



April 30, 2009

The Honorable Barbara Boxer  
Chairman  
The Honorable James Inhofe  
Ranking Member  
Committee on Environment and Public Works  
United States Senate  
Washington, DC 20510

**Subject: Legislation to Fund Urban Water Infrastructure Improvements**

Dear Chairman Boxer and Ranking Member Inhofe:

As you develop legislation to reauthorize the Drinking Water State Revolving Loan Fund (DWSRF), I would like to alert you to challenges that urban water systems face in accessing funding through the existing DWSRF program.

The Association of Metropolitan Water Agencies (AMWA) is comprised of the nation's largest publicly owned drinking water systems, collectively serving more than 125 million Americans. They are eager to support infrastructure funding legislation, provided that it dramatically improves urban drinking water systems' access to low-interest loans and grants.

As you are aware, EPA's recently released 2007 Drinking Water Needs Survey found that \$116.3 billion of the total state drinking water infrastructure need of \$324.9 billion over the next twenty years comes from water systems serving more than 100,000 people – more than thirty-five percent of the total need. However, since the inception of the DWSRF in 1996, only twenty-three percent of the program's funds have gone to these urban water systems. Furthermore, thirteen states have never awarded DWSRF funds to a utility serving more than 100,000 people, and nine additional states have allocated less than ten percent of their total DWSRF dollars to urban systems.

This data is the result of several DWSRF policies that vastly under-serve metropolitan areas. The program has been woefully under-funded since its inception in 1996, overlooking the needs of metropolitan systems and failing to recognize the potential for job creation in urban areas. In addition, many state programs offer uncompetitive interest rates and have in place policies preventing or dissuading our members from applying for loans, and the administrative burdens imposed on loan recipients undercut the program's value. The effect of these deficiencies is that many urban water systems do not have access to federal funds to repair, rehabilitate, or replace their aging infrastructure.

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**Diane VanDe Hei**  
*Executive Director*

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Urban water utilities need a dramatically reformed DWSRF program, or a new program dedicated to providing low-cost access to funds specifically for urban systems. To this end, AMWA will undertake a study of this issue in the weeks ahead to document the DWSRF program's deficiencies, and we look forward to sharing the results with you this summer. We anticipate that what we learn will be helpful in your development of programs and policies to address urban water infrastructure needs.

Thank you for considering AMWA's views on this important issue. The Association and its member utilities look forward to working with you.

Sincerely,



Diane VanDe Hei  
Executive Director

cc: Environment and Public Works Committee members