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**Ken Kirk**

March 3, 2015

The Honorable Mike Enzi  
Chairman

Committee on the Budget  
U.S. Senate  
Washington, D.C. 20510

The Honorable Tom Price  
Chairman  
Committee on the Budget  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Bernie Sanders  
Ranking Member

Committee on the Budget  
U.S. Senate  
Washington, D.C. 20510

The Honorable Chris Van Hollen  
Ranking Member

Committee on the Budget  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Enzi, Chairman Price, Senator Sanders and Congressman Van Hollen:

As Congress prepares the Fiscal Year (FY) 2016 Budget Resolution, we urge you to maintain full funding for the Clean Water State Revolving Fund (CWSRF) at \$1.449 billion and to ensure that investments in municipal bonds remain fully tax-exempt.

The CWSRF is a key pillar of the Federal government's commitment to help ensure clean water is available to all Americans. It has provided over \$100 billion in low-cost financing to communities since it was established in 1987 and it is the only federal program that provides low-cost financing for any size community to help meet obligations under the Clean Water Act (CWA). Just last year, Congress renewed its commitment to the CWSRF when it overhauled key program features that, among other things, enable communities to invest in innovation and integrated water resources management.

For more than a century, tax-exempt municipal bonds have been an important source of financing for water and wastewater infrastructure projects in the United States. According to a recent U.S. Conference of Mayors survey, municipalities have issued \$258 billion worth of tax-exempt municipal bonds to fund water and wastewater infrastructure – comprising approximately 16 percent of all municipal bond issuance

for all infrastructure projects over this period (since 2003). Any policy to alter the tax-exempt status of these bonds will cost municipalities billions of dollars and prevent many job-creating projects from going forward, while significantly increasing rates for customers.

The need for continued investment in our water and wastewater infrastructure continues to outpace current resources. The American Society of Civil Engineer's 2013 Report Card on America's Infrastructure grades the state of wastewater infrastructure at a D. Indeed, over the past year, headlines across the country have reported injuries and other key transportation and business disruptions caused by major water and sewer main breaks. And the latest data from the Environmental Protection Agency (EPA) indicate communities need over \$320 billion over the next twenty years to investment in the basic infrastructure (pipes and treatment plants) that delivers clean water and protects public health for their residents.

In addition to the daunting investment challenge needed to replace and upgrade basic infrastructure, communities face increased regulatory and enforcement pressures on a host of Clean Water Act (CWA)-related issues that will only exacerbate the investment challenge. Wet weather issues continue to be a top enforcement priority for EPA and since 2007 EPA has signed consent decrees requiring communities to invest more than \$15 billion in new pipes, plant and equipment to eliminate combined sewer overflows. A proposed dental amalgam rule would expand clean water agency pretreatment program oversight to include over 100,000 dental offices around the country at great expense to clean water agencies and with arguably minimal environmental impact. Under Clean Air Act regulations, over 100 communities are being asked to spend tens of millions of dollars to meet new standards for Sewage Sludge Incinerators that are already extensively regulated by EPA under the Clean Water Act.

Under the water quality standards program, the Agency is working to develop a viral indicator of water quality to replace bacterial indicators that have been the foundation of wastewater treatment since the 1970s, which is expected to lead to expensive treatment upgrades. EPA continues to pressure states to develop numeric nutrient criteria and impose more stringent nutrient permit limits at a considerable cost to ratepayers even though clean water agencies are often a minor source of nutrient pollution in many watersheds. And though the full impact of more stringent ammonia criteria has not yet been felt by the clean water community, these new criteria are expected to impose substantial costs on smaller systems in particular that may need to completely rebuild their treatment plants to meet the new standards.

Daunting infrastructure investment challenges coupled with increased regulatory pressures are imposing costs on ratepayers at a time when water and sewer rates are rising faster than the rate of inflation. According to the 2015 Financial Survey of NACWA members, average residential clean water service charges increased by double the rate of inflation from 2010 to 2013 and will likely rise 5 percent annually through 2018. Ratepayers are doing their part in paying for these costs, and the federal government must continue to do its part.

By investing in these programs, Congress will ensure the economy continues to grow and jobs continue to be created. A 2014 report entitled the National Economic and Labor Impacts of the Water Utility Sector substantiates the national economic contribution and job-creating impact that investments in the water and wastewater sector has, reporting that over the next decade, the water and wastewater sector will contribute over \$500 billion to the national economy. According to the Outdoor Industry Association, Americans spend over \$120 billion annually on fishing and water sports activities, supporting over four million jobs as part of the

NACWA FY2016 Budget Request Letter

March 3, 2015

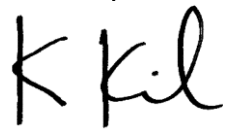
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outdoor recreational economy – spending that relies critically on the availability of clean water. The U.S. Department of Commerce estimates that each job created in the local water and wastewater industry creates 3.68 jobs in the national economy and each public dollar spent yields \$2.62 dollars in economic output in other industries. It is clear that federal investments in clean water infrastructure result in significant job and economic benefits for every dollar spent and help leverage significant local and state dollars to maximize infrastructure investment.

On behalf of NACWA's public agency members, I urge Congress to provide at least \$1.449 billion for CWSRF and ensure that tax-exempt municipal bonds remain free of any limitations as you craft the FY16 budget.

Thank you for your consideration of this matter and please contact Patricia Sinicropi, NACWA's Legislative Director at [psinicropi@nacwa.org](mailto:psinicropi@nacwa.org), should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K Kirk".

Ken Kirk  
NACWA Executive Director

Cc:

Members of House and Senate Budget Committees

Senator James Inhofe, Chairman, Senate EPW Committee

Senator Barbara Boxer, Ranking Member, Senate EPW Committee

Senator Dan Sullivan, Chairman, Senate Fisheries, Water and Wildlife Subcommittee

Senator Sheldon Whitehouse, Ranking Member, Senate Fisheries, Water and Wildlife Subcommittee

Representative Bill Shuster, Chairman, House T&I Committee

Representative Peter DeFazio, Ranking Member, House T&I Committee

Representative Bob Gibbs, Chairman House Water Resources and Environment Subcommittee

Representative Grace Napolitano, House Water Resources and Environment Subcommittee