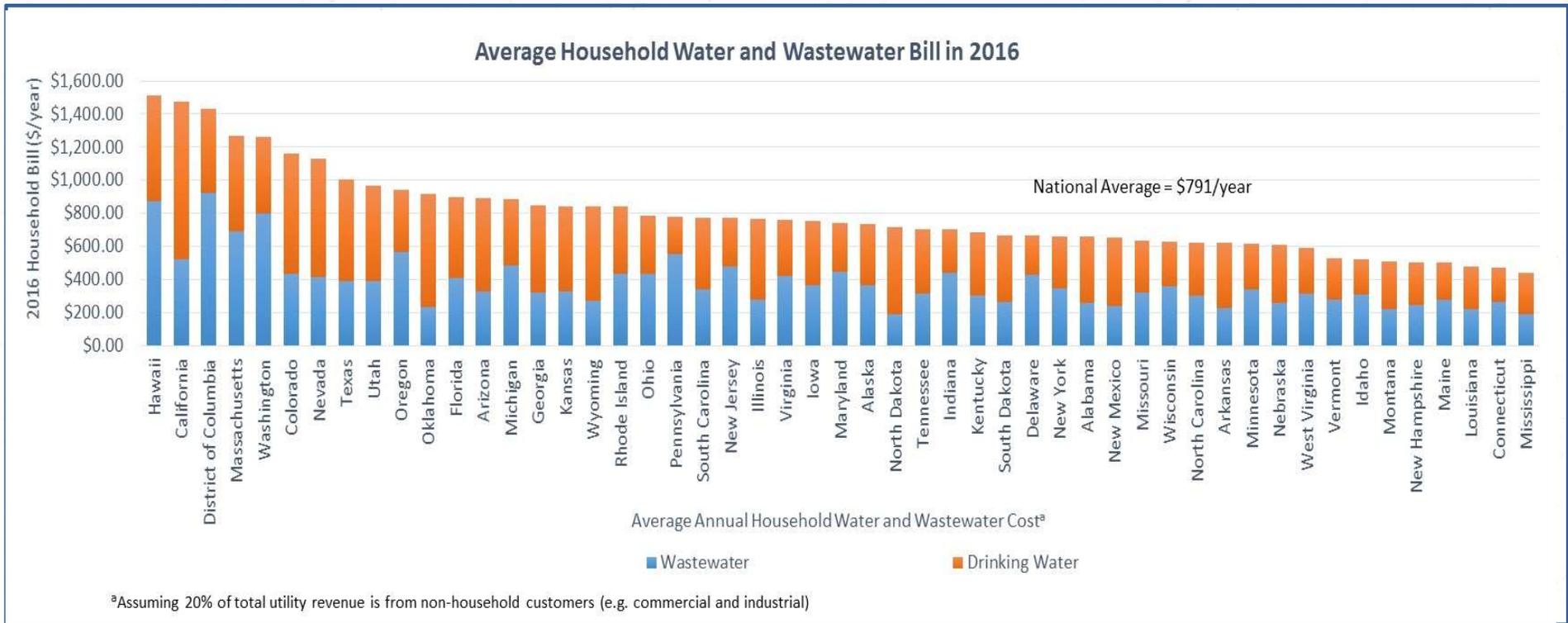
Introduction

- Affordability is one of the most important issues facing water and wastewater utilities today.
- As a practical matter, the key to delivering “affordable” water and wastewater services to households and businesses across America is recovery of the full cost of all services delivered.
- This requires utilities to allocate service costs to customers in proportion to their use, but the burden of such an allocation in many jurisdictions exceeds some customers’ ability to pay.
- Without relief for low-income customers, water and wastewater utilities face real barriers to rate increases needed to recover full costs of service.
- Broad-based capital assistance programs help, but in many jurisdictions, they are not sufficient.
- Accordingly, this analysis examines the potential for, and costs of, a targeted low-income household support program modeled roughly after a similar program in the energy sector.

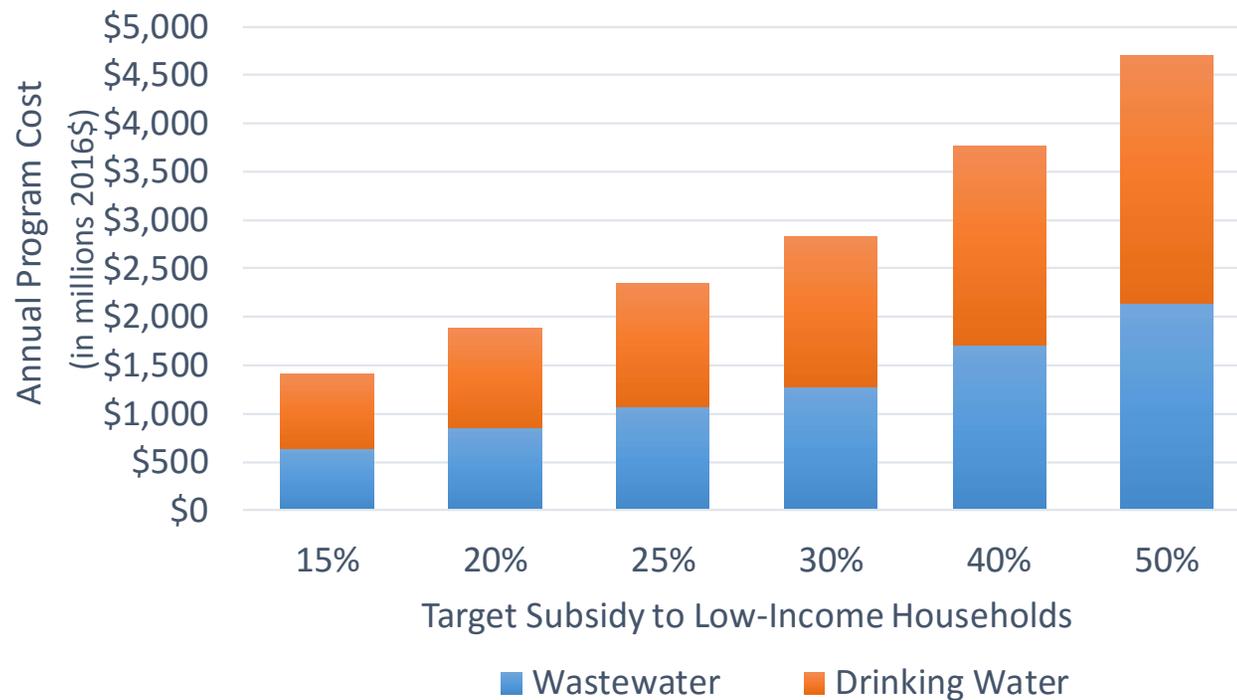
Toward a Low Income Household Water Assistance Program (LIHWAP):

