SUSTAINABLE SOLUTIONS FOR AMERICA'S WATER AND WASTEWATER INFRASTRUCTURE:

URGENT FUNDING AND POLICY CONSIDERATIONS

ASSOCIATION OF METROPOLITAN WATER AGENCIES

Association of REGIONAL WATER Organizations

American Water Works Association

Earth & Water Law SOLUTIONS FOR BUSINESS AND THE PLANET

McWANE

MOONSHOT MISSIONS

NACWA

NAWC National Association of Water Companies 125 YEARS

suez

US Water Alliance

waternow alliance water leaders. resilient solutions.

Water Environment Federation the water quality people

THE Water Research FOUNDATION

WWEMA

WATEREUSE

xylem Let's Solve Water

INTRODUCTION

Our Nation depends on resilient and sustainable water, wastewater, stormwater, and water recycling infrastructure. The estimated $1 trillion shortfall in investment for water infrastructure is well documented. Unfortunately, the COVID-19 pandemic has greatly aggravated the situation, with utilities facing a squeeze from increased delinquencies from high unemployment coupled with pressure to continue service despite non-payment, anticipated reductions in non-residential water demands and associated revenues, increases in residential consumption as more citizens shelter in place, and lower customer growth. According to an April 2020 report prepared by American Water Works Association and the Association of Metropolitan Water Agencies, the financial impact of the current COVID-19 crisis on water and wastewater utilities is estimated to exceed $27 billion.

In the midst of these challenges, America's water utilities urgently need assistance to ensure the continuation of the safe and efficient provision of water and sanitation services. Furthermore, as our Nation faces the likelihood of a severe economic downturn, increases in water infrastructure investment will help get our country back on its feet, while at the same time improving systems for the future.

Over the past several months, many of America's leading water associations, businesses, and leaders have worked together to identify funding and policy priorities, including some new and innovative approaches, that can advance sustainable solutions for the current crisis, as well as address America's water infrastructure needs of tomorrow. This paper – a call to action on both immediate needs for relief and other policy reforms – reflects the consensus of these groups and their leaders regarding the top priorities that Congress should consider as it shapes the next COVID-19 stimulus or water infrastructure bill.

The adoption of these measures will help ensure adequate access to water and wastewater service during the continuing COVID-19 crisis, strengthen our Nation's economic platform, increase the health and safety of communities, make utilities more efficient and sound financially, make America more competitive, create thousands of jobs, increase wages for American workers, and reduce the high cost of water for Americans associated with aging infrastructure. The entities named below stand ready to support Congress in undertaking these critical actions.

COVID-19 RELIEF AND RELATED FUNDING

Ensure Utility Liquidity

Assistance should be provided through an expanded Relief Fund or another mechanism that ensures that all drinking water and wastewater utilities are eligible for assistance. **We urge Congress to provide relief funding for all utilities, public or private, that provide essential public drinking water, wastewater and stormwater services and that have suffered revenue losses attributable to the pandemic's economic downturn.** This assistance should be provided directly to utilities similar to how assistance is already provided to airports, public transit, and other local public service entities.

Provide Low Income Household Assistance

In the next pandemic relief or infrastructure bill, **Congress should include federal assistance to households that are unable to pay for drinking water and wastewater services because of hardships resulting from the pandemic.** The inability of households to pay their water and wastewater bills has escalated sharply during the pandemic, decreasing badly needed revenues for utilities. At the same time, water utilities across the country have suspended water service shut-offs and have been working to safely restore connections for households with delinquent accounts. A water ratepayer assistance program of at least $5 billion would help water systems sustain these services and prevent at-risk households from falling further behind because of the health emergency.

Fund COVID-19 Hotspot Wastewater Monitoring

As you consider additional funding to address the Coronavirus pandemic, we recommend you include resources to expand the use of sewershed monitoring to provide an additional tool for public health officials to assess the prevalence of COVID-19 in states and communities. There are a number of communities who have begun to use environmental surveillance of sewersheds as a community-wide tool to detect levels of the genetic 'fingerprint' of the virus in wastewater in communities with both symptomatic and asymptomatic infected individuals. As economies across the U.S. reopen, this technique serves as an innovative, yet proven approach that could provide an early warning of the presence and levels of COVID-19 within sewer utilities' service areas.

ECONOMIC STIMULUS AND RECOVERY FUNDING

Increase Funding for the SRFs and WIFIA

A 2007 study by the U.S. Department of Commerce Bureau of Economic Analysis found that every dollar invested in water infrastructure increases long-term gross domestic output by $6.35. Adding one job in the water sector creates another 3.68 jobs in the national economy. The drinking water state revolving fund (DWSRF) and clean water SRF (CWSRF) programs are proven financing tools that help communities invest in their local water infrastructure. The Water Infrastructure Finance and Innovation Act (WIFIA) program has an increasingly important role in supporting large scale projects. Every dollar appropriated for WIFIA creates up to $97 for loans for water infrastructure projects. Funding the SRFs and WIFIA is an investment in our Nation's future. We urge Congress to appropriate $3 billion annually to the each of the SRF programs and $70 million for WIFIA, post COVID-19 pandemic.

