



May 1, 2020

The Honorable John Barrasso
Chairman
Senate Environment & Public
Works Committee
Washington, D.C.

The Honorable Thomas R. Carper
Ranking Member
Senate Environment & Public
Works Committee
Washington, D.C.

Re: National Association of Clean Water Agencies (NACWA) Statement to the Senate Environment and Public Works Committee Regarding the “America’s Water Infrastructure Act (AWIA)” of 2020 Discussion Draft

Dear Chairman Barrasso and Ranking Member Carper:

On behalf of the National Association of Clean Water Agencies (NACWA) and our over 330 public wastewater and stormwater utility members nationwide, both large and small, who collectively serve 150 million Americans daily, we greatly appreciate the opportunity to provide a statement on the Senate’s draft bipartisan *America’s Water Infrastructure Act (AWIA) of 2020*.

Each day, clean water professionals around the country work to ensure that families, hospitals, schools, and businesses in their communities have the safe, reliable, and affordable clean water services they need. The ongoing COVID-19 pandemic has only reinforced the vital importance that water and wastewater infrastructure and services play in our communities to help mitigate the spread of the disease.

The Congressional Budget Office (CBO) finds that the federal cost-share of water and wastewater utility costs is less than 5 percent, a far lower cost-share than other important infrastructure sectors. While the Clean Water Act (CWA) called for a strong Federal-state-local partnership, overwhelmingly, the costs of compliance fall to local ratepayers.

NACWA commends the committee for its continued bipartisan dedication to strong federal clean water infrastructure investments, modernizing the nation’s approach to clean and safe water, and for its ongoing engagement and collaboration with the clean water sector. AWIA provides a very important step forward toward ensuring clean water agencies have the tools and resources they need to provide clean water services.

While the Committee was already hard at work to advance this important water infrastructure legislation prior to the COVID-19 pandemic, this health crisis and resulting economic shutdown make the need even more urgent. NACWA estimates that the [financial impacts to the clean water](#) sector will reach \$16.8 Billion on an annual basis. This number conservatively estimates 20 percent loss of revenue to utilities as water usage declines from industrial, commercial, and institutional sources. This estimate also factors in that customer delinquencies are rising as households face increased financial strain and that utilities, in an effort to ensure vital access to sanitation and hygiene, have largely halted shutoffs for non-payment. These costs of providing services regardless of ability to pay are estimated to reach \$4.3 Billion.

Unfortunately, these estimates are for clean water alone – the drinking water sector forecasts that over the course of a full year, the pandemic will reduce drinking water system revenues by \$13.9 billion—or nearly 17 percent of the sector’s annual total. This includes nearly \$5 Billion in losses from increased customer delinquencies, and more than \$500 million in costs from suspending water service shutoffs for nonpayment.

These financial impacts threaten to postpone planned capital investments, increase workforce challenges, and force communities to make additional tough decisions about rate increases at a time so many households are struggling. For these reasons, NACWA strongly urges swift, significant federal assistance to the crucial water and wastewater sector.

The provisions incorporated in AWIA are a crucial step in this process. We appreciate the opportunity to offer our support for many of these important provisions and offer suggestions to further advance water affordability and clean water compliance. The funding authorizations proposed in the bill are crucial – but unfortunately do not approach the full investment needs of the public clean water sector. We look forward to continued work with the Committee to advance these priorities further.

Clean Water State Revolving Fund (CWSRF)

The CWSRF is a critical financing tool that communities and public clean water utilities, both large and small, leverage to help meet their federal obligations under the CWA.

U.S. wastewater and stormwater infrastructure are at a major juncture and increased federal investment is critical to ensure the clean water gains of the past fifty years are maintained and expanded. Local communities currently bear the majority of clean water costs, with 95 percent of water infrastructure investment coming through local ratepayer and state funding. At the same time, public utilities are being asked to do more – to address aging infrastructure, manage increasingly complex water quality challenges and regulatory requirements, all while maintaining rates that are affordable for all customers.

Additional federal investment is needed as sewer and water rates continue to increase and outpace the rate of inflation. NACWA’s 2019 *Cost of Clean Water Index* indicates that the average cost of wastewater services rose by 1.9 percent in 2019 and 3.9 percent in 2018, surpassing the increase in the rate of inflation as measured by the Consumer Price Index (CPI) each year. The national average amount that a single-family residence pays for wastewater collection and treatment is now \$513 per year, and that figure is over \$900 in some parts of the country. This is the 18th consecutive year that wastewater service charges have increased faster than inflation, doubling the average wastewater service charge since 2003.

The CWSRF has a demonstrated record of success in communities across the country, both large and small. It has been instrumental to the success of clean water utilities in complying with National Pollutant Discharge Elimination System (NPDES) permits, implementing secondary (biological) treatment of wastewater, reducing the frequency and size of sewer overflows during wet weather events, implementing innovative stormwater and nutrient management projects, and upgrading aging infrastructure and improving overall local water quality.

