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July 22, 2009

The Honorable Eddie Bernice Johnson, Chairwoman
Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Johnson:

On behalf of NACWA, let me express our genuine appreciation of the Subcommittee on Water Resources and Environment's interest in moving forward on legislation to create a Clean Water Trust Fund. The hearing you convened on July 15, 2009 elevated the dialogue on this important issue and focused needed national attention on funding drinking water and clean water infrastructure needs in the US. NACWA was honored to testify before the Subcommittee last week. As our testimony pointed out, it is critical to take the issue of water infrastructure investment out of the realm of uncertain annual appropriations and into the more certain arena of a dedicated funding stream.

Today, however, I am compelled to write to set the record straight regarding statements made in testimony, provided to the Subcommittee by the American Water Works Association (AWWA), that reference the Aspen Institute report *Sustainable Water Systems: Step One - Redefining the Nation's Infrastructure Challenge*. In his testimony, Mr. Chips Barry, speaking on behalf of the AWWA, states: "AWWA recommends the Aspen report to the Committee as a thorough and thoughtful treatise on the subject at hand. I also note that, after much discussion and analysis the Aspen project did not recommend the creation of a trust fund to address water infrastructure challenges."

In reality, page 2 of the *Forward* to the Aspen Institute report states very clearly that "This report, while taking a hard and new look at the definition of water infrastructure, does not exhaust the dialogue needed to address the important issues of sustainable infrastructure funding or gaps thereto. Most notably, we did not reach consensus on issues regarding which funding mechanisms are appropriate to finance a modern view of water infrastructure, including the utility of a federal trust fund. Undoubtedly, more discussion beyond this report is warranted." Later in the report (page 23) it is noted that "At this juncture, Dialogue participants did not agree on the

merit of a federal trust fund for water infrastructure and this report does not contemplate (or prejudice) the investment utility or political actuality of such a fund.”

Clearly, the Aspen Institute report cited by AWWA does not represent a “thorough and thoughtful treatise” on the subject of the July 15 hearing, *Opportunities and Challenges in the Creation of a Clean Water Trust Fund*, nor does it make any recommendation whatsoever with regard to a clean water trust fund. This mischaracterization of the report is indeed unfortunate.

Like Mr. Barry I, too, served as a participant in the Aspen Institute dialogue on sustainable infrastructure. NACWA provided funding in support of what we anticipated would be a working dialogue to help increase consensus and clarity on how to accelerate improvements to the nation’s water and wastewater infrastructure. At the end of the day, NACWA could not in good conscience lend its name to the final report and I, along with a number of other dialogue participants, declined to be listed as participants.

While the general thrust of the report – the need to move in the direction of watershed approaches – is laudable, there is nothing new or innovative in its recommendations. My agency the Milwaukee Metropolitan Sewerage District (MMSD), and many other NACWA members, have been proceeding down the “sustainable path” cited in the report for years. NACWA as an organization has been promoting such an approach since the early 1990s, most recently through the development of the proposed *21st Century Watershed Act*. The draft legislation has been vetted widely among stakeholders and we are now beginning to share our proposal with others, including members of Congress and Congressional Committee staff. Through this vetting process, we have employed an open, collaborative dialogue that will result in a better piece of legislation.

While a careful reading of the Aspen Institute report suggests the need for significant federal investment, it fails to both address the true costs of sustainable infrastructure, or examine potential financing options. The initial focus of the dialogue, and the reason NACWA devoted funds to this process, was the following premise, as described by the Aspen Institute itself: “Prolonging and renewing the nation’s high-quality water services requires a clear sense of what is a sustainable water infrastructure, the amount of investment needed to create and preserve it, where investments should be made, and by whom.”

In the end, the report was reduced to providing “an expanded definition of water infrastructure, and by implication, what investments are needed to provide a more holistic approach to sustainable water infrastructure”. This shift in focus was the result of a dialogue which offered limited discussion of the real issues for which it was convened – and occurred despite significant interest among many of the participants in discussing financing options, including the concept of a trust fund. The failure to follow a consensus process did not provide the appropriate path to a truly collaborative conclusion. By the time of its release, the Aspen Institute report *Sustainable Water Systems: Step One - Redefining the Nation's Infrastructure Challenge* simply stated the obvious regarding where we need to go in the future, and dodged the question of how we are going to pay for it. In our view, this issue is too important and deserves a much more thoughtful examination. It is truly unfortunate that the Aspen Institute dialogue fell so short of its intended purpose.

We laud the Committee’s efforts and commit to working with you to making the trust fund concept a reality. We need to meet 21st century challenges with 21st century solutions and this means not only moving

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in the direction of the “sustainable path” but also acknowledging the need for a strong federal financial commitment, as well.

I invite you to contact NACWA or me if you need any further information. Thank you for the opportunity to set the record straight.

Sincerely,

A handwritten signature in cursive script that reads "Kevin L. Shafer".

Kevin L. Shafer
President
Executive Director
Milwaukee Metropolitan Sewerage District, WI

cc: The Honorable James L. Oberstar, Chairman
Committee on Transportation and Infrastructure

The Honorable John Boozman, Ranking Member &
Members, Subcommittee on Water Resources and Environment

Sponsors: Water Protection and Reinvestment Act of 2009 (H.R. 3202)

The Honorable Earl Blumenauer
The Honorable Norman D. Dicks
The Honorable Steven C. LaTourette
The Honorable Thomas E. Petri
The Honorable Michael K. Simpson
The Honorable Donna F. Edwards
The Honorable Grace F. Napolitano
The Honorable Janice D. Schakowsky