Invest in Water Recycling

Communities across the country are incorporating water reuse into their water management strategies as a proven method for ensuring a safe, sustainable, locally controlled water supply. The Bureau of Reclamation's Title XVI Program is currently the only program dedicated to supporting the adoption of water reuse. Since the program began in 1992, Congress has appropriated nearly $700 million in federal funding, which has been leveraged nearly 5:1. Due to the popularity of Title XVI competitive grants, the program has a growing backlog of 56 eligible projects totaling more than $700 million in eligible federal cost-share. **Congress should provide immediate funding for these shovel-ready infrastructure projects. Congress should also reauthorize the Alternative Water Source Grants Pilot Program in the coming Water Resources Development Act of 2020.** The Alternative Water Source Grants Program would, like the Title XVI Program, provide competitive grants for innovative water recycling projects; however, funding would not be limited to Western states.

Fully Fund Technology Grant Programs

Section 2007 of AWIA authorized $10 million for each of FY19 and FY20 to promote the acceleration of water technology to address drinking water supply, quality, treatment or security of public water systems, areas served by private wells, or source waters. Section 2017 authorized $10 million for FY19 for the review of technologies that would ensure the integrity of community water systems, including prevention and detection of contaminants. Section 2007 received $1 million in FY20 and Section 2017 has not received any funding. **To ensure that utilities upgrade their systems to leverage the efficiencies from the latest technology, we urge Congress to renew and increase the authorization for each of these programs for 2021-2025 to $25 million per year, and fully appropriate funding.**

POLICY REFORM TO INCREASE ACCESS, INVESTMENT AND SUSTAINABILITY

Incentivize the Adoption of Water Technology by Reducing Risk

One of the biggest challenges to the adoption of new or innovative technology are the risks posed due to potential failure. These risks can take many forms, including uncertainty about the viability of various offerings, regulatory action, or the loss of scarce capital. The water sector is appropriately risk adverse, but that caution can not only discourage the adoption of new technologies but also retard the deployment of proven, readily available technologies. To encourage proactive adoption of such technologies, Congress should:

- ***Create a technology clearinghouse.*** Drinking water and wastewater technologies have been deployed around the country to address contaminants, water efficiency, water reuse, improved asset management, energy and nutrient recovery, and resiliency. Due to a lack of coordinated information exchange and sharing, however, many states, which have ultimate plan and spec approval, are unaware of technology deployment or do not have adequate information about technology efficacy and operations to approve and adopt those technologies in their states. This lack of knowledge and reciprocity makes it very difficult and costly for technology manufacturers to gain state approval, even for well-established technologies. To encourage more rapid approval of these technologies across the states, Congress should authorize the creation of a technology clearinghouse to provide access to utilities, state regulators, engineering firms, and technology manufacturers to information related to the deployment and use of technologies for water and wastewater systems. The clearinghouse should be housed within a third party organization best suited to collect, disseminate, update and protect confidential business information. Congress should authorize $2 million per year for FY21-FY31 to fund the creation and maintenance of the clearinghouse.

- ***Create a regulatory "Safe Harbor."*** As water utilities move to adopt new technologies, it is critical that they have a regulatory safe harbor during installation, start-up, and operation. These utilities should be granted a three to six-month window of regulatory safe harbor during which time they cannot be fined or have administrative action taken against them for non-compliance (should a violation occur), so long as the violation does not pose a risk to public health.

- ***Provide risk insurance.*** An FDIC-like organization could provide financial protection to utilities that undertake the deployment of technology, thereby de-risking the process. After a Congressional appropriation of initial seed funding, utilities could pay premiums into a fund that under certain conditions would provide protection to the utility in the event of a failed deployment.

Provide Direct Federal Assistance to the Water Sector to Adopt Smart Water Technologies

We strongly urge Congress that any infrastructure policy response commit to rebuilding our Nation's water infrastructure with a focus on modernizing this vital public health service through the adoption of smart water technologies. Smart water technologies present an opportunity for water and wastewater utilities to leapfrog decades of underinvestment in the way water infrastructure is designed, constructed, and operated so as to ensure increased efficiency, affordability, and public health benefits in the delivery of these services and to provide for improved health of ecosystems through the technical and physical integration of smart technologies.

- ***Transition to digital data.*** Water delivery services must be made more efficient by creating data management systems that better inform water managers to understand demand and supply needs upon which the storage, treatment and conveyance of water is determined relying upon the findings of such data to justify decisions.
- ***Deploy smart technologies.*** Smart technologies can be used to reduce costly water loss, reuse of wastewater flows, and deliver real-time data to allow for interactive decision-making. System automation and remote monitoring are critical to addressing traditional and emerging needs, minimizing costly system disruptions, extending lifecycles and improving overall asset management.