- How widespread is poverty in America?
- How have we addressed other assistance programs to deal with households in poverty?
- What level of funding would be needed to provide similar levels of assistance for water and wastewater services for Americans near or below the poverty line?
- How could a water/wastewater assistance program (LIHWAP) be structured?
- What are some of the key policy issues that must be addressed in the administration of a LIHWAP?
 - Income targeting
 - Water, wastewater, both
 - Program delivery method
 - Federal grants, State match
 - Administration
- How far would a LIHWAP program go in selected cities?

Average US Water and Wastewater Bill = \$791/year



Cost of a LIHWAP Program at Different Assistance Targets



Note: Figures above assume: (a) 20% of water and wastewater revenue, on average, is from non-household customers (e.g. commercial and industrial), and (b) low-income household water/wastewater bills are 60% of average bills.

Key Issues in Structuring a LIHWAP Program

- **Program Scope** – cover both water and wastewater, given the relationship between their use, comparability of service costs, and anticipated administrative process.
- **Income Targeting** – LIHEAP (sectoral assistance) and SNAP (entitlement) programs set precedent somewhere around \$125/person or \$340/household below the poverty line, which will cover about half of the average combined water and wastewater bill nationwide. If structured to subsidize future rate increases, might consider a cap at this level, which would occur around 2032.
- **Program Delivery Method** – LIHEAP administered by the Department Housing and Human Services (HHS), SNAP administered by the Department of Agriculture, so intuitively since its more of a sectoral program than an entitlement, LIHWAP could be administered by HHS using block grants to states for distribution to utilities or households upon application, similar to LIHEAP.
- **State Match** – LIHEAP does not require states (including territories and tribes) to match federal grants, although there is a separate, intermittently funded incentive program that requires a match.
- **Administration** – Based on the success of LIHEAP, LIHWAP could take on similar administrative processes (see next slide)

Missouri Update



Missouri

- 68,886 = Land area in square miles
- 2,747 = Land area inside municipal limits in square miles
- 4% = Land area inside municipalities
- 96% = Land area outside of municipalities

- 5,998,900 = Population (2010 U.S. Census Data)
- 6,063,600 = Population (2014 U.S. Census QuickFact)
- 3,959,616 = Population of Missouri municipalities
- 65.3% = Municipal Population of Missouri
- 34.7% = Non-Municipal Population of Missouri

Missouri

- 974 = Number of communities
- 799 = Number of communities with population totals between 100 and 3,500 people
- 13 = Number of municipalities greater than 50,000 people
- \$47,764 = Median Household Income (2010-2014 U.S. Census QuickFact)

2016 Rate Survey Highlights

Community Size Grouping (Population)	Number of Communities in Size Group	Communities with Population Decrease	Communities with Population Decrease (as a %)
100 - 999	489	308	63%
1,000 - 3,499	174	103	59%
3,500 - 5,999	60	25	42%
6,000 - 9,999	37	14	38%
10,000 - 49,999	65	14	22%
> 50,000	13	1	8%

2016 Rate Survey Results

Community Size Grouping (Population)	Number of Communities in Size Group	Surveyed Communities in Size Group	Water Rates (as % of MHI)	Sewer Rates (as % of MHI)
100 - 999	489	435	1.40%	1.29%
1,000 - 3,499	174	173	1.30%	1.28%
3,500 - 5,999	60	60	1.10%	1.09%
6,000 - 9,999	37	37	0.92%	0.88%
10,000 - 49,999	65	65	0.82%	0.93%
> 50,000	13	13	0.91%	1.18%



- Only \$100 to register!
- NACWA, WEF, WE&RF, WRF
- Rally for Clean Water at the U.S. Capitol

Water Week & NACWA Update

NACWA Every Utility a Member

- Expanding NACWA's Advocacy Network
- Peer to Peer Network
- NACWA is now offering a Trial Subscription Membership for utilities with a service area population of 75,000 at a discounted membership price.
- State and Regional Organizations interested in collaborating on this effort or utilities interested in learning more about the Trial Subscription Membership should contact Kelly Brocato, Director of Membership at kbrocato@nacwa.org

Discussion/Questions

