

June 8, 2020

The Honorable Mitch McConnell  
Majority Leader, U.S. Senate  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker, U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Chuck Schumer  
Minority Leader, U.S. Senate  
Washington, D.C. 20510

The Honorable Kevin McCarthy  
Minority Leader, U.S. House of  
Representatives  
Washington, D.C. 20515

**RE: Incentivizing and Investing in 21st Century Water Infrastructure for a Resilient Post-Pandemic Economy**

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer, and Minority Leader McCarthy:

As members of the WaterNow Alliance and the National League of Cities (NLC) we appreciate this opportunity to share three key recommendations as you develop legislation to promote economic recovery as local and state governments begin the process of reopening and restarting their economies. WaterNow Alliance is a nonprofit [network of 600+ local water leaders](#) nationwide advancing sustainable, affordable, and climate resilient water strategies. NLC is the voice of America's cities, towns, and villages, representing more than 200 million people nationwide. Our recommendations aim to accomplish four goals simultaneously:

1. Provide the nation's primarily public water resource agencies – cities, towns, and special districts – with direct support to invest in sustainable and affordable water infrastructure solutions;
2. Provide near-term jobs and local economic stimulus;
3. Ensure affordability and continued access to water, wastewater, and stormwater services; and
4. Build climate resilience.

These recommendations would ensure that local governments and water resource agencies have the flexibility they need to use this new federal support to invest not only in conventional water infrastructure, but to expand their options to include spending for onsite and decentralized water management solutions, which have extraordinary, yet untapped, potential to address the supply, water quality, flooding, and environmental contamination challenges nationwide.

Onsite installations and technologies distributed widely across a community, including green stormwater strategies, water use efficiency measures, watershed restoration, lead line replacements and more, supplement, extend and serve the same functions as more conventional, centralized infrastructure—they provide water supply, treat drinking water and effectively manage wastewater and stormwater. These [distributed approaches](#) are also often less expensive than larger public works projects keeping rates affordable, while building local resilience to

disasters and ability to withstand shifts resulting from climate change. Critically, ***green and distributed strategies provide lasting economic benefits, including near-term permanent local green jobs and local economic development.*** Distributed water management strategies also go a long way to address water equity issues around access to clean water and more affordable rates, and provide other [co-benefits](#) including improved [public health](#), energy efficiency, improved air quality, reduced greenhouse gases, increased open space, increased property values and reduced crime.

As the country navigates the coronavirus public health crisis, large scale investments in localized water management solutions can be an essential part of our communities' economic recovery. Cities that have made significant investments treating decentralized, consumer-facing strategies as water infrastructure are leading the way:

- Philadelphia's ["Green City, Clean Waters" program](#) to capture stormwater with distributed green infrastructure is providing \$4 billion in economic benefits to the community and more than 1,000 jobs per year, according to a study by the Sustainable Business Network.
- The Milwaukee Metropolitan Sewerage District estimates that its [green infrastructure investments](#) to eliminate local flooding and polluted discharges will capture almost 40% more stormwater than its multi-billion dollar deep tunnels, saving ratepayers \$44 million in avoided conventional infrastructure costs; and will also produce 660 permanent jobs per year; and increase property values by an estimated \$667 million throughout the region.
- Los Angeles' [One Water Plan](#) which includes large scale investments in centralized and decentralized green infrastructure is expected to produce almost 7,000 new jobs and save \$1.97 for every \$1 spent.
- Lancaster, PA's investment in green infrastructure to address its stormwater challenges avoided more than \$120 million in gray infrastructure capital costs and nearly \$5 million in annual benefits according to an [EPA study](#).
- The City of Tucson has doubled-down on investments in onsite water use efficiency saving \$155 million in avoided costs for gray infrastructure, enabling it to [keep water rates 15% lower](#) than they would have been otherwise. The city is using the same amount of water as it did in 1985 even though its population has doubled since then.
- Madison, WI replaced all of the community's lead service lines, including those on private property, resulting in immediate water quality and public health improvements and saving [\\$2.5 million in avoided costs](#).

Enabling and encouraging cities and special districts to use federal funds to invest in onsite, clean and green water strategies will also supplement and extend the life of our critical built infrastructure. Further, localized infrastructure investments are most efficiently made in the form of subsidies, financial incentives and rebates for consumers, including private businesses, commercial, industrial and institutional enterprises, residences, and other public entities (such as local parks, schools, transportation agencies, etc.). Thus, federal support for public utility investment in these and other types of localized, onsite water infrastructure can be accomplished primarily through existing federal programs.

For these reasons, we urge you to incorporate the three key recommendations detailed below into

upcoming federal stimulus legislation to incentivize and invest in 21st century water infrastructure for a resilient post-pandemic economy.

- 1) **We recommend that public investments in water infrastructure including onsite decentralized water management strategies that can catalyze near-term job opportunities are appropriate for treatment as grants, and zero-interest and principal-forgiveness loans.** As demonstrated by NLC, municipalities nationwide are being [decimated by the economic impacts](#) stemming from the COVID-19 crisis. Providing federal funding in the form of grants, zero-interest and principal-forgiveness loans would be a key incentive for local leaders looking to adopt more innovative technologies and less conventional but highly effective water management strategies.
- 2) **We recommend that EPA be directed to issue guidance that water use efficiency, private lead service line replacements, and onsite reuse programs implemented via consumer incentives (e.g., rebates and direct installations) are projects eligible for federal funding through the State Revolving Funds (SRF) and the Water Infrastructure Finance and Innovation Act (WIFIA).** Funds from the SRF programs and WIFIA are already authorized to be used for consumer rebates and direct installations, but this is not widely perceived to be the case and EPA has not yet called out investments of this type. Now is the time to do so.
- 3) **We recommend expanding income tax exclusions to include homeowners who receive rebates from water utilities to purchase and install water conservation or stormwater management systems, as set out in [H.R. 2313](#).** Financial incentives and direct installation programs are the primary mechanisms for implementing decentralized and onsite water management programs across communities. However, some utilities are concerned that they will be required to treat such incentives as taxable income placing a large administrative burden on the utility and acting as a significant barrier to consumer participation in such programs. Clarifying that financial incentives to implement localized water infrastructure strategies consumers receive from water utilities are tax exempt will eliminate this barrier.

## Conclusion

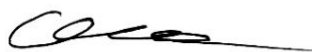
Localized water infrastructure has enormous potential to not only sustainably manage our water resources now and for future generations, but to also foster long-lasting economic recovery for communities across the nation facing critical needs for jobs and renewal.

We appreciate your consideration of our recommendations and look forward to working with you to transform the nation's water infrastructure to secure our water future.

Sincerely,



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