Expand Access to Water and Financial Resources to More Communities

- ***Close the water access gap.*** More than two million Americans lack running water, indoor plumbing, or wastewater services in their homes and communities. Many of those without access to water infrastructure live in rural and tribal areas or are part of high-risk groups for COVID-19 including the elderly, disabled, homebound, homeless and those with preexisting health conditions. The Federal Emergency Management Agency and the US Army Corps of Engineers could partner to close the water access gap using existing natural disaster response protocols and prioritizing disadvantaged communities where local capacity may be limited. These agencies could also partner with states and municipalities to provide water deliveries and set up hand-washing stations for people without water. These emergency measures should then be supplemented with longer-term solutions to close the water access gap.
- ***Expand private sector access to CWSRF.*** The DWSRF's low-interest loan program, eligible to all public and private utilities, is a proven model for cost-effective infrastructure modernization. However, private wastewater utilities are not eligible to receive CWSRF loans. As our Nation seeks to increase its investment in this important sector, all communities deserve to benefit from this program. Expanding access to the CWSRF would not earmark specific amounts of funding to private water companies, nor require states to award any loans to private wastewater providers. Rather, it would simply allow states to invest money where they believe the public will benefit most, just as they can with the DWSRF. Expanding access to the CWSRF could take on even more importance as Congress looks to provide COVID-19 assistance to struggling systems and customers and jumpstart the economy by increasing spending on infrastructure.

- ***Expand access to EPA's Drinking Water System Infrastructure Resilience and Sustainability Act Program.*** Section 2005 of the 2018 American Water Infrastructure Act (AWIA) authorized $8 million over two years for this new grant program to help drinking water systems increase the resilience of their infrastructure to climate change and extreme weather. The program has bipartisan support and received an initial $3 million appropriation in FY20. However, as enacted, eligibility for these grants is limited to disadvantaged drinking water systems, or those serving communities of fewer than 10,000 people. We encourage Congress to increase the authorization of the program to $50 million per year while also expanding access to drinking water and wastewater systems serving communities of all sizes. We further urge Congress to reserve an appropriate portion of funds for drinking water and wastewater systems serving small and disadvantaged communities, to ensure they continue to have unencumbered access to these important grants.

- ***Make access to financeable projects affordable through project development funds.*** Project development costs are often the most significant barrier to creating financeable projects, particularly in small and mid-sized communities which can carry higher development costs as a percentage of total project costs. Project development support can include technical and/or economic assessments of alternative solutions, feasibility studies, environmental reviews, and engineering costs to support project design, financial structuring costs, and legal fees. A Revolving Project Development Fund should be established at the federal and/or state level to partially fund such costs, and where funds expended on developing a project will be returned to the fund at financial close.

Further Incentivize Investment and Partnerships Among Water and Wastewater Systems

- ***Reduce the number of water systems that lack operational, technical, and/or financial capacities to meet federal and state water quality standards.*** Many failing systems serve small to midsize communities (less than 100,000 population) and lack the capacity to maintain compliant and resilient water and wastewater systems. Thousands of such systems are in significant noncompliance (SNC) and unable to meet minimal performance and health-based standards. These systems should be incentivized and, in cases where public health is seriously compromised or in long-standing SNC status, compelled to partner with or seek a new owner/operator that can adequately provide water services. Regionalization and service bundling should also be encouraged by, among other things, repurposing SRF and other grants for that purpose.

- ***Provide more financial incentives and "Safe Harbor" protections for "Good Neighbors."*** To encourage financially sound and well-managed water systems to partner with or take over distressed systems, the government must reduce the significant financial and legal liabilities posed to the acquirer or "Good Neighbor." Provide set asides and expand SRF funding exclusively to fund consolidation. For example, California currently provides up to $5M for systems that wish to explore and implement consolidation.

- ***Encourage investment to unserved and under-served rural communities.*** The primary tool in rural America for financing water is the USDA Rural Utilities Service (RUS) Water and Wastewater Loan and Grant Program. Many of the "last mile projects" will be the responsibility of neighboring utilities, but the current RUS program creates roadblocks to investment. Congress should change the law to extend financing to these nearby utilities who are willing to provide the last mile, encouraging local and regional partnerships that would help provide critical services, expressly include project predevelopment as an eligible activity, promote public-private partnerships to access and mobilize private capital, and provide $1 billion to fund these projects and to provide planning for how best to serve these unserved and under-served areas.

Break Down Silos to Improve Implementation of Water Recycling Solutions

- ***Establish a federal inter-agency working group on water recycling.*** In February 2020, EPA released the National Water Reuse Action Plan (WRAP) after more than a year of collaboration with five other federal agencies and a range of external stakeholders. EPA and its federal and non-federal partners have since turned to implementation of the WRAP. In order to ensure that this work continues and is built upon in the coming years, the Senate Environment and Public Works Committee included language to establish an interagency working group on water reuse to coordinate actions across federal agencies and provide a more formal structure for engagement with external stakeholders. We urge Congress to adopt this language in the final Water Resources Development Act of 2020.