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Ken Kirk

January 16, 2014

The Honorable Bob Latta
2448 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tim Walz
1034 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Latta and Congressman Walz,

The National Association of Clean Water Agencies (NACWA) thanks you for your leadership in addressing the affordability challenges faced by municipal clean water utilities in meeting clean water goals. We are excited that you have introduced H.R. 3862, *The Clean Water Affordability Act of 2013*. This legislation will ensure that clean water agencies that are facing unprecedented financial challenges have the flexibility they need to undertake clean water projects in a manner that minimizes financial impacts on stressed ratepayers and strapped municipal budgets.

H.R. 3862 would codify the U.S. Environmental Protection Agency's (EPA) Integrated Municipal Stormwater and Wastewater Planning Approach Framework to help communities meet their regulatory obligations under the Clean Water Act in a prioritized and sustainable manner. Under the integrated planning approach, communities could create a schedule of priority projects for wastewater and stormwater permit obligations to ensure available funds go to those projects yielding the greatest water quality benefit first. The bill would also extend permit terms up to 25 years to support the commitments a community makes under its integrated plan.

The legislation also requires EPA to revise all guidance documents regarding financial capability. In line with these revisions, the legislation seeks to broaden the manner in which financial capability determinations are conducted to more accurately reflect a community's financial challenges including age of population, unemployment rate, poverty rate, fiscal health and other considerations. Currently, Median Household Income (MHI) is used as the predominant indicator of financial capability for a community. Relying on a more narrow matrix and the MHI indicator does not

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allow for determinations to take into full account the significant and diverse fiscal constraints faced by communities and their ratepayers.

Finally, the legislation would make some key changes to the Clean Water State Revolving Fund (CWSRF) loan program, including 1) an extension of the repayment period for authorized clean water investments to up to thirty years, 2) authorizing additional subsidization such as principal forgiveness for communities that need it, and 3) ensuring that small communities receive a portion of available financing under the CWSRF program.

NACWA looks forward to working with you to advance this legislation and urges Congress to swiftly enact this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "K Kirk". The signature is stylized with a large "K" and a cursive "Kirk".

Ken Kirk
Executive Director