NACWA strongly supports AWIA’s CWSRF program reauthorization at incremental increases of \$2 billion for fiscal year (FY) 2021, \$2.5 billion for FY 2022, and \$3 billion for FY 2023, for a total of \$7.5 billion over three years. At the same time, NACWA encourages the Committee to

consider even higher authorized amounts over the next three years to provide additional support to the public clean water sector as it seeks to recover from the economic fallout of the COVID-19 pandemic.

Sewer Overflow and Stormwater Reuse Municipal Grants (CWA Sec. 221)

Controlling sewer overflows and ensuring proper management of stormwater are essential to protecting public health and the environment. Compliance with increasingly stringent water quality standards, however, is very costly, placing financial strain on many communities and their ratepayers, especially in older communities dealing with aging infrastructure and population and economic shifts.

The 1994 *Combined Sewer Overflow Policy*, which has led to massive infrastructure investment costs, was originally proposed to be paired with federal grant funding which did not materialize, leaving combined sewer communities and local ratepayers bearing the costs through years of rate increases. NACWA strongly applauds the program's authorization in the *America's Water Infrastructure Act (AWIA) of 2018*, (P.L.115-270) and the first round of appropriations in FY 2020.

The sewer overflow and stormwater reuse municipal grants are a rare opportunity for clean water utilities to receive federal grants and will be critical to helping communities and their ratepayers more affordably reduce wet weather Combined Sewer Overflow (CSO) and Sanitary Sewer Overflow (SSO) discharges into local waterbodies and manage stormwater for beneficial reuse.

NACWA strongly supports AWIA's reauthorization of the sewer overflow and stormwater reuse municipal grants program at the increased levels of \$250 million annually for FY 2021 and FY 2022.

Water Infrastructure Finance and Innovation Act (WIFIA)

The WIFIA program is a compliment to the SRFs, providing an additional financing tool to address water infrastructure investment by leveraging limited federal resources. For example, EPA's FY 2020 appropriations legislation provided \$55 million for WIFIA to leverage into as much as \$11.5 billion worth of loans and loan guarantees for major drinking water and wastewater infrastructure projects.

The WIFIA program has provided valuable financing for a growing number of large clean water investment projects around the country. NACWA strongly supports its reauthorization and the reform proposed by section 3010, which would reduce the number of final rating opinion letters required for each WIFIA applicant from two to one. This will ease the administrative burdens on clean water agencies pursuing WIFIA assistance.

NACWA supports the AWIA's reauthorization of WIFIA through 2024 at the core annual funding level of \$50 million.

Water Infrastructure and Workforce Investment

Jobs in the water sector provide a good career with competitive wages that tend to pay more on average compared to all occupations nationally. Over the next decade however, the water utility

workforce is expected to incur a retirement rate of over one-third. This number is not only alarming given the important daily work of these professionals but is also problematic given the extensive education and training these jobs require.

AWIA 2018 responded to this issue by establishing a new competitive grant program at EPA for water workforce development activities.

NACWA strongly supports the reauthorization and increased funding for this competitive grant program under AWIA 2020 at \$2 million annually through FY 2024 and appreciates the bill's clarification that public water and clean water utilities are directly eligible for these grants. We thank the committee and encourage further collaboration with the water sector to address workforce development needs.

Clean Infrastructure Resiliency and Sustainability Program

Building on the Drinking Water System Infrastructure Resilience and Sustainability Program established in AWIA 2018, NACWA strongly supports AWIA 2020's authorization of the Clean Infrastructure Resiliency and Sustainability program at \$5 million in annual grants through FY 2024 for public clean water utilities of all sizes. Publicly owned treatment works (POTWs) will use these grants to assist in the planning, design, construction, implementation, operation, or maintenance of a program or project to increase the resiliency or adaptability of water systems to natural hazards.

NACWA strongly supports this program. Clean water facilities are critical infrastructure that need to be resilient to all types of natural hazards. For example, during intense wet weather events clean water utilities are essential to protecting communities from waterborne disease, reducing environmental impacts, and preventing basement backups and property damage.

As communities across the country continue to face increasingly extreme weather events and natural disasters, these funds will be crucial in helping them better mitigate against the impacts.

Providing Clear Congressional Authorization for Supplemental Environmental Projects (SEPs) in Clean Water Act Settlement Agreements

One issue not addressed in the draft AWIA 2020 legislation that NACWA requests the Committee include is language clearly authorizing the use of Supplemental Environmental Projects (SEPs) in CWA settlement agreements between the federal government and local governments.

SEPs have historically been used for many years by the U.S. Department of Justice (DOJ) and the U.S. Environmental Protection Agency (EPA), under both Republican and Democratic administrations, in CWA consent decrees and settlement agreements with local governments. SEPs allow local governments, in lieu of paying a fine to the US Treasury, to instead invest these same dollars in local projects that improve the environment. This allows local governments to use these dollars to directly improve their local environment instead of sending the money to the federal government.

