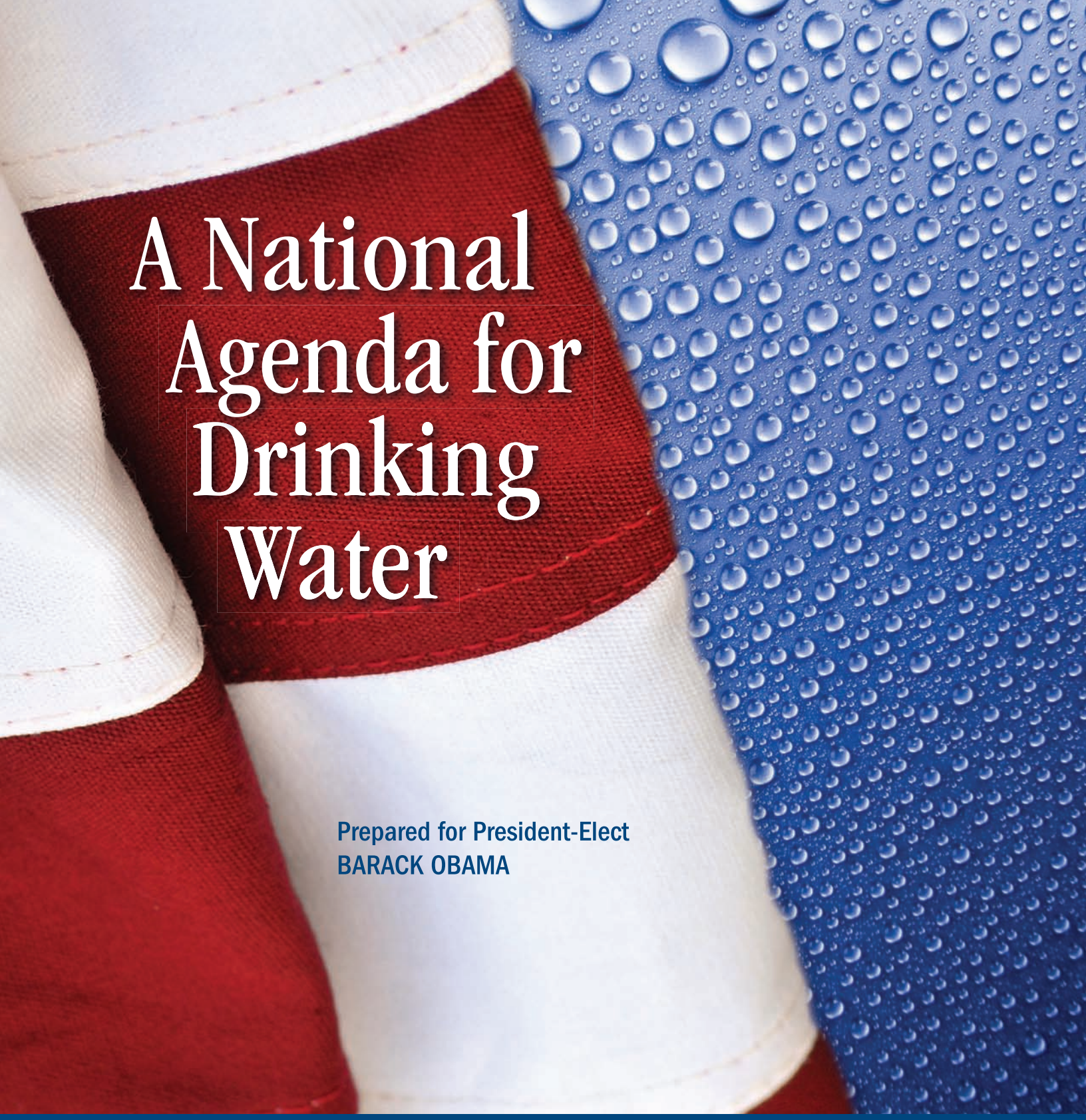

A National Agenda for Drinking Water

Prepared for President-Elect
BARACK OBAMA

American Water Works Association
Association of Metropolitan Water Agencies
National Association of Water Companies
National Rural Water Association

A National Agenda for Drinking Water

Introduction

The Honorable Barack Obama
President Elect of the United States

First, congratulations on your election to the Presidency of the United States.

