

Testimony of:

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Introduction

Chairman Gibbs, Ranking Member Bishop, and members of the Subcommittee, thank you for the opportunity to appear before you today. My name is Stephen Meyer and I am the Director of Environmental Services for the City of Springfield, Missouri. I also serve on the Board of Directors for the National Association of Clean Water Agencies' (NACWA) and I am President of the Association of Missouri Cleanwater Agencies (AMCA). It is my pleasure to be testifying on NACWA's behalf today.

NACWA's primary mission is to advocate on behalf of the nation's public clean water agencies and the communities and ratepayers they serve. NACWA has nearly 300 public agency members who collectively treat the majority of the nation's wastewater. The employees of these agencies are public servants and true environmentalists who ensure that the nation's waters are clean, safe, and meet the strict requirements of the Clean Water Act (CWA).

AMCA's primary mission is to allow the major cities in Missouri to meet quarterly, with conference calls in between quarterly meetings, and to share successes and concerns in complying with the requirements of the CWA. AMCA represents 15 of Missouri's largest cities that collectively provide wastewater services to 48% of Missouri residents.

We applaud the Subcommittee for holding this important hearing on the issue of clean water affordability and the U.S. Environmental Protection Agency's (EPA) integrated planning framework for municipal wastewater and stormwater requirements. NACWA is pleased to testify in support of H.R. 3862, *The Clean Water Affordability Act of 2014*, and has played a leading role in urging communities to take advantage of EPA's integrated planning initiative. Integrated planning not only promises to provide significant and much-needed flexibility for many communities facing significant water quality challenges, it symbolizes the recognition that it is time to do things differently under the Clean Water Act. Simply put, integrated planning allows a community to prioritize its obligations under the CWA so communities can spend their limited resources on the most pressing water quality challenges.

Affordability Concerns and the Clean Water Act

There is little doubt that the nation's water quality has improved as a result of the CWA, yet the command-and-control nature of the statute has led to a buildup of costly regulations on the nation's communities and ratepayers. The list of costly CWA requirements is well-known — from wet weather-based requirements dealing with combined and separate sanitary sewer system overflows and non-point source pollutants in stormwater run-off — to specific pollutant-based requirements, such as nutrient, ammonia limits and numerous other pollutants that result in expensive total maximum daily loads (TMDLs). While regulations continue to get more and more stringent, communities across the country have signed off on sewer overflow consent decrees, with some costing individual communities billions of dollars — often to meet a single CWA requirement.

Separate and apart from regulatory requirements, municipal clean water agencies face a looming crisis with their aging network of pipes and systems that EPA estimates will cost between \$300-500 billion over the next twenty years to repair and upgrade. This investment gap coupled with the decline in federal funding has

shifted the financial burden to local ratepayers who are seeing their rates rise nationally at double the rate of inflation. Today, 40% of households across America are paying more out of their disposable incomes for wastewater management than what EPA says is affordable. These challenges are especially acute for smaller communities that do not have the ratepayer base to support large investments in their water and wastewater infrastructure.

It is clear that the current prescription of rate increases and expanding municipal debt loads are not sustainable. Simply stated, absent a new approach to regulatory compliance, the future of maintaining — let alone adding to — the record of water quality gains is at risk.

H.R. 3862, *The Clean Water Affordability Act*

NACWA believes that Congress has an important role in ensuring that integrated planning is more than just a symbolic acknowledgment of the need for a new approach but that it help communities take advantage of it by encouraging broad implementation.

NACWA applauds Representatives Bob Latta (R-OH) and Tim Walz (D-MN) for leading the effort in the House to raise awareness of these affordability concerns and help craft practical solutions to address them. *The Clean Water Affordability Act of 2014* does three critical things: 1) codify EPA's integrated planning framework and incentivize its adoption by extending NPDES permit terms for communities with an approved integrated plan; 2) help small rural communities more affordably finance their clean water obligations by ensuring at least 15% of all State Revolving Fund monies are set-aside for them; and, 3) require EPA to revise and broaden its guidance for determining a community's financial capability to more accurately reflect a community's financial challenges. Currently, EPA uses Median Household Income (MHI) as the predominant indicator of community financial health. NACWA believes that relying on a narrow matrix and a single MHI indicator does not account for the significant and diverse fiscal constraints brought on by unique demographic challenges such as age of population, unemployment rate, and poverty faced by communities and their ratepayers.

H.R. 3862 would provide responsible relief to clean water agencies facing unprecedented financial challenges and NACWA thanks Representatives Latta and Walz for their leadership on this issue. I urge every member of this Subcommittee to cosponsor this important legislation.

