



American Water Works Association



ASSOCIATION OF METROPOLITAN WATER AGENCIES



November 13, 2013

The Honorable Barbara Boxer
Chairman
Committee on Environment & Public Works

The Honorable David Vitter
Ranking Member
Committee on Environment & Public Works

The Honorable John Barrasso
The Honorable Max Baucus
The Honorable Benjamin L. Cardin
The Honorable Thomas R. Carper
The Honorable James M. Inhofe
The Honorable Sheldon Whitehouse

Dear senators,

As you enter into the Senate-House conference on water resources legislation, we, the undersigned organizations, urge you to continue to support inclusion of a Water Infrastructure Finance and Innovation Act (WIFIA), in the final bill. As you know, WIFIA is an innovative federal

loan program that can help meet critical water infrastructure needs nationwide with minimal budgetary impact. It is modeled directly on the successful Transportation Infrastructure Finance and Innovation Act (TIFIA), which Congress dramatically expanded in the last transportation bill because of its ability to leverage a small amount of federal funding to enable large, American job-creating infrastructure projects.

We applaud your leadership in including WIFIA in the Senate's Water Resources Development Act (WRDA). In addition, House Water Resources Subcommittee Chair Bob Gibbs has developed draft WIFIA legislation that we strongly support. We urge you to ensure that WIFIA is enacted as part of WRDA. It is an opportunity that cannot be missed to help meet our water infrastructure needs and create tens of thousands of good jobs at minimal cost to the federal government.

As water systems serve an essential function and have a dedicated revenue source, WIFIA loans will be highly secure: the historical default rate on water and sewer bonds is 0.04 percent. Because a federal appropriation is needed only to cover the risk of default, according to CBO, an appropriation of \$100 million could support up to \$3.3 billion in low-interest WIFIA loans. In this way, a very small federal investment will have an exponential impact in addressing our water infrastructure needs.

We recognize the value of the existing State Revolving Fund (SRF) programs, and want to see it continue to thrive. However, the SRF program alone cannot address nation's enormous water infrastructure needs. In particular, the SRF program is rarely able to support large water infrastructure projects. WIFIA is intended to address this gap and provide long-term, low-interest loans for projects over \$20 million that cannot always access funding through the SRF programs. There is a need for significantly increased funding and innovative new financing tools to address the nation's water infrastructure crisis. WIFIA will also enable drinking water systems to access low-interest loans to repair aging infrastructure and address population growth – projects that cannot be assisted through the SRF program, which focuses on environmental compliance issues. At the same time, SRF authorities would be able to aggregate a series of small projects into a single larger WIFIA loan application, so that small communities and SRFs also benefit.

WIFIA loans will be repaid entirely from local rates and charges – water bills – maintaining full local responsibility for water infrastructure development, but creating a mechanism to provide lower-cost capital and promote innovations in project finance and delivery. If a utility can save just two percentage points on the interest rate for a 30-year loan, that results in a savings of 25 percent in the financing costs of a project. This in turn will allow local resources to go farther, accelerating critically needed water infrastructure investment and lowering costs for American families.

As you know, the water infrastructure needs in our community and nation are immense. Much of the nation's water infrastructure was built more than 100 years ago and is rapidly deteriorating. By providing a source of low-cost capital and promoting innovations in project delivery, WIFIA will help meet the nation's water infrastructure needs while maintaining full local responsibility, minimizing the federal budgetary impact, and creating tens of thousands of American jobs.

We hope that you will support action on WIFIA this year so that we can see this critical legislation enacted into law. If you have any questions, please do not hesitate to contact Tom Curtis or Tommy Holmes of the American Water Works Association at (202) 628-8303.

Sincerely yours,

American Water Works Association

U.S. Conference of Mayors

Water Environment Federation

National League of Cities

Association of Metropolitan Water Agencies

American Beverage Association

American Council of Engineering Companies

Water and Sewer Distributors of America

National Ground Water Association

Water Design-Build Council

WaterReuse Association