



November 3, 2014

The Honorable Harold D. Rogers, Chair
The Honorable Nita M. Lowey, Ranking Member
Committee on Appropriations

The Honorable Ken Calvert, Chair
The Honorable Jim Moran, Ranking Member
Appropriations Subcommittee on Interior, Environment & Related Agencies
U.S. House of Representatives

Dear Members of Congress,

As the Committee formulates the final FY 2015 Interior, Environment, and Related Agencies appropriations legislation, we wish to reiterate our request made earlier this year to fund EPA's Water Infrastructure Finance and Innovation Act (WIFIA) pilot program. We believe that fully funding the program's \$20 million FY15 authorization is necessary to allow the Environmental Protection Agency to move forward with its ongoing work to stand up the program. We continue to receive resounding support from the drinking water and wastewater agencies that we represent that a WIFIA program is strongly desired to help address the nation's increasing infrastructure needs.

As you are aware, Congress approved the innovative, fiscally responsible WIFIA pilot program earlier this year as part of H.R. 3080, the Water Resources and Reform Development Act. The law authorized WIFIA to receive up to \$20 million in the 2015 fiscal year, with up to \$2.2 million of that amount reserved for EPA administrative purposes.

Since that time, EPA has actively worked to establish the boundaries of this new pilot program. We understand EPA staff has been in communication with Department of Transportation staff to learn the lessons of TIFIA implementation, and members of our organizations have participated in EPA's series of listening sessions to offer constructive feedback on the development of the program. Based on our experiences, we feel the agency is moving in the right direction in implementing the program.

However, we also believe EPA faces a chicken-and-egg problem as it prepares WIFIA for implementation: Congress has asked the agency to prove it can stand up the program before significant funding is appropriated, but EPA also requires additional resources from Congress to meet this task. So while we believe fully funding WIFIA at \$20 million in FY15 would place the program on the fastest track to begin offering loans, at minimum it is essential that Congress provide at least the \$2.2 million authorized for administrative purposes in FY15 so EPA does not fall behind in its development of the WIFIA framework – and further delay the distribution of these critical water infrastructure loans.

The critical need for water and wastewater infrastructure investment is alarming and requires immediate action. AWWA's *Buried No Longer* report found that restoring existing water systems as they reach the end of their useful lives and expanding them to serve a growing population will cost at

least \$1 trillion over the next 25 years, if we are to maintain current levels of water service. The American Society of Civil Engineers' *Failure to Act* report determined that unless new investments are made by 2020, unreliable and insufficient water infrastructure will cost the average American household \$900 a year in higher water rates and lower wages; American businesses can expect an additional \$147 billion in increased costs and the economy will lose 700,000 jobs. According to Xylem, Inc. 2012 *Value of Water* survey, 85 percent of Americans want greater government investment in water infrastructure, and 88 percent believe that local, state and federal government should be accountable for fixing our nation's water infrastructure problems. The recently complete *National Economic & Labor Impacts of the Water Utility Sector* report by the Water Environment Research Foundation and the Water Research Foundation found that for every \$1 million spent on water infrastructure 16 jobs are created, which a job creation rate per \$1 million spent equal to healthcare and higher than military spending.

Background: Water Infrastructure Finance and Innovation Act (WIFIA)

With the authorization of WIFIA this spring, Congress has set a goal of boosting the nation's investment in larger-scale water infrastructure, and in a manner that is budget neutral in the long term. Based on the transportation program known as TIFIA, the WIFIA pilot program is designed to leverage relatively modest appropriations by Congress into loans for water and wastewater projects that are typically too large to receive meaningful SRF assistance (WIFIA loans are only available for qualifying projects expected to cost more than \$20 million, or \$5 million if the project serves a small community). Given the historic security of loans to water utilities, the leverage ratio of WIFIA loans can be expected to be even greater than that for the transportation program. Thus WIFIA has the potential to deliver tremendous impacts in rebuilding the nation's water infrastructure.

As ever, we look forward to continuing to work with Congress in addressing the challenges of the country's aging infrastructure. We offer the expertise and experiences of our members across the country in answering any questions you may have.

Sincerely,

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cc/ Members, House Committee on Appropriations
Senate Committee on Appropriations