EPA's Integrated Planning Framework

NACWA has consistently played a leadership role in advocating for an integrated planning approach, including longstanding and related efforts over the past decades to advance a holistic watershed approach. We have also been a leading voice urging EPA to develop a more flexible and realistic approach to community affordability and financial capability determinations under the CWA. NACWA launched its *Money Matters... Smarter Investment to Advance Clean Water*[™] campaign four years ago to shed light on the growing financial and compliance challenges posed by CWA regulations and called for an integrated approach based on prioritizing these competing requirements to achieve maximum water quality benefit.

In June 2012, NACWA and AMCA were pleased to see EPA release its *Integrated Municipal Stormwater and Wastewater Planning Approach Framework* and initiate an effort to help local communities develop more affordable compliance programs under the CWA.

EPA's integrated planning framework offers a pragmatic yet effective path for communities to more affordably improve local water quality and enhance community livability. NACWA has played a leading role in helping get the word out about this opportunity by hosting a series of informational workshops along with EPA's Office of Water and Office of Enforcement and Compliance Assurance, the Association of Clean Water Administrators, and the Water Environment Federation. We have held workshops in seven of EPA's ten regions and are planning a second workshop in Region two for New Jersey's utilities. The workshops provide a forum for municipal utilities, state regulators, and EPA headquarters and regional staff to have open discussions on how to best craft and implement integrated plans. To date, over 400 attendees have participated, signifying widespread interest in integrated planning.

NACWA has also been extremely active at the federal level, urging both Congress and EPA to provide additional support for communities who want to pursue an integrated planning approach to manage their CWA requirements. We thank you, Chairman Gibbs and Representative Bishop for being part of a bipartisan group of members in the House and Senate who have requested \$5 million for this upcoming fiscal year to support an integrated planning pilot program at EPA. We are pleased that the House FY 2015 spending package contains an appropriation in support of this request. The pilot program would provide small grants to up to five communities in each EPA region to develop integrated plans in line with EPA's integrated planning framework.

As a result of NACWA's efforts and backed by broad Congressional support, on May 9, 2014, EPA announced the availability of \$335,000 in technical assistance for up to five communities seeking technical support to develop and implement integrated plans. EPA identified extra money in its FY14 budget for this effort and NACWA applauds them for doing so. Thus far, over 28 communities of varying sizes in nine EPA regions have submitted letters of interest for help under this offer – clearly the appetite for this program is high.

Integrated Planning and Springfield, Missouri – A Collaborative Initiative Between the City of Springfield Missouri, Greene County Missouri and City Utilities of Springfield Missouri

The citizens and leadership of the Springfield-Greene County region understand the importance of environmental stewardship and are widely recognized as a model community in this regard. Quality environmental resources are especially important to the Ozarks since much of our economic development, tourism, and overall quality of life is directly tied into the quality of our water.

The Director of the Missouri Department of Natural Resources, Sara Parker Pauley and the Administrator for EPA Region 7, Dr. Karl Brooks, visited Springfield in 2012 for the dedication of the City's Environmental Resource Center and during that visit, the City introduced our Integrated Plan to Director Pauley and Administrator Brooks. After the meetings both Officials made statements to the local press:

- Director Pauley said, “We talked a little bit earlier just about how it seems that sometimes our conservation on environmental protection is siloed. We are talking air protection, water protection, solid waste issues separately, but the conservation needs to be much more integrated. We need to be talking together about the best way to use our financial resources in order to protect our natural resources”.
- Dr. Brooks said, “Springfield has set the mark for communities in the Heartland. You are pointing the way forward to think holistically about all our resources: people, water, land, air and soil.”

Like many others across the nation, our community is addressing the challenge of increasingly stringent environmental regulations from every front. From stormwater and wastewater to air quality and drinking water, as regulations continue to evolve, our community is required to devote more money and resources to comply. This is a huge issue for communities who are struggling to meet these regulations with limited resources. The EPA has realized this and the release of EPA’s Framework emphasized a commitment to work with states and communities to implement an integrated planning approach to address environmental objectives.

Currently, the City of Springfield is operating under a 7 year, \$50 million amended consent judgment to correct sanitary sewer overflows through investments in inflow and infiltration reduction in our collection systems but once the 7 year period concludes, we anticipate having to make more investments at the treatment plant to completely eliminate overflows which will cost hundreds of millions of dollars. We also have stormwater-related TMDLs developed for several of our river segments impaired for bacteria and other pollutants that need to be addressed. While the City of Springfield is currently in attainment under the Clean Air Act, forthcoming Clean Air Act-related regulations will likely cause us to go out of attainment quickly. And finally, we have two closed landfills listed as Superfund sites requiring remediation under CERCLA, the Comprehensive Environmental Response, Compensation and Liability Act. Because our challenges involved multiple federal statutes, we believe an Integrated Planning approach is really the only practical way forward to ensure optimization of taxpayer resources.

