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The Authoritative Resource on Safe WaterSM

Washington D.C. Report

May 14, 2009

Senate Committee Reports SRF Bill

Today the Senate Committee on Environment and Public Works marked up and approved the Water Infrastructure Financing Act (S.1005) by a vote of 17-2. This bill revises and expands the drinking water and wastewater State Revolving Funds. As approved, the bill makes these key changes to drinking water and wastewater SRF programs:

- Authorizes \$14.7 billion for the drinking water SRF and \$20 billion for the Clean Water SRF, over five years.
- Makes rehabilitation and replacement of aging infrastructure and security upgrades specifically eligible for loans;
- Extends loan repayment to 30 years;
- Gives greater weight to applications from utilities that demonstrate a commitment to financial planning and asset management; and
- Directs a study on how to streamline application processes.

In addition to addressing the SRFs, S. 1005 creates a number of new water infrastructure and management programs:

- Sewer overflow control grants with total authorization at \$1.8 billion over five years;
- Grants to help community water systems with critical needs and affordability challenges meet regulatory requirements, authorized at \$1.43 billion over five years;
- Grants to help community water systems reduce lead in drinking water, authorized at \$300 million over five years;
- Grants for research into innovative or alternative technologies to improve water quality, water supplies, water use, and water efficiency/conservation, authorized at \$200 million;
- Capitalization grants for states to set up revolving loan funds for agricultural watershed projects, authorized at \$50 million;
- A study by the National Academy of Sciences on the latest science regarding pharmaceuticals in water (this was an amendment in the markup hearing);
- A study of the means by which public water systems and treatment works meet the costs of operations, maintenance, capital replacement, and regulatory requirements, authorized at \$2 million;
- Training programs, technical assistance, and information dissemination on effective utility management strategies, potentially in partnership with stakeholder or nonprofit associations, authorized at \$5 million over five years;
- Authorization of the WaterSense Program to identify and promote voluntary approaches to reduce the strain on water infrastructure and conserve water resources, authorized at \$35 million over five years;

- Grants for non-profit technical assistance providers to help rural and small and medium-sized wastewater treatment works, authorized at \$200 million over five years; and
- A grant program to restore critical watersheds, with an authorization of \$250 million over five years.

The bill also amends the formula for allocating Clean Water SRF funds to states, providing they be allocated according to a formula that takes into account EPA's 2004 Clean Watershed Needs Survey. Previously, clean water funds were based on 1970 census data. As expected, the committee adopted an amendment inserting Davis-Bacon prevailing wage provisions into the bill. No amendment concerning "Buy American" was offered and the bill does not include those requirements.

In March, the House passed a similar bill for the Clean Water SRF (the Water Quality Investment Act, H.R. 1262). It is expected that after the full Senate acts on S.1005, a House-Senate conference committee will meet to reconcile the two bills, and the final version is expected to address both drinking water and clean water funding.

EPA Assistant Administrator Nominee Testifies

On May 12 Peter Silva, President Obama's nominee for the post of EPA Assistant Administrator for Water, testified at his confirmation hearing before the Senate Committee on Environment and Public Works. He testified that if confirmed the biggest challenges he expects to face will be addressing 1) jurisdictional issues on which waters in the United States should be regulated by the Clean Water Act; 2) nonpoint sources of pollution and nutrient runoff; and 3) new and emerging contaminants.

In his testimony, Silva said, "Despite the considerable progress we have made in the last three decades, we now see additional challenges have arisen in the areas of nonpoint source pollution and in new emerging pollutants of concern...We need to confront them with a similar national leadership."

He also said EPA needed to look at how water infrastructure can be better financed. He pledged to work with all levels of government and non-governmental organizations on this challenge.

Debate over which waters of the United States are subject to regulation under the Clean Water Act and how these waters are defined has escalated in recent years since the Supreme Court narrowed federal jurisdiction over wetlands. Under a series of decisions, federal jurisdiction was limited to navigable waters. Sen. Russ Feingold (D-Wis.) has introduced legislation (the Clean Water Restoration Act, S. 787), to amend the Clean Water Act to replace the term "navigable waters" with the term "waters of the United States" for determining which waters are protected by the act.

Standard for Perchlorate, Small System Issues Pressed.

In the confirmation hearing mentioned above, Committee Chair Barbara Boxer (D-Calif.) pressed Peter Silva to make a decision within 60 days on whether or not to regulate perchlorate in drinking water. Boxer said that it is "critical that safe drinking water standards for contaminants like perchlorate are finally adopted..."

Also in the hearing, Ranking Member James Inhofe (R-Okla.) said he wants to discuss with Silva how EPA can do a better job of helping small communities that can't afford to meet EPA water treatment mandates. EPA is convening a special workshop on that subject next week in Washington. The AWWA Washington Office will participate.

As always, please contact your AWWA Washington Office if you have questions or comments.