As you are aware, you face a number of important challenges ahead, both during the transition and after your inauguration. Among the issues your Administration will face in the coming years are several of critical importance to America's drinking water quality. Even brief reflection about the importance of drinking water and the utilities that provide it shows that these issues are also critically important to America. After all, water is vital to public health protection, fire prevention, economic development, and our quality of life. Water is literally our lifeblood. Without adequate supplies of safe and affordable water and sustainable utilities to provide it, no country can rank among the best.

"Barack Obama will invest in our nation's most pressing short and long-term infrastructure needs, including modernizing our…water… infrastructure."

-- www.barackobama.com

Our different water organizations represent the full spectrum of drinking water providers – small and large, rural and urban, municipal and investor owned. We have come together to analyze a number of the most significant drinking water issues likely to arise in the next few years. Our collaborative effort has identified certain key issues: safe drinking water standards; source water protection; climate change research and adaptation; infrastructure investment; economic stimulus; and water system security. We know from the campaign that you are already in favor of many of our recommendations on these issues; we urge you to make them a priority in your Administration.

We are confident in your judgment and foresight as you fashion your government and plan the priorities and initiatives for your first term, and we stand ready to help in any way possible. Please don't hesitate to call on any or all of us for further information or assistance.

American Water Works Association
Association of Metropolitan Water Agencies
National Association of Water Companies
National Rural Water Association

Economic Stimulus Through Water Infrastructure Investment

As you are aware, current credit conditions have impacted the budget plans and financial security of communities across the country. The sinking markets have threatened the ability of some local water utilities to access credit and have forced others to postpone bond sales that had been expected to raise hundreds of millions of dollars to fund critical drinking water infrastructure improvements. As a result, many badly needed projects have been put on hold, postponing drinking water quality enhancements and adversely affecting labor markets.

We applaud your intent to quickly work with Congress to craft a new economic stimulus bill that addresses this problem by targeting federal funds for local infrastructure spending. Because drinking water system improvement projects are uniquely suited to both stimulate the economy by creating jobs and to improve public health by spreading access to clean and safe drinking water, we urge you to support a dedicated and substantial appropriation for such projects as part of the stimulus package.

America's cities, towns, and rural communities cannot prosper economically without a reliable and safe supply of drinking water. In recent weeks each of our organizations has identified scores of ready-to-go drinking water infrastructure projects, sought by both publicly and privately owned utilities, which have been postponed because of limited access to funding. To ensure that no more necessary projects are put on hold, we hope you will work with Congress to quickly make stimulus funding assistance available to local drinking water utilities, enabling them to begin construction on vital ready-to-go projects. This plan would represent a win-win for both the economy and public health, while also taking important steps to address the existing drinking water infrastructure shortfall.

While we believe that the inclusion of $1 billion for drinking water infrastructure in the earlier House-passed stimulus bill (H.R. 7110) was a good start, much more money is needed to adequately fund the wide range of ready-to-go projects across the country impacted by the credit crisis. To ensure the optimal return on the government's investment, and because the Congressional Budget Office estimates the long-term investment needs of America's drinking water and wastewater infrastructure to be roughly equivalent, we believe that the stimulus package should fund drinking water and wastewater priorities equally.

Recommendation: Support dedicated funding within the economic stimulus package for drinking water infrastructure improvement projects. These funds should be dispersed in such a way as to be quickly accessed by utility managers, with a minimum of delay and 'red tape."

