



ASSOCIATION OF
METROPOLITAN
WATER AGENCIES

May 12, 2010

The Honorable Henry Waxman, Chairman
The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Edward Markey, Chairman
The Honorable Fred Upton, Ranking Member
Subcommittee on Energy and Environment
U.S. House of Representatives

Dear Representatives:

On behalf of the Association of Metropolitan Water Agencies, thank you for recognizing the importance of maintaining the nation's drinking water infrastructure through the "Assistance, Quality, and Affordability Act (AQUA) of 2010." AMWA believes that reauthorizing the Drinking Water State Revolving Fund (DWSRF) will bring renewed attention to the nation's infrastructure challenges.

As you know, the DWSRF was established to protect public health by offering loans to help community water systems come into compliance with federal drinking water standards. However, as a result of this focus on rectifying existing public health threats, the program tends to overlook the infrastructure needs of our nation's largest drinking water systems. As EPA Assistant Administrator for Water Peter Silva told the Senate Environment and Public Works Committee last year, ninety-six percent of all health based SDWA violations occur at systems serving less than 10,000 people. As a result, states have traditionally directed most SRF assistance toward these smaller systems.

EPA's own data confirms this imbalance. From the beginning of the DWSRF program in 1997 through 2009, community water systems serving more than 100,000 people received only twenty-three percent of funds distributed by the program, despite serving forty-six percent of the American population. In addition, EPA's 2007 Drinking Water Needs Survey found that these metropolitan water systems represent thirty-five percent of the drinking water sector's twenty-year infrastructure need.

While AQUA would not solve this problem, it would take several important steps to make the DWSRF more accessible to urban water systems. For example, under the bill projects that help water systems comply with SDWA "affordably in the future" will be afforded priority for funding. This will help systems plan ahead to address potential public health threats before they become serious, and thus widen the scope of projects that are given funding preference.

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Executive Director

The bill would also institute a new set of criteria through which states will give additional weight to project applications from systems that have implemented good management and financial sustainability practices. This will ensure that federal funds are not wasted at utilities that have failed to be responsible with their own dollars. Additionally, weight would be afforded for projects that reduce a water system's environmental impact, such as through increased water efficiency or conservation. These are the same type of projects that some water systems are investing in as they prepare for the impacts of global climate change.

The legislation recognizes that metropolitan water systems often serve a range of communities with varied income levels and would allow these systems to receive additional subsidization if a portion of their service area qualifies as a "disadvantaged community" under state affordability guidelines. Current law only allows a utility's entire service area to qualify as disadvantaged, which severely limits access to this assistance by large systems.

Other portions of the bill also deserve praise. We believe that the increased funding levels authorized in the bill will, if appropriated, help large water systems access more funding without forcing states to divert dollars away from smaller projects. We also support the inclusion of language to match the lead content permitted by SDWA in repaired or replaced service lines and plumbing fixtures with the new California state standard that took effect this year.

While we hope to see these provisions maintained as the bill moves forward, we would also like to suggest several enhancements. First, just as AQUA would clarify that preconstruction activities and the rehabilitation and replacement of aging infrastructure are permitted uses of DWSRF funds, the bill should make clear that projects to upgrade the security of public water systems are also eligible. Such a clarification was included in the Drinking Water and Clean Water SRF reauthorization bill approved by the Senate Environment and Public Works Committee last year.

Additionally, AQUA would direct states to give additional weight to applications from utilities that have reviewed restructuring options – which is defined to include changes in ownership and consolidation with other water systems. AMWA understands that the legislation is not intended to force public water systems to consider privatization, or to require large water systems to absorb smaller nearby systems in order to have a better chance of receiving SRF assistance. We hope to have the opportunity to work with you to develop report language making this point clear.

Again, thank you for introducing this important legislation. EPA estimates that America's drinking water systems need nearly \$335 billion worth of infrastructure investment over the next twenty years, and AQUA represents a step in the right direction.

Sincerely,



Diane VanDe Hei
Executive Director