



**POSITION
of the
WESTERN STATES WATER COUNCIL
regarding the
CLEAN and DRINKING WATER STATE REVOLVING FUNDS
and
STATE AND TRIBAL ASSISTANCE GRANTS**

**Nebraska City, Nebraska
April 14, 2017**

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 \$271 billion for wastewater and stormwater infrastructure and \$384.2 billion for drinking water infrastructure nationwide over the next 20 years, and a significant funding gap under current spending and operation practices; and

WHEREAS, the 2017 American Society of Civil Engineers' Infrastructure Report Card and updated Failure to Act Report estimates that the gap in needed new capital investments in water and wastewater projects could lead to cumulative costs for businesses and households of \$105 billion by 2025, as well as a potential loss of up to 500,000 jobs, and by 2040 to costs of \$152 billion with 956,000 jobs at risk; and"

WHEREAS, these estimates do not include anticipated operation and maintenance costs, nor an estimated \$30-\$40 billion unfunded gap related to calls for replacing some 7.3 million homes with lead water service lines; 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 help 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, it is the sense of Congress through the Water Infrastructure Innovation Act (WIIN Act) to provide robust funding of capitalization grants for States' drinking water revolving loan fund and the water pollution control revolving loan fund.

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 10% and 20% 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; (3) "American Iron and Steel" provisions that limit the use of SRF funds to purchase certain types of materials and services; and (4) Davis-Bacon Prevailing Wage that requires payment of locally prevailing wages and fringe benefits to contractors and subcontractors at the site of work.

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; and

WHEREAS, the State and Tribal Assistance Grants (STAG), including Performance Partnership Grants (PPG) and other grants are critical to the support of state programs that assure that the nation's drinking water and water quality remain safe for the public health of the citizens; and

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 and State and Tribal Assistance Grants at funding levels that are adequate to help states address their water infrastructure needs and protect public health and the environment for the benefit of the people.; 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.