Long Term Water Infrastructure Investment

In addition to short-term infrastructure solutions that stimulate the economy, we recommend that you support long-term infrastructure investments that will address the existing shortfall in drinking water funding. The basic responsibility for building and maintaining water infrastructure is and always has been local, and more than 98 percent of the nation's investment in water infrastructure has been at the local level. However, many communities today face a major challenge in replacing aging and worn-out water infrastructure. This predominantly involves buried infrastructure such as water mains and pipes in the ground, some of which are more than 100 years old and at or near the end of their useful economic life. The U.S. Environmental Protection Agency (EPA), Congressional Budget Office and others have estimated a "gap" of hundreds of billions of dollars between current levels and needed levels of investment in water and wastewater infrastructure. The needs for drinking water and wastewater investment are roughly equal.

There is no single answer for how to address the infrastructure challenge. It impacts all communities differently; the obstacles faced by large cities and small towns, whether served by public utilities or investor-owned systems, are not all the same. As a result, finding a solution will require utility managers, local leaders, elected officials, the private sector, and the federal government to all work together to develop a complete menu of financial and managerial tools to enhance and maintain America's drinking water infrastructure.

To begin, funding should be increased for existing federal programs designed to assist community water systems with infrastructure projects. One such program is the Drinking Water State Revolving Fund (SRF). This program provides capitalization grants to states to assist in the development of revolving loan funds. The states make loans to water utilities, which must repay the loans so that the funds can be lent to other communities, and so on over again. This is a sound concept, though "red tape" reduces its attractiveness. Moreover, this program under serves many of the largest metropolitan systems – which face the costliest capital projects and account for the lion's share of unmet infrastructure needs. This represents a serious shortcoming in the program, which needs to be addressed by measures such as increased program appropriations and targeted investment in urban jurisdictions.

Also in need of additional funding is the USDA Rural Water Loan and Grant program, which offers assistance to small public water and sewer systems and allows repayment of loans at reasonable rates and terms. Hundreds of communities are currently on a long national waiting list for funding assistance, which includes a backlog of more than $3 billion in eligible loans and grants.

Recognizing that these two programs alone are not sufficient for addressing the nation's infrastructure funding "gap," our associations are exploring a number of innovative approaches for increasing the investment the nation makes in water infrastructure. We look forward to working with your administration to develop the best solutions to the infrastructure challenge.

Continued

Long Term Water Infrastructure Investment

Recommendations:

- Offer federal assistance to utilities through long-term, low-or-no interest loans and tax incentives, to assure that limited federal dollars are used most efficiently. Grants are appropriate to help communities deal with sanitary sewer overflow (SSO) mandates, and resolving that burden will help communities find rates and other local sources of funds for traditional water infrastructure. Grants may also be appropriate for water projects in certain instances, such as in small or low income communities.

- Fully fund the Drinking Water State Revolving Loan Fund program and the USDA Rural Water Loan and Grant program, at an annual level of at least $1 billion each.

- Offer federal support for drinking water infrastructure and clean water (wastewater) infrastructure in approximate parity. According to the Congressional Budget Office, the needs of each are roughly equal.

- Use federal assistance programs to encourage utilities to become economically self sustaining over the long run. As a condition of federal assistance, water systems should commit to measures designed to help them become self-sustaining. Examples of such measures include a transition to local rates and charges that reflect the full cost of service, and implementation of effective long-term asset management programs.

- Consider mechanisms for utilizing innovative sources of capital, such as some form of infrastructure bank.

- Reject any proposal to establish a federal water tax, charge, or levy against a local water system or its customers.

Safe Drinking Water Standards

All of the undersigned organizations were founded and exist today to advance the art and science of safe drinking water. We are dedicated to protecting public health as our first job and most important priority. The job is a big one.

In an earlier era, unsafe drinking water was a major source of disease and premature death in the United States. In many parts of the world today it still is. That is why the National Academy of Sciences and the Centers for Disease Control and Prevention have heralded the advent of modern drinking water treatment as among the most important public health advances in human history. Without modern drinking water treatment, the scourge of waterborne disease is a real and present danger.

