

December 14, 2020

Ms. Patrice Simms
Team Lead
Biden-Harris Agency Review Team
U.S. Environmental Protection Agency
Via email: psimms@jbrpt.org

RE: Priorities for Incentivizing and Investing in 21st Century Water Infrastructure

Dear Ms. Simms:

On behalf of WaterNow Alliance and the National League of Cities (NLC) we appreciate this opportunity to share five key recommendations as you prepare the agenda and priorities for the Biden-Harris Administration. We would also appreciate the opportunity to connect with you for a short phone call to discuss these recommendations and provide further details on how they align with and advance President-Elect Biden's priorities. Our availability is included below.

WaterNow Alliance is a nonprofit [network of 700+ local water leaders](#) in 43 states 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:

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

Incorporating these recommendations into the next Administration's priorities for the first 100 days, and beyond, would ensure that local governments and water resource agencies have the flexibility they need to leverage much-needed federal support to invest not only in conventional water infrastructure, but to expand their options to include spending for sustainable, onsite and decentralized water management solutions. WaterNow and NLC are encouraged that the Biden-Harris Administration already highlights the importance of addressing these local water management issues. We are particularly pleased that [addressing impacts of climate change](#) is a top priority for President-Elect Biden and value the pledge to "make far-reaching investments" in green spaces, water systems, improving access to clean water, and achieving environmental justice. We believe our recommendations are directly aligned with these priorities and will significantly advance the incoming administration's goal to [build back better](#) by investing in modern infrastructure as a key to economic recovery.

Federal investment in local water systems has [decreased significantly](#) over the last 30 years. To fill this gap, cities, towns and utilities have come to shoulder the burden of over 95% of spending on water infrastructure nationwide. The decline in federal support has, at least in part, led to

[increased rates and deferred capital investments](#), impacts exacerbated by the COVID-19 pandemic. NLC's latest survey data shows that municipalities nationwide are being [decimated by the economic impacts](#) stemming from the COVID-19 crisis. Additionally, the estimated financial impact of COVID-19 on water and wastewater utilities combined will exceed [\\$30 billion in lost revenues](#). And as cases surge across the country, the full weight of the pandemic remains to be seen.

The time is right for a return to the federal government's historic investment in water infrastructure, with a clear commitment to investing in modern sustainable, affordable, localized and distributed strategies. Onsite installations and technologies distributed widely across a community, including green stormwater management, 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. They are the water infrastructure of the 21st century with extraordinary, yet untapped, potential to address the supply, water quality, flooding, and environmental contamination challenges nationwide. These distributed approaches are also often less expensive than larger public works projects, keeping rates affordable and advancing social equity while building local resilience to disasters and ability to withstand shifts resulting from climate change.

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, generating permanent green jobs and local economic development in the near-term. A [sustainable jobs calculator](#) by Earth Economics and WaterNow Alliance estimates that, for example, investments in urban forests in communities across the country would create 73% more jobs than the same investment in deep tunnel systems (a more conventional approach to stormwater management). These would be [skilled positions with good earning](#) potential. Distributed water management strategies also address water equity by improving the ability of disadvantaged populations to access to clean water at affordable rates, and provide other [co-benefits](#) including improved [public health](#), energy efficiency, improved air quality, reduced greenhouse gases, increased open space and increased property values.

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. It 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, towns 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 and at the administrative level.

For these reasons, we urge you to incorporate the five key recommendations detailed below into the Administration's priorities for the first 100 days to incentivize and invest in 21st century water infrastructure for a resilient post-pandemic economy. Our recommendations reflect input from WaterNow and NLC members.

- 1) **Increase federal investments in water infrastructure including for investments in innovative technologies, less conventional water infrastructure, and lead service line replacements to ensure robust funding through established programs wherever possible.** These existing programs include the State Revolving Loan Funds (SRF), Water Infrastructure Finance and Innovation Act Loans, Sewer Overflow and Stormwater Reuse Municipal Grants, Drinking Water System Infrastructure Resilience and Sustainability Act Grants, Assistance for Small and Disadvantaged Communities Grants, Lead Testing in School and Child Care Drinking Water Grants, and Reducing Lead in Drinking Water Grants programs.
- 2) **Provide robust and increased funding for the Water Workforce Infrastructure and Utility Development Grants program.** Grants provided under this program will support economic recovery, workforce development and skills training needed across the water sector and particularly in innovative and emerging fields including green infrastructure and water reuse.
- 3) **Direct EPA to work with SRF administrators and encourage increased SRF funding in the form of grants and zero-interest and principal-forgiveness loans.** Providing federal funding in the form of grants and 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.
- 4) **Direct EPA to prioritize SRF funding for utility incentives and rebates for green stormwater infrastructure, water use and energy efficiency, lead service line replacements and other distributed, onsite direct installations, including installations on**

private residential and commercial property. 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.

- 5) **Expand federal income tax exclusions to include homeowners who receive rebates from water utilities to purchase and install water conservation or stormwater management systems.** 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.

As mentioned above, we welcome the opportunity discuss our recommendations with you further and are available for a short phone call during these times (all times EST):

- December 15 – 11am or between 1pm and 3:30pm
- December 16 – 1:15pm or 3pm
- December 17 – 1:30pm
- December 18 – 11am
- December 21 – 12pm, 1pm or 2pm
- December 22 – 11am, 1pm or 2pm

If any of these options are available for you, we're happy to share an invite with the appropriate members of your team and provide a conference line. Alternatively, we are open to finding additional dates for a meeting including outside regular office hours. Please do not hesitate to reach out to us by contacting Carolyn Berndt (berndt@nlc.org) or Caroline Koch (cak@waternow.org). We appreciate your consideration and look forward to working with you to transform the nation's water infrastructure to secure our water future.

Sincerely,



Cynthia Koehler
Executive Director
WaterNow Alliance



Clarence E. Anthony
CEO and Executive Director
National League of Cities