



**Building a 21st Century Infrastructure for America:
Water Stakeholders' Perspectives
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WRITTEN TESTIMONY OF:

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BEFORE THE:

**Water Resources & Environment Subcommittee
Transportation & Infrastructure Committee
United States House of Representatives**

**Rep. Garret Graves, Chairman
Rep. Grace F. Napolitano, Ranking Member**

Chairman Graves, Ranking Member Napolitano and members of the Subcommittee, thank you for the opportunity to appear before you today. My name is David St. Pierre and I am the Executive Director of the Metropolitan Water Reclamation District (MWRD) of Greater Chicago. I also serve as Vice President of the National Association of Clean Water Agencies (NACWA), which is a not-for-profit trade association that represents the interests of public clean water agencies nationwide.

I sincerely thank the Subcommittee for holding this important hearing to gather input from communities and utilities working to advance our nation's water infrastructure. At MWRD, I manage a staff of nearly 2,000 individuals working to ensure public health and safety, protect and improve water quality, and prevent flooding of homes in our 900-square-mile service area.

NACWA is an advocacy organization headquartered in D.C. and has nearly 300 public utility members from across the U.S. who share a common responsibility to provide wastewater and/or stormwater treatment services for their communities in compliance with the Clean Water Act.

The need for greater investment in our nation's infrastructure, including water, is well known. Nationally, our nation's clean water infrastructure has received a D+ grade from the American Society of Civil Engineers', and the EPA calculates national investment needs just to fully comply with the Clean Water Act under current conditions at approximately \$271 billion over the next 20 years. Those of us who work in this sector understand that the true investment needs are likely much higher.

No one in the room today will be surprised that one of the most common challenges utilities face is how to fund the critical work that they do, while keeping rates affordable for the residents and businesses they serve. In fact, NACWA's annual "Cost of Clean Water" survey of its members has found that utility rates have increased above the rate of inflation for 15 consecutive years. And while local clean water investments are often driven by federal statute or enforcement actions, over 90 percent of water investment in the U.S. is funded by local dollars.

In the 1970s and 80s, many communities including Chicago benefitted from wastewater treatment plant construction grants authorized under the Clean Water Act. However, the federal role in supporting water investment has now shifted to low-cost financing through loan programs like the Clean Water State Revolving Fund (CWSRF) and now the Water Infrastructure Finance and Innovation Act (WIFIA). This has placed more and more responsibility on local governments to fund water infrastructure investment, while at the same time the federal government has imposed increasing environmental mandates without any additional funding.

Earlier this year, then-President-elect Trump called for a tripling of federal funding to the SRFs to help address water infrastructure investment needs. NACWA applauds this

recognition of the important and successful role of the SRFs. We are grateful for the work this Subcommittee has done to support strong SRFs. As discussions advance regarding federal infrastructure investment, it is imperative that the SRFs play a prominent role and that real investment dollars for water are on the table to ensure clean water gains continue to be made.

As we look to advance clean water infrastructure NACWA is engaged in discussions across the water, municipal, and private sectors, including with other organizations and witnesses on the panel today. We have enjoyed participating in very productive dialogue with many of the organizations and coalitions represented here today, and appreciate everyone's efforts to try and forge consensus solutions. While different entities in the water sector do not always agree on the best solutions, NACWA is committed to advancing the conversation and building consensus on the problems and potential solutions.

NACWA is happy to see agreement that additional federal investment must be a part of any infrastructure package along with sound regulatory reform. In conjunction with increased federal funding, the private sector is interested in having access to the Clean Water State Revolving Fund. NACWA firmly believes that any broadening of the eligibilities for Clean Water SRF dollars, including private sector eligibility, should only be considered if funding levels are significantly increased. It is important to remember that there has not been a similar interest to privatize wastewater treatment systems as there has been with drinking water utilities. Private investments facilitated by the CWSRF may be appropriate in certain situations, but should not come at the expense of financing for publicly owned systems which serve the overwhelming majority of the U.S. sewered population.

Another very timely area of interest to NACWA and its members is the potential for regionalization, public-public, and public-private water utility partnerships to help advance clean water, particularly in areas where there are opportunities for economies of scale or sharing of resources and expertise.

In the Chicago region our agency provides technical and financial support to 125 communities in Cook County to address infrastructure needs and build resilient communities. These efforts have encouraged local community investment and collaboration and increased efficiency in addressing infrastructure needs. Our agency obtained "FEMA" type buy out authority allowing local communities to submit project buy outs for homes in flood plains before disaster strikes. These regional efforts allow solutions to problems to local communities and decrease state and federal liabilities.