Drinking water quality is governed by the Safe Drinking Water Act (SDWA), under which the EPA sets goals for particular contaminants. The goals, known as Maximum Contaminant Level Goals (MCLGs), are set at a level at which no known or anticipated adverse human health effects occur and which allow for an adequate margin of safety. EPA then specifies either standards, known as Maximum Contaminant Levels (MCLs), or treatment methods, known as Treatment Techniques (TTs) that come as close to the MCLG as is feasible, taking cost into consideration. Under the law, EPA takes cost into consideration by setting drinking water standards or treatment techniques at a level such that the benefits of the regulation are maximized at a cost that is justified by its benefits. If the Agency finds that a regulation is not affordable to small communities, it has discretion to set a different and less expensive standard for them, provided such standard also protects public health.

There are many substances found in the nation's source water supplies, and most of them do not pose human health concerns or need to be regulated in drinking water. The Safe Drinking Water Act specifies a process that EPA uses to select contaminants for regulation. Under the law, EPA is to regulate contaminants that 1) may affect human health; 2) are known or reasonably believed to occur in water sources at levels of public health concern; and 3) for which a national regulation presents a meaningful opportunity to protect public health.

We believe that the deliberative, science-based processes for selecting contaminants for regulation and for setting standards are both sound. We do not support action in Congress that might mandate particular contaminants for regulation or specify values of MCLs or treatment techniques.

Recommendation: fully utilize the deliberative, science-based regulatory processes outlined in the Safe Drinking Water Act to set health-protective standards for drinking water, and reject legislative prescriptions for decisions that should be made through the regulatory process.

Source Water Protection

It is vitally important that America protect its sources of drinking water, both on the surface and underground. Every person in America relies on those supplies for drinking water, whether through a public water system or a private well. These vital water supplies are protected through various statutes, including the Federal Water Pollution Control Act (more commonly called the Clean Water Act or CWA) and the Safe Drinking Water Act (SDWA). Federal agricultural programs also contain authorities that can be used to address water quality concerns.

The CWA controls certain activities that can contaminate surface water supplies while the SDWA's Underground Injection Control Program controls the disposal of certain wastes into groundwater. However, a number of highly polluting activities (such as non-point runoff) are exempt from effective control under the Clean Water Act. In fact, nonpoint source pollution is the largest and most serious cause of water pollution in many American rivers, according to EPA, and is a serious concern for drinking water utilities. Moreover, certain new activities (such as the "underground sequestration" of carbon dioxide) pose potential new risks for groundwater supplies. And there have been proposals to exempt agricultural wastes such as manure – which is a significant source not only of chemical contaminants but also of pathogenic organisms – from the definition of wastes covered by federal waste disposal programs. The bottom line is that our sources of drinking water supply remain at risk and federal leadership is critical.

A particular issue we face concerns emerging contaminants, that is, those that are just being discovered and analyzed in drinking water. These include personal care and pharmaceutical products and their breakdown products and metabolites, which are found in many source waters and in some treated drinking water at extremely low concentrations. The water sector has spent considerable money and effort to understand the sources of these contaminants, possible treatment methods, and possible human health effects. The principal sources of these contaminants appear to include agricultural runoff and sewage discharge. At this time, there is no evidence of human health effects associated with the extremely low concentrations that may be found in treated drinking water. However, more research is needed on both sources and possible health effects. Also needed is Presidential leadership in reducing these contaminants at the source to the maximum extent practicable. This problem must be addressed with decisions based on science, not emotion.

At the U.S. Department of Agriculture, there are two programs that can be used to address water quality related to agriculture. First, the Agricultural Water Enhancement Program (AWEP) provides financial and technical assistance to farmers and ranchers who undertake activities that conserve and protect the quality of ground and surface water. This program is important to us because water utilities can be partners in organizing groups of farmers or ranchers on a watershed basis to apply for AWEP assistance. White House leadership is essential to ensuring that authorized funds are fully utilized. In addition, the Farm Bill includes the Partnerships and Cooperation Program under which USDA enters into competitively selected agreements with state or local agencies, tribes, and non-governmental organizations in projects that encourage agricultural producers to install and maintain land and water conservation practices. Up

Continued

to 6% of funds appropriated for certain other conservation programs may be used for the Partnerships and Cooperation Program. White House leadership is essential to ensuring that this authority is fully used.

