



**POSITION  
of the  
WESTERN STATES WATER COUNCIL  
regarding the  
CLEAN WATER STATE REVOLVING FUND  
and the  
DRINKING WATER STATE REVOLVING FUND**

**Arlington, Virginia  
April 3, 2014**

**WHEREAS**, the economies of every state and the Nation as a whole depend upon sufficient water supplies of suitable quality, which require adequate water and sewer infrastructure; and

**WHEREAS**, the Environmental Protection Agency's (EPA) Clean Water State Revolving Fund and Drinking Water State Revolving Fund (SRF programs) provide states with capitalization grants that are leveraged with state contributions to offer financial assistance to cities, towns, communities, and others for the planning, design, construction and rehabilitation of drinking water and wastewater-related infrastructure; and

**WHEREAS**, each state administers the SRF programs in coordination with EPA, and these programs are one of the principal tools that states use to pursue the goals of the Clean Water Act and Safe Drinking Water Act; and

**WHEREAS**, the nation's wastewater and drinking water infrastructure is aging and in need of repair and replacement; and

**WHEREAS**, the Environmental Protection Agency's (EPA) most recent estimates show a total capital investment need of \$298 billion for wastewater and stormwater infrastructure and \$334.8 billion for drinking water infrastructure nationwide over the next 20 years; and

**WHEREAS**, the EPA has identified a significant funding gap of nearly \$55 billion under current spending and operation practices; and

**WHEREAS**, the American Society of Civil Engineers has reported that failure to address this funding gap could lead to \$206 billion in increased costs for businesses and households by 2020, as well as a potential loss of up to 700,000 jobs; and

**WHEREAS**, federal appropriations and budget requests that would reduce SRF funding ignore the multitude of needs as identified by EPA, particularly given that many states and communities are struggling to meet their water and wastewater challenges in the face of growing populations and aging infrastructure; and

**WHEREAS**, to the extent federal law has established certain nationwide levels of treatment for drinking water and wastewater, the federal government has an obligation to provide states with the necessary financial and technical assistance needed to comply with such requirements, including the appropriation of adequate funding for SRF capitalization grants; and

**WHEREAS**, EPA's Clean Water and Drinking Water Infrastructure Sustainability Policy mandates that state SRF programs promote sustainable systems; and

**WHEREAS**, the SRF Programs already have measures in place to ensure system sustainability and account for individual state needs and priorities; and

**WHEREAS**, the SRF programs are one of the most successful delivery mechanisms for federal assistance; and

**WHEREAS**, new competing water and wastewater infrastructure funding programs should not come at the expense of the SRFs, which are a proven model for addressing water and wastewater infrastructure needs; and

**WHEREAS**, Congress has approved a number of additional restrictions on the states' management and use of SRF funds, including but not limited to: (1) mandating the use of between 20% and 30% of appropriated funds for principal forgiveness, negative interest loans, grants, or a combination thereof; (2) setting aside 10% of funds for green infrastructure, water or energy efficiency, or other environmentally innovative activities; and (3) "Buy American" provisions that limit the use of SRF funds to purchase certain types of materials and services; and

**WHEREAS**, although often well-intended, these types of restrictions are generally aimed at advancing policy objectives that are unrelated or contrary to the SRFs' primary purpose of providing funding for basic water infrastructure; and

**WHEREAS**, these types of restrictions reduce flexibility, increase administrative burdens and capital costs, and hinder the states' ability to manage the SRFs in the most cost effective manner; and

**WHEREAS**, additional restrictions on state SRF management represent unfunded federal mandates that impose significant regulatory burdens and make state SRF programs less attractive to local entities; and

**WHEREAS**, every federal dollar directed away from addressing the primary goal of the SRF programs reduces the capacity of a state to leverage their SRF programs and address infrastructure needs.

**NOW, THEREFORE, BE IT RESOLVED**, that the Administration and Congress should work together to ensure that stable and continuing federal appropriations are made to the SRF capitalization grants at funding levels that are adequate to help states address their water infrastructure needs; and

**BE IT FURTHER RESOLVED**, that the SRF programs should provide for greater flexibility and fewer restrictions on state SRF management.

*See also Position #330 adopted April 15, 2011 in Santa Fe, New Mexico.*