

Washington Eyes SRF Role in Infrastructure Rebuild

BY PATRICK CROW

The Trump Administration is committed to reducing federal spending by \$3.6 trillion over the next decade while investing \$1 trillion in the nation's infrastructure. Those goals may not be mutually exclusive but together they will be difficult to achieve.

The water sector alone could absorb the full \$1 trillion. The American Water Works Association (AWWA) has estimated \$1 trillion is needed over the next 30 years just to maintain the current level of drinking water service. It noted that wastewater infrastructure needs are usually equivalent.

The White House recently disclosed the principles, if not the actual details, of its trillion-dollar infusion. First of all, there would not be a full \$1 trillion outlay in federal spending. Existing infrastructure programs, such as the SRFs, would be counted toward the total. And most of the goal would be achieved through leveraging federal funding and incentivizing private investments, much as the Water Infrastructure Finance Innovation Act (WIFIA) program is designed to do.

“TODAY’S DWINDLING

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“Providing more federal funding, on its own, is not the solution to our infrastructure challenges,” the White House said, explaining that the U.S. government first needs to reevaluate the roles of federal incentives, procedures, and policies.

It said the states should be prepared to assume more responsibilities. It said the availability of federal moneys for infrastructure has created “an unhealthy dynamic” in which “state and local governments delay projects in the hope of receiving federal funds.”

In May, the Trump administration submitted a \$4.1 trillion budget request for fiscal 2018. It proposed to cut Environmental Protection Agency's funding 31 percent to \$5.7 billion, in parallel with its original request for the balance of fiscal 2017 (see *WW*, June 2017).

Clean Water Action President Bob Wendelgass said, “The budget undermines drinking water programs by slashing pro-

grams that protect source water and gutting funding for pollution control and enforcement activities.”

The twin pillars of current water infrastructure spending, the Drinking Water and Clean Water state revolving funds (SRFs), both would get 1.9 percent increases within the EPA budget — the former to \$863 million and the latter to \$1.39 billion.

The Drinking Water SRF was the subject of a recent congressional hearing. The Energy and Commerce Committee's Environment Subcommittee explored a draft bill that would update the program and authorize spending (at a yet undetermined level) for the next five years.

Several water industry groups testified: AWWA, the Association of State Drinking Water Administrators, the National Rural Water Association, the National Association of Water Companies (NAWC), and the Association of Metropolitan Water Agencies.

Martin Kropelnicki, president and CEO of California Water Service Group and head of NAWC, called for parity in the SRFs. He noted that all water suppliers in the nation — whether they are government or privately-owned — are public service providers and their customers pay taxes that support the SRFs.

Kropelnicki said a long-standing ban has blocked private firms from receiving Clean Water SRF funding for treatment works and, although that does not apply to the Drinking Water SRF, some states nevertheless have adopted blanket prohibitions. He urged Congress to make future SRF funding contingent on states giving all water suppliers the equal opportunity to apply for these funds.

NAWC observed that its six largest members alone (which together serve 6 percent of the U.S. population) invest a total of \$2.7 billion yearly in their water systems. In contrast, the current federal appropriation for both the SRFs is about \$2 billion.

Kropelnicki said the nation's water infrastructure crisis has been decades in the making and may take as long to correct. “Today's dwindling resources and increasing demand for safe, reliable, and high-quality water require a fundamentally different approach than what we have taken over the last several decades,” he warned. **WW**

About the Author: Patrick Crow covered the U.S. Congress and federal agencies for 21 years as a reporter for industry magazines. He has reported on water issues for the past 15 years. Crow is now an Austin, Texas-based freelance writer.