Recommendations:

- Work to effectively address nonpoint sources of pollution affecting America's sources of drinking water through revisions to the Clean Water Act or other means;
- Ensure that EPA's new program addressing the underground sequestration of carbon dioxide fully protects drinking water sources over the very long run;
- Ensure that the conservation authorities of the Farm Bill are fully utilized to protect America's sources of drinking water; and
- Research on the sources, treatment, and human health effects associated with personal care and pharmaceutical products, and efforts to prevent them from entering the nation's water supply.

Climate Change Research and Adaptation

We are concerned that many of the most critical impacts of global climate change will manifest themselves through the hydrologic system, and in many areas, it is already clear that climate change is having an impact on the world's water resources. Therefore, as your administration begins to work with Congress to address this issue, we urge you to make water-focused research and adaptation programs a central element of a comprehensive federal response to climate change.

The nation's existing drinking water infrastructure is already in need of significant investments to maintain current levels of service over the coming decades, and climate change will only exacerbate the need for additional resources. For example, changing precipitation patterns across the country may result in more severe drought or floods, a change in snow pack amount and elevation, varying stream flow patterns, and rising sea levels along the coasts. Because the exact effects of climate change on water resources are still uncertain and will vary by region, drinking water utilities responsible for managing water resources face daunting challenges. These utilities have relied upon historical precipitation patterns to manage water supplies, but as these patterns change, water systems must continue to provide uninterrupted, high-quality service to their present customers, and many must also accommodate rapidly growing populations.

Such essential research would include predictive and decision-support tools to help utilities plan for future impacts of climate change. These tools and resources should include climate models that forecast precipitation changes, and address other issues pertinent to water quantity and quality on a national, regional, and subregional scale; climate models that address sea level rise and its effect on coastal water supplies; and assessments to determine – on a national, regional, and subregional scale – the vulnerability of different regions to the anticipated impacts of climate change over different timeframes.

Similarly, your administration should provide strong financial support, such as through a portion of any future greenhouse gas emission auction or carbon tax revenues, to help drinking water utilities to adapt to climate change and address environmental and public health risks that could result from changes to the hydrologic environment. For example, we anticipate that public health risks could increase from higher water temperatures breeding higher concentrations of certain organisms, from changes in ambient water quality, or from more intense rainfall events. These factors could compromise treatment processes and require localized infrastructure enhancements to maintain current public health standards.

The nation's drinking water utilities will be among the first entities in the nation dealing with the challenges of climate change, so we look forward to working with your administration to ensure that water systems are provided with the resources they need to maintain their operations and protect the health of their customers.

Recommendation: Request dedicated funding to assess the impacts of climate change on drinking water resources and to assist drinking water utilities in adapting to climate change.

Water System Security

Water utility managers and operators take their responsibilities as public health stewards very seriously. As such, they are committed to maintaining water quality, while protecting the physical assets and resources needed to maintain utility operations.

Over the past several years water systems have taken significant steps to protect their critical facilities and secure necessary treatment chemicals. However, as Congress prepares to review drinking water facility security regulations in 2009, we believe that your administration should support local decision-making when it comes to treatment practices, particularly disinfection. Such decisions are based on local conditions and needs that are best understood by local experts. Allowing the directives of distant federal officials to supplant sound, locally based decisions could create the potential for unforeseen security and water quality vulnerabilities.

We are concerned about proposals that would empower the federal government to force local water systems to adopt so-called “inherently safer technologies” (IST) that are perceived by some as superior alternatives to utilities’ chosen disinfection methods. We believe that broad IST mandates from the federal government would fail to recognize the complex process that each utility conducts to choose the best water treatment method, based on numerous locally unique factors. These factors include characteristics of source waters, plant location and size, climate and ambient temperatures, treatment chemical availability, and other variables that may not be readily apparent to those unfamiliar with the operations of an individual utility. Consequently, if a utility were forced to adopt a less-effective water treatment option, there could be degradation of water quality or other risk trade-offs that could undermine public health and disaster preparedness.

