

**EXECUTIVE COMMITTEE**

**PRESIDENT**

**Marian A. Orfeo**

*Director of Planning  
& Coordination  
Massachusetts Water  
Resources Authority  
Boston, MA*

**VICE PRESIDENT**

**Kevin L. Shafer**

*Executive Director  
Milwaukee Metropolitan  
Sewerage District  
Milwaukee, WI*

**TREASURER**

**Jeff Theerman**

*Executive Director  
Metropolitan St. Louis  
Sewer District  
Saint Louis, MO*

**SECRETARY**

**David R. Williams**

*Director of Wastewater  
East Bay Municipal  
Utility District  
Oakland, CA*

**PAST PRESIDENT**

**Christopher M. Westhoff**

*Assistant City Attorney  
Public Works General Counsel  
City of Los Angeles  
Los Angeles, CA*

**EXECUTIVE DIRECTOR**

**Ken Kirk**

January 23, 2009

The Honorable Senator Harry Reid  
Majority Leader  
United States Senate  
522 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
361 Russell Senate Office Building  
Washington, DC 20510

The Honorable Senator Daniel Inouye  
Chairman  
Committee on Appropriations  
United States Senate  
722 Hart Senate Office Building  
Washington, DC 20510

The Honorable Thad Cochran  
Ranking Member  
Committee on Appropriations  
United States Senate  
113 Dirksen Senate Office Building  
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Inouye and Senator Cochran:

The National Association of Clean Water Agencies (NACWA) represents the nation's publicly owned treatment works that provide wastewater treatment services to more than 80 percent of sewered communities in the United States. We are pleased that the House proposed American Recovery and Reinvestment Act of 2009 contains significant funding for wastewater infrastructure, but we believe much more is needed to address the challenges facing the clean water community and that provisions should be adopted to ensure that the funding is put to work in communities as soon as possible.

**Level of Investment:** NACWA members have identified more than \$17 billion in wastewater projects ready-to-go that can have shovels in the ground within 120 days of receiving the go ahead from their State agencies. On January 9, NACWA joined with other water sector associations to urge President Obama and congressional leadership to include a minimum of \$20 billion and as much as \$40 billion in the economic recovery package for drinking water and wastewater projects. We still believe that this level of investment is both necessary and will have the greatest impact on jobs creation as quickly as possible.

**Principal Forgiveness and Grants:** While NACWA is pleased that the House proposal requires States to distribute 50 percent of the funds allocated to the Clean Water State Revolving Fund (CWSRF) in the form of principal subsidy or grants, we strongly urge that 100 percent of the funds be available as grants or principal forgiveness. Moreover, we believe that all communities should have access to these funds, regardless of whether they meet pre-defined affordability criteria. Many of our member agencies throughout the country – including those in Hawaii, Missouri, New York, California, and New Jersey - have told us that they cannot participate in the economic recovery

program if loans are the only available financing option. If communities cannot accept a loan, it will reduce the overall effectiveness and impact of the recovery package.

During this economic crisis, all communities face severe budgetary and affordability challenges and need assistance in rebuilding their economies through infrastructure investment. NACWA urges that language proposed in the House package targeting additional subsidization funding under the CWSRF based solely on affordability criteria be removed and give States full discretion to distribute additional subsidization funding.

An affordability screen is problematic for several reasons. First, States that have established affordability criteria typically set that criteria according to a single indicator tied either to population size or median household income which excludes a large number of communities from receiving any subsidization. For example, Ohio communities that meet affordability criteria for additional subsidization under the CWSRF must have a service area at or less than 10,000 people and a median household income of \$35,000 per year or less. If this standard is used for the stimulus package, cities such as Cleveland, Dayton, Toledo, Columbus and Youngstown would not be able to receive any additional subsidization. Few would argue that these cities are not struggling economically and should not receive as much assistance as possible under the economic stimulus package.

Second, some States, such as Massachusetts, do not have affordability criteria established and would need to establish the criteria before distributing additional subsidization funding under the CWSRF. This would create further delays in getting stimulus funding to communities that really need it. And lastly, as alluded to earlier, many communities have indicated to us that they cannot participate in this economic recovery program if they cannot access grant financing or principal forgiveness. If the majority of communities do not participate in the program, it will reduce the overall effectiveness and impact of the recovery package and far fewer jobs will be created. By removing the affordability screen, States will be given maximum flexibility to distribute grant financing to communities most in need of this form of assistance.

**Timing:** In recent days, there have been questions raised about the timely distribution of infrastructure funding contained in the American Recovery and Reinvestment Act. We are confident that water infrastructure funding can be put to work in short order, and we strongly recommend that provisions requiring the timely distribution of water infrastructure funding be included in the Senate economic stimulus package. For example, the American Recovery and Reinvestment Act requires EPA to distribute stimulus funding to the states within 30 days. Under the approach being advanced in the House of Representatives, states have up to two years to obligate funds targeted to water infrastructure projects. We would urge that the states be given 120 days to distribute water infrastructure funding to communities with ready-to-go projects.

In conclusion, EPA estimates a \$388 billion funding shortfall exists between what communities require to fund their wastewater needs over the next twenty years and what they currently have available. The U.S. Conference of Mayors estimates that every dollar spent on wastewater infrastructure generates a return of 3-7 dollars that flow directly into the economy at-large. NACWA is pleased that funding for wastewater infrastructure will be a part of the economic recovery package, however we urge you to include more robust funding for it and provide communities more relief under the program. NACWA is confident that by funding ready-to-go wastewater infrastructure projects, hundreds of thousands of jobs will be created and water quality improvements will be achieved.

Thank you and please do not hesitate to contact myself or Patricia Sinicropi, NACWA's Legislative Director, at 202-833-2672 or [psinicropi@nacwa.org](mailto:psinicropi@nacwa.org), if you have questions or would like to discuss further.

NACWA Senate Letter on Economic Recovery Package  
Page 3 of 3  
January 23, 2009

Sincerely,

A handwritten signature in black ink, appearing to read "K Kirk". The signature is written in a cursive, fluid style.

Ken Kirk, Executive Director

Cc: Senator Barbara Boxer, Chairman, Senate Environment and Public Works Committee  
Senator James Inhofe, Ranking Member Senate Environment and Public Works Committee  
Members of the Senate