The leaders from the City of Springfield, Greene County and City Utilities of Springfield developed a local approach to integrated planning titled “A Citizen Focused Approach.” This holistic approach proposes to use local knowledge to examine our environmental resources related to wastewater and stormwater as well as solid waste, drinking water, and air quality.

The regulatory activities of the last four decades have produced some enormous improvements in our environmental resources, but the path we’ve taken has resulted in a siloed approach within the regulatory agencies as well as the individual communities. We know that many of our wastewater, stormwater, solid waste, and air quality issues are interrelated, but they are often addressed through different regulatory departments and under different pieces of legislation. On the other hand, the money and resources needed to fund each of these regulatory initiatives comes from the same source. Whether in the form of utility bills, taxes, or fees; it is the citizens of our community that pay the cost of compliance. We shouldn’t fund environmental regulations on a “first come-first served” basis. Our Integrated Plan will take a holistic look at

each of our environmental needs and prioritize our investments based on *the most effective solutions...to address the most pressing problems...that matter most to our community*. By looking at the big picture of environmental compliance, we can provide the greatest environmental benefit in a manner that is affordable to our citizens.

“An integrated planning process has the potential to identify a prioritized critical path to achieving the water quality objectives of the CWA by identifying efficiencies in implementing competing requirements that arise from separate wastewater and stormwater projects, including capital investments and operation/maintenance requirements. This approach can also lead to more sustainable and comprehensive solutions, such as green infrastructure, that improves water quality as well as supports other quality of life attributes that enhance the vitality of communities. The Median Household Income (MHI) in Springfield is \$42,000;

- 25% of our citizen’s household income is \$20,000 per year or less
- 10% of our citizens household income is \$10,000 per year or less
- 19% of our citizens are below the poverty rate
- 14% of our citizens receive food stamps
- 25% of our citizens spend 30% or more of their income on housing

At the heart of Springfield’s Integrated Plan are six guiding principles: 1) Affordability, to ensure that the plan is affordable, 2) Effectiveness, to ensure that the plan address environmental issues in a manner whereby citizen’s receive the “biggest bang for their buck”, 3) Fairness, to ensure that all citizens are being treated fairly and equally, 4) Attainability, to ensure that the plan outlines actions that can reasonably be accomplished within the “community affordability” limit, 5) Measurability, to ensure that the plan includes performance measures that track progress over time, and 6) Adaptability, learning must be a part of the process moving forward. For a plan to be effective, we must be able to adapt and improve our plan based on our experiences and results.

Springfield is Developing a Four Phase Plan

Phase I – the Assessment Phase – this answers the question “Where are we now?” During this phase, local stakeholder groups have been gathering data to assess the current status of our environmental resources. We realize that we cannot measure success without first establishing a baseline from which to measure. One component of this phase involves creating a large, comprehensive GIS database that includes everything from stream sampling data and wastewater infrastructure to land use and geology. By using a common platform to share information, our stakeholder groups can better see how environmental issues relate to one another

- Consolidate and compile information from every known source into a format where it can be viewed and analyzed collectively; use this information to create a list of opportunities where we can implement solutions that address specific problems.
- Document and create a comprehensive summary of what steps have already been taken to improve environmental quality in the Springfield/Greene County area, while addressing how each action impacts our guiding principles.
- Establish a baseline from which to measure environmental quality.

Phase II – the Vision Phase – this answers the question “Where do we want to be?” As a community, we will have achieved success when:

- **Community resources are directed towards managing environmental issues using the most effective solutions to address the most significant problems in a way that is affordable to our citizens.**
- We are in compliance with Federal and State regulations while addressing the specific needs of our community.
- We have the ability to address water, air, and solid waste issues holistically allowing both our community and the regulators to operate more efficiently.
- We have a community culture that understands and supports the goal of high-quality environmental resources and supports these efforts through stakeholder involvement. Our community has a high level of trust that resources are being used to address environmental issues efficiently and effectively.
- Our community has a clear understanding of how funding and other resources will be used to improve environmental quality.
- Our community realizes a competitive advantage toward growth and economic development and an increase in quality of life as a consequence of this plan.
- We have identified specific goals relevant to each environmental resource (for example: we will address water quality at a watershed level).

Phase III – Tactical Phase – this answers the questions “How do we get there?” During this phase, technical committees and stakeholder groups will prioritize our community’s environmental needs based on four key elements:

- 1) Identify and prioritize the most significant **Sources of Pollution**: Using a Multiple-Criteria Decision Analysis (MCDA) toolset developed specifically for the Integrated Plan, we are able to take a structured look at how different pollutants impact the natural environment and the relative significance of each source.
- 2) Identify and prioritize the most **Effective Solutions**: Using the Sustainable Return on Investment (SROI) approach our planning team is able to evaluate the environmental, economic, and social costs and benefits for many of the solutions considered by our community. By finding the “triple bottom line”, we can ensure that the most effective solutions are being targeted toward the most serious problems.
- 3) Capture our **Community’s Priorities**: Here in the Ozarks, our quality of life and economic development are tied directly with the quality of our natural resources. We realize the importance of protecting these resources and the ways in which our community is unique. A citizen-based Environmental Priorities Task Force has been assembled and with input from this group, our Integrated Plan will work to define the issues that our community is focused on. By proactively addressing the issues that our citizens find important, rather than simply reacting to the latest regulation, we will build trust and support for our programs.