There is broad agreement across the sector that any federal efforts on consolidation should strive to preserve the autonomy of local communities to make a choice that is right for them; in short, a carrot rather than stick approach that ensures communities can consider a broad suite of options and not find the playing field tipped in any one direction. And because larger utilities will incur costs in providing technical or financial

assistance, we support financial incentives as part of a larger call for more funding to help utilities work through voluntary regionalization efforts. These types of investments may help stretch investment dollars further and position utilities to be on a sustainable path.

Another element of sustainable long-term financial footing is moving toward full-cost accounting, a complex assessment of the total cost to providing clean water services. NACWA supports this as a goal for all clean water utilities, but given the complex and dynamic nature of this calculation do not support it as a barrier to the SRFs.

Further, any federal efforts toward going beyond full cost accounting to full cost pricing cannot come without a true federal strategy to address water affordability. Municipalities face enormous pressure to maintain rates based on the abilities of low-income households to pay, which can inhibit charging the full cost of the service provided or lead to deferred investments. A safety net for the lowest-income households would better position utilities to charge rates that fully reflect the true cost of service and address the infrastructure investment gap. NACWA is exploring the concept of a Water Ratepayer Assistance Program to both address low-income household affordability challenges while incentivizing utilities to move towards full-cost pricing.

NACWA is also very supportive of other “tools in the toolbox” to facilitate investment in clean water. These include EPA’s WIFIA Program, tax-exempt municipal bonds, leveraging private investment where appropriate through public-private partnerships, and innovative efforts – including through WIFIA – to further leverage the SRFs. Any approach that helps “grow the pie” of available funding and financing options for water infrastructure is worthy of serious bipartisan consideration.

Yet for all this discussion of funding and financing, this is just one part of the puzzle in ensuring communities can continue to meet their clean water obligations. Just as important is that the public clean water sector be viewed as equal partners with the state and federal governments in advancing clean water and afforded a great degree of flexibility in how best to advance clean water objectives in their communities. This approach is well-earned. Since enactment of the Clean Water Act in 1972, clean water agencies have been one of the most unequivocal and consistent environmental success stories of the past 45 years.

However, the Clean Water Act takes a heavy command and control approach to utility regulation and enforcement and was written when the drivers of remaining water quality impairments and emerging concerns were not well understood. For example, given the success in addressing point source discharges, non-point sources of pollution which are not regulated under the Act are often now the largest contributors to water quality impairments. Similarly, modern concerns like emerging contaminants, nutrients and increased extreme storm events were not envisioned at the time the Act was written.

These challenges underlie why the clean water sector is encouraged by the USEPA's Integrated Planning Framework. The Integrated Planning approach provides communities an opportunity to consider their clean water obligations holistically; to develop compliance schedules that can maximize each ratepayer dollar; focus first on the investments that are of top priority for the community and environment; and ensure the greatest possible net environmental benefit is achieved. This approach can also help communities find efficiencies and facilitate innovative approaches and bring new technologies to market. It would also move EPA from a posture of enforcement to one of compliance assistance as a partner in helping the municipality's plan succeed.

We greatly appreciate the work the Subcommittee has done to date on integrated planning and to address affordability concerns. We recognize Rep. Gibbs, former Chairman of the Subcommittee, who sponsored H.R. 465, the *Water Quality Improvement Act*. Similarly, we recognize several members of the Transportation & Infrastructure Committee, including Subcommittee Ranking Member Napolitano, Rep. Bustos and Rep. Smucker, cosponsors of H.R. 2355, the *Water Infrastructure Flexibility Act*. These efforts signify nothing less than trying to bring the Clean Water Act into the 21st century and we look forward to continuing to work with the Committee in hopes of advancing bipartisan legislation to codify the Integrated Planning approach, encourage the use of green infrastructure, and improve how EPA and municipalities make affordability determinations.

Another important flexibility tool that has been raised with this Subcommittee and discussed today is extended National Pollutant Discharge Elimination System (NPDES) permit terms. NACWA is supportive of extended permit terms and believes that, when done appropriately, the concept can assist utilities to plan, develop and implement successful long-term strategies necessary to make rational technical and financial decisions to meet the requirements of the CWA. The environmental value, if any, of requiring utilities to prepare permit applications and complete the permitting process every five years often does not justify the time and expense necessary. Moreover, NPDES permits can always be modified if new information or conditions arise that necessitate mid-term changes to protect the environment.

In closing, I would like to thank the Subcommittee, Congress, and the Administration for their focus on clean water infrastructure investment. I believe that investment in water is a non-partisan issue which protects public health and the environment, creates jobs, and is essential for economic development. As Congress looks to advance 21st Century infrastructure for America, clean and safe water must be a top investment priority, supported by a true local/state/federal partnership.

I thank you for holding this important hearing and look forward to answering any questions.