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**Before the U.S. Senate Committee on Environment and Public Works (EPW)**  
**Oversight of the Clean Water State Revolving Loan Fund Formula**  
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Good morning Chairman Carper, Ranking Member Capito, and members of the Senate Environment and Public Works Committee. Thank you for inviting us to testify this morning about the importance of adequately funding clean water infrastructure across the country with the Clean Water State Revolving Fund.

I am Kyle Dreyfuss-Wells, CEO of the Northeast Ohio Regional Sewer District in Cleveland. I am also a NACWA Board Member and am pleased to join my colleague Tom Sigmund here today.

The Sewer District is among the largest wastewater treatment and stormwater management utilities in Ohio. We serve the City of Cleveland and 61 communities across 355 square miles of the Lake Erie watershed. Our 750 employees manage 3 wastewater treatment plants, processing 90 billion gallons of flow annually, 475 miles of regional stormwater system, and 350 miles of large intercommunity sewers. Our District serves a broad customer base, including households, our region's industrial base, and two of the largest hospital systems in the nation. We do this with a \$170 million annual operating budget and an approximately \$270 million annual capital program.

This is what it takes to protect the public health and water quality of Northeast Ohio and is funded by the 1 million people we serve. While we are here today to talk about the SRF, I have found that conversations in the clean water industry center on three factors - rates, affordability and ensuring access of all customers to clean, reliable sewer service. The SRF in Ohio is essential to us doing that as we rely on it to finance our critical work and to control the rates our customers pay.

The modern-day environmental movement was born in Cleveland, starting with a spark that ignited the Cuyahoga River for the 13<sup>th</sup> time in 1969. That fire unleashed a relentless

effort to care for the water of our region and gave way to the passing of the Clean Water Act and the creation of the Sewer District in 1972.

For the first 20 years of our work, we received nearly \$600 million in federal construction grants. With this we invested in reducing the amount of combined sewage to Lake Erie and making critical improvements to the region's wastewater collection system and treatment facilities.

By the early 90s, federal construction grants were significantly reduced but the need for continued clean water capital investments remained. So, we looked to our rate payers. For 30 years, our rate payers have paid for nearly all our clean water work through sustained rate increases. Every year the people of Northeast Ohio, including in the City of Cleveland where 30% of residents live below the poverty level, have paid for clean water. Today our customers pay an average of \$70 per month. While none of us who live in Northeast Ohio like paying these high rates, we do pay these rates and have done so for many years because they are necessary to do this work.

Our customers have continued to have confidence in us and we have continued to have the respect for them to focus on controlling their rates through reliance on the SRF and cost containment across our organization and through our project management.

Today, I am proud to say that the water quality improvements in our community underscore Cleveland's rebirth. More work and more investment, however, is needed.

Recently, we accepted SRF funding for our Shoreline Storage Tunnel, a \$200 million effort under Project Clean Lake, our multibillion dollar federally mandated program to further reduce combined sewage to Lake Erie. With SRF funding, we financed the project using very favorable borrowing terms – 40 years at 1.57%. Based on our most recent bond refinancing and our credit rating, we estimate 3% if we were to bond finance this for 40 years. Over the length of this loan, this equates to roughly \$50 million in savings.

Using the SRF, we minimize costs and pass the savings to our customers. We have financed over 100 projects with the SRF. In a region with aging infrastructure, we plan to invest about \$1.2 billion over the next five years. SRF funding will help us to continue to reduce the financial impact on our customers.

We acknowledge that communities across the country face rising infrastructure expenses. We cannot forget older communities, like Cleveland, with aging infrastructure, increased regulatory requirements, poverty, and declining populations.

The issues in growing and older communities may be different, but the need for SRF funding is the same. Increased SRF funding can meet the needs of all communities across the country – old and new, large and small.

In closing, I hold Northeast Ohio as a model for doing clean water infrastructure right. We recognized our problems and worked hard over the last 50 years to address them. The ability of utilities to access SRF financing makes it possible for us to control costs and protect clean water for all our customers.

Thank you for the opportunity to testify before you today, and I would be happy to answer any questions the Committee may have.