- 4) **Assess our community's Financial Capability:** Our community applauds the efforts that EPA has made in working with NACWA, the US Conference of Mayors, American Water Works Association, Water Environment Federation, and others in finding new ways to assess community affordability. Our community will work together to evaluate financial capability and take a candid look at how community resources should be allocated toward environmental stewardship.

Phase IV – Adaptive Management Phase – this answers the question “What does Success look like”. The fourth phase of our approach will be iterative and will only be complete when all requirements of the Clean Water Act, the Clean Air Act and the Solid Waste Disposal Act have been met.

The essence of our Integrated Plan lies at the nexus of: 1) Community Priorities, 2) Prioritized Solutions, 3) Prioritized Pollution Sources and 4) Financial Capability. It's here that we ask the question: “If we only had one dollar to spend, what is the most effective solution we could implement....to address the most pressing problem....that matters most to our community....and would be affordable to our citizens?”

Once we have completed Phases I through III, we will understand our communities priorities, what specific pollutant is of concern to our community, what the source of that pollutant is and then we have the task of remediating that pollutant so that it no longer enters the environment. Once this has been achieved, we will address the next prioritized specific pollutant, find the source and remediate that pollutant. This process will be continued until we have met our definition of Success as defined above.

The Road Ahead

While the value of our Integrated Plan is apparent, how it will interact with the regulations is still unknown. However, it appears there are several flexibilities within the existing regulatory framework that may provide opportunities for collaboration:

- **Compliance Schedules**

Integrated Planning doesn't eliminate the obligation to comply with regulations. We still have to meet permit requirements for such things as wastewater treatment plant discharges, air emission standards, and stormwater design requirements. However, Integrated Planning should provide us with the flexibility to address new and existing regulations in the appropriate sequence so that we can provide the largest overall benefit to the environment without overburdening our citizens with cost or leaving the best solutions unfunded. One such opportunity for flexibility within the regulatory framework can be found in compliance schedules, or the timeframe granted by regulation to comply with the requirements of a specific permit or regulation. By adjusting compliance schedules to address the most important things first and the least important things last, the community can spread the cost of compliance over a longer period of time for certain investments, making the overall investment in the environment more affordable. Integrated Planning will allow us to target where we want to focus our environmental investments and has the potential to change the way we address pollution and protect our environmental resources. Integrated Planning also allows us to focus on issues that are the highest priority for our community rather than on areas where regulatory enforcement is most likely or where funding is readily available.

- **Multi-Benefit Solutions**

Finding solutions that address multiple environmental issues will allow our citizens to address several regulatory objectives at a reduced cost. For example: Green infrastructure techniques can address stormwater permit requirements while providing aesthetic and air quality benefits for the community. Our Integrated Plan will investigate these multi-benefit solutions so that our citizens can get the “biggest bang for their buck” while meeting regulatory requirements.

- **Creating Efficiencies**

All of our environmental resources are intricately connected. What is in the air and on the land ends up in our streams, lakes, and groundwater. Although these resources are regulated under different laws, their protection often goes hand in hand. The goal of integrated planning is to address the protection of these resources together, building efficiency in the process. This may require coordination between different permits as well as multiple regulatory bodies at the national, state and local levels to ensure that redundant and unnecessary requirements are eliminated and efficiencies are recognized.

The Missouri Department of Natural Resources (MDNR) has worked closely with Springfield to help develop and implement our Integrated Planning process. MDNR staff has been intimately involved with focus groups and the Environmental Priorities Task Force from the beginning. The City of Springfield believes the partnership we have developed with MDNR will be instrumental in making this a successful process for meeting environmental regulations while still being affordable for our citizens.

Conclusion

EPA’s integrated planning framework offers a unique opportunity to put the federal, state, and local partnership back on track to help meet our communities’ and the Nation’s water quality needs while addressing real affordability concerns.

NACWA recognizes the Subcommittee’s concerns with the growing cost of compliance with CWA regulations — no entity is more concerned about this than NACWA — but we remain optimistic that with help from Congress, EPA can advance its framework to address our mutual concerns. We look forward to continuing to work with you on this and other important clean water initiatives.

Thank you for the opportunity to appear before you today, I look forward to any questions the Subcommittee may have regarding my testimony.