



**Closing the Clean Water Infrastructure Funding Gap
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ORAL TESTIMONY OF:

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On behalf of the National Association of Clean Water Agencies

BEFORE THE:

**Fisheries, Water, and Wildlife Subcommittee
Committee on Environment and Public Works
United States Senate**

**Sen. John Boozman, Chairman
Sen. Tammy Duckworth, Ranking Member**

Chairman Boozman, Ranking Member Duckworth and members of the Subcommittee, thank you for the opportunity to appear before you today. My name is Andy Kricun and I am the Executive Director and Chief Engineer of the Camden County Municipal Utilities Authority in New Jersey. I also serve on the Board of Directors of the National Association of Clean Water Agencies (NACWA), which is a not-for-profit trade association that represents the interests of public clean water agencies nationwide.

I sincerely thank the Subcommittee for holding this important hearing on America's funding shortfall for water infrastructure. At Camden County MUA we operate an 80 million gallon per day wastewater treatment plant and a large regional sewer system that serves over 500,000 customers in southern New Jersey. We are deeply committed to our responsibility to protect the public health and the environment, as well as to being responsible stewards of our ratepayers' dollars.

Funding our extensive infrastructure is one of our greatest challenges as a utility. Like clean water agencies around the country, Camden County MUA has many competing pressures – including the need to reinvest in aging infrastructure, maintain and upgrade treatment processes, comply with Clean Water Act rules and regulations, make strategic long-term investments, and help support a high quality of life in our community which has significant affordability constraints. Underlying all these challenges is the ongoing obligation to optimize our infrastructure and our performance for the protection of the public health and the environment.

The need for greater investment in our nation's infrastructure, including water, is well known. Nationally, our nation's clean water infrastructure has received a D+ grade from the American Society of Civil Engineers' infrastructure report card, and the EPA calculates national investment needs just to fully comply with the Clean Water Act under current conditions at approximately \$271 billion over the next 20 years.

In making operational and investment decisions we also need to account for changing conditions such as precipitation patterns that affect the volume and intensity of flows through our system, including extreme storms. As an example, during Hurricane Sandy and its aftermath, billions of gallons of untreated wastewater were discharged into our waterways; drinking water systems were overwhelmed as well.

CCMUA is working on wide-ranging efforts to address this infrastructure funding challenge at our local level. First and foremost, we are focused on improving our own internal efficiency, including optimized asset management, implementation of an environmental management system, and minimization of costly reactive and emergency maintenance. In these ways, clean water utilities can reduce operations, maintenance, and capital costs and thereby partially reduce the gap between their funds and their infrastructure requirements.

We similarly look to Congress and EPA to help ensure we can advance federal Clean Water Act goals as efficiently as possible. Compliance with the Act is a key driver of ratepayer costs, and so ensuring that dollars spent are being used to achieve the greatest possible return is key to addressing the infrastructure gap.

Along these lines, I applaud the Senate Environment and Public Works (EPW) Committee on passing S.692, which would codify the Integrated Planning approach to meeting Clean Water Act obligations. The advancement of Integrated Planning has been a key priority for NACWA, and we thank the Committee for its commitment to this important issue. NACWA also is very supportive of water quality partnerships between municipal wastewater entities and upstream landowners, and we thank the Subcommittee leadership for their interest in this issue. We believe these partnerships hold great potential to help reduce water infrastructure costs and improve water quality.

I also applaud Subcommittee leadership for introducing S.1137 which would reauthorize the Sewer Overflow Control Grant program. Funding for this program would help utilities across the country that are working hard to address sewer overflows – a leading cause of rate increases for many utilities.

While clean water utilities welcome grant funding opportunities, we most often now look to the federal government for *financing* tools, particularly the Clean Water State Revolving Fund. In Camden County, we used NJ's SRF, the New Jersey Environmental Infrastructure Financing Program, to rebuild and upgrade our entire wastewater treatment plant, significantly improving its water quality and odor control performance. We did so while holding user rates steady for 17 years, from 1996-2013. The operational efficiencies introduced through our environmental management system were a big part of this success.

However, this could never have been accomplished without judicious use of New Jersey's State Revolving Fund. The program offers loans that are, in sum, 75% interest free and spread out over 30 years. This results in very low annual debt service payments for new capital infrastructure. Since new equipment usually reduces maintenance and increases energy efficiency, the savings in operations and maintenance costs equaled or even exceeded our annual debt service payments. The importance of the SRF in accomplishing this cannot be underestimated.

Through my role in NACWA I know that we are not unique– the SRF is a fundamental tool for addressing the infrastructure funding gap around the country. The program has received strong support from Congress and as President-Elect, President Trump called for a tripling of the SRF. NACWA believes additional funding for the SRF is vital. As stated previously, the SRF enabled our agency to significantly upgrade our facilities without raising user rates.

Further, in the last Congress a Senate-passed provision would have established a Water Infrastructure Trust Fund to augment federal SRF funding through a voluntary label on certain consumer goods. This concept is strongly supported by the Water Infrastructure Network and NACWA welcomes this and other efforts to increase the funds available through the SRFs.

NACWA is also very supportive of other “tools in the toolbox” to facilitate investment in clean water. These include EPA’s Water Infrastructure Finance and Innovation Act (WIFIA) Program, tax-exempt municipal bonds, leveraging private investment where appropriate through public-private partnerships, and even utilizing “public-public” partnerships where larger utilities can share resources and financing capabilities with smaller utilities. Tax incentives to bring innovative technologies and approaches into the water sector are also vital and can spur what we call the “Utility of the Future” initiative.

In short, any approach that helps “grow the pie” of available funding and financing options for water infrastructure is worthy of consideration. And we call for the federal government to put increased federal dollars on the table, along with state and local money, to help address our water infrastructure challenges.

Finally, I would like to briefly address what is at the heart of one of the most vexing challenges facing our sector and, I believe, a key cause of the growing infrastructure gap – affordability. Nationally, the cost of clean water services has increased faster than the rate of inflation for 15 consecutive years. For households with low or stagnant incomes, the amount they are spending on water often exceeds what EPA considers affordable.

Municipalities are facing enormous pressure to set rates based on the often-growing percentages of low-income households in their service area– even if it means deferring investments. A safety net for the lowest-income households would better position utilities to charge rates that fully reflect the true cost of service. NACWA is exploring the concept of a Water Ratepayer Assistance Program to both address low-income household affordability challenges while incentivizing utilities to move towards full-cost pricing. This is a concept we look forward to discussing with the Subcommittee and other Members of Congress in the near future.

In closing, I would like to thank the Subcommittee, Congress, and the Administration for their focus on infrastructure investment. I believe that investment in water is a non-partisan issue. Investment in water infrastructure creates jobs, ensures urban and rural development, and protects public health and the environment. As Congress develops its budget and considers infrastructure legislation, clean and safe water infrastructure investment needs to be a top investment priority. Only a long-term local/state/federal partnership can usher in the era of the Clean Water Utility of the Future.

I thank you for holding the important hearing and look forward to answering any questions.