In addition, we believe that an effective and comprehensive water security program should reflect the following principles:

- Federal officials should not have expansive authority to close drinking water plants for non-compliance with certain regulatory guidelines. While we agree that genuine security and public health vulnerabilities must be quickly addressed, the suspension of drinking water service introduces significant new risks to public sanitation, health, and fire protection. Adequate regulations and procedures currently exist to address instances where water itself may be a hazard, so we urge you to reject new federal authority to order water systems to shut down.

- Congress should avoid the establishment of duplicative water security programs overseen by both the Environmental Protection Agency and the Department of Homeland Security. Having more than one federal agency possess authority over water security would impair the ability of drinking water systems to fulfill their missions, because simultaneous compliance with multiple regulations could be difficult or even impossible. You should ensure that one agency continues to have oversight of the physical security of water utilities, but without having the authority to interfere with local water treatment methods.

Continued

Water System Security

- Some new water security programs propose the collection of data from water providers. Given the sensitive nature of water security information, it is critical that this information be explicitly exempt from disclosure under public information or “sunshine” laws. Likewise, federal, state and local agencies must take all internal precautions to prevent the inappropriate disclosure of water system information.

- Providing safe water is a local public service, and therefore any new federal security requirements should be accompanied by federal funding assistance. Such assistance could be targeted to help utilities update existing vulnerability assessments or implement other physical security or water treatment enhancements that the utility determines will increase security without compromising public health. Otherwise, new security requirements will amount to unfunded federal mandates on local utilities at a time when water treatment facilities are facing hundreds of billions of dollars worth of needs for other high-priority infrastructure projects.

Recommendations: Work with Congress to ensure that:

- New chemical facility security legislation does not force water utilities to change processes, such as disinfection, to adopt what some may perceive are "inherently safer technologies;"
- Federal officials are not given authority to order water utilities to shut down;
- Drinking water utilities are not regulated by different federal agencies simultaneously;
- Sensitive data regarding water utilities is protected; and
- New federal security mandates is accompanied by federal assistance.

Conclusion

Some of the recommendations in this paper involve legislation. Some will require new federal appropriations, though none will require large sums. Others require only policy and direction from the President. But all should be viewed as an investment in America's future. Without such investment, America will forfeit a degree of public health, public safety, economic development, and quality of life, all of which require sustainable supplies of safe and affordable water.

In closing, we again congratulate you on your election, and offer to assist in any way should you like additional information or perspective on the issues we have presented here.

Presented By

The American Water Works Association. AWWA represents the full spectrum of water utilities, from the smallest to the largest and both municipal and investor owned. Its utility members serve safe drinking water to over 80 percent of the American population. It is headquartered in Denver with an office in Washington, DC.
Contact Tom Curtis at 202-628-8303 or visit www.awwa.org.

The Association of Metropolitan Water Agencies. AMWA is an organization of the largest publicly owned drinking water systems in the United States. AMWA's membership serves more than 130 million Americans with drinking water from Alaska to Puerto Rico. It is headquartered in Washington, DC.
Contact Diane VanDe Hei at 202-331-2820 or visit www.amwa.net.

The National Association of Water Companies. NAWC represents all aspects of the private water service industry. The range of its members' business includes ownership of regulated drinking water and wastewater utilities and the many forms of public-private partnerships and management contract arrangements.
Contact Peter Cook at 202-833-8383 or visit www.nawc.org.

The National Rural Water Association. NRWA represents over 26,000 water and wastewater utilities serving small and rural communities. It is headquartered in Duncan, Oklahoma with an office in Washington, DC.
Contact Mike Keegan at 202-742-4416 or visit www.nrwa.org.

American Water Works Association

ASSOCIATION OF METROPOLITAN WATER AGENCIES

NAWC NATIONAL ASSOCIATION OF WATER COMPANIES

NRWA

American Water Works Association

ASSOCIATION OF METROPOLITAN WATER AGENCIES

NAWC
NATIONAL ASSOCIATION OF WATER COMPANIES

NRWA