SEPs have been widely embraced by the federal government, local governments, clean water utilities, and local citizen groups. However, DOJ recently issued a new policy prohibiting the use of SEPs going forward in new settlement agreements because they are not specifically

authorized by Congress in the language of the CWA. DOJ took this action despite strong opposition from EPA.

Congress could easily address this concern – and preserve SEPs as an important tool for EPA, DOJ and local governments – by including language in AWIA that clearly authorizes their use in CWA consent decree and settlements.

NACWA strongly urges the Committee to address and clarify the allowable use of SEPs in AWIA 2020.

Pilot Program for Alternative Water Source Projects

NACWA supports AWIA's reauthorization of this important program at \$25 million annually for FY 2022 to FY 2024 to help provide communities across the country with the tools they need to improve water quality and ensure sustainable water supplies.

Small and Disadvantaged Community Analysis

Water affordability and access to water services are key concerns for the water sector. The proposed EPA analysis of the historical distribution of funds to low income communities, rural, minority and indigenous peoples under Safe Drinking Water Act and CWA programs can shed important light on the prevalence and distribution of federal assistance for water and wastewater, and we support this step.

However, NACWA is concerned that EPA needs to move more quickly to address the overarching concern of water affordability. NACWA has worked closely with EPA and the water sector in support on an update to EPA's financial capability guidance. We strongly support [Section 16 of H.R.1497](#), as passed by the House Transportation & Infrastructure Committee, on this issue and urge its incorporation into a final AWIA package.

Clean Water Advanced Technology

AWIA 2020 includes several technology provisions that NACWA supports to help ensure public clean water utilities have the innovative and cost-effective technologies to address increasing and complex water quality challenges.

AWIA establishes an EPA water data sharing pilot program that would provide competitive grants to states to create platforms, such as websites or data hubs, for intrastate information sharing among communities regarding water quality, water infrastructure needs, and water technology. In order to receive federal dollars, eligible state and their unites of local governments or regional consortiums must have a coastal watershed with significant pollution levels, a water system with significant pollution levels, or significant individual water infrastructure deficits.

This provision, along with the committee's Drinking Water Infrastructure Act of 2020 provisions, which requires an EPA study to examine the state of existing and emerging technology that enhances or could enhance the treatment, monitoring, affordability, efficiency, and safety of drinking water provided by public water systems and creates a technology grant program for public water systems that serve a population of 100,000 or fewer people or a

disadvantaged community, incorporates the NACWA supported Advanced Research Projects Agency – Water (ARPA-H₂O) concept and legislation.

NACWA requests that as the Committee moves forward on this legislation, it incorporate clean water into eligibility for both of these sections and new programs.

Given the growing stormwater needs around the country, NACWA was also pleased to see inclusion in AWIA the establishment of five Centers of Excellence for stormwater control research to assist research institutions and institutions of higher education with research on new and emerging stormwater control technology.

Lastly, NACWA is glad to support establishment of a pilot grant program for small utilities to invest in transforming waste-to-energy. This program, authorized at \$17.5M in FY 2021 and FY 2022, will help facilitate investment in sludge collections systems, anaerobic digesters, methane capture or transfer, and other technologies.

Wastewater Infrastructure Discretionary Grant Program

NACWA strongly supports this section to establish an EPA discretionary grant program to provide POTWs, other governmental entities or State infrastructure financing authorities federal grants for wastewater infrastructure projects. In selecting grant recipients, the EPA must give priority to projects for which the grant would assist in completing an overall financing package for the project and that would help bring the POTW into CWA compliance. It would also allow for the eligible entity to include more than 1 project in a single application.

Federal support for water and wastewater infrastructure has long relied overwhelmingly on loan financing, while the costs of CWA compliance have grown. This important grant program would help communities come into compliance more affordably.

NACWA supports the \$50 million annual authorization for this program for FY 2022 to FY 2024.

Connection to Publicly Owned Treatment Works

NACWA supports the establishment of a new EPA program to provide grants to POTWs or nonprofit organizations to assist households who choose to connect to a public wastewater system. The program will cover the costs of low-income individuals to connect their household to a publicly owned treatment works and is funded at \$20 M in FY 2021 and FY 2022.

Increased Funding for Technical Assistance to Small and Medium Publicly Owned Treatment Works

Small and mid-sized clean water agencies can face unique challenges that are different from larger systems and need access to resources needed to ensure CWA compliance. NACWA supports the \$40 million for FY 2021 to FY 2024 authorized under AWIA to provide on-site technical assistance to owners and operators of small and medium POTWs through a circuit rider program, as well as increased funding under CWA Sec. 104(u) for technical assistance.

NACWA again thanks the Committee for its bipartisan work and collaboration with the clean water sector on this draft legislation. We appreciate your consideration of our comments provided in this statement and look forward to working with you further to advance this important clean water legislation. To discuss please contact:

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