



November 20, 2020

The Honorable Joseph Biden  
President-Elect of the United States  
1120 20<sup>th</sup> St. NW  
Washington, DC 20036

Dear President-Elect Biden:

On behalf of the Association of Metropolitan Water Agencies (AMWA), congratulations on your election as the next President of the United States. AMWA is an organization of the nation's largest publicly owned drinking water utilities, and each day our members collectively serve clean and safe drinking water to more than 156 million Americans from Alaska to Puerto Rico. We are eager to work with you and your administration in the coming weeks and months to develop and implement policies that promote the delivery of clean, safe and affordable drinking water from coast to coast.

Your election comes at an especially critical time for the nation's water systems and the country as a whole. The COVID-19 pandemic is a dual public health and economic calamity, and among the first orders of business for your administration should be to help the nation regain its economic footing while tamping down on the spread of the virus. AMWA believes the nation's water systems not only have a role to play in achieving these objectives, but can also help develop policies to attain other goals like increasing infrastructure resilience, ensuring science-based regulatory decisions, and achieving greater economic equity and access for all Americans.

First, near-term economic stimulus legislation must include a significant investment in the nation's water infrastructure. The need for additional water infrastructure spending is well documented; the Environmental Protection Agency estimates that the nation's drinking water systems will require more than \$384 billion worth of infrastructure investments over the next two decades just to maintain current levels of service, and \$145 billion of this total is attributable to metropolitan water systems that each serve more than 100,000 people. These estimates do not include the cost of providing service to growing populations or complying with new regulatory mandates. Therefore a more complete picture of our water investment needs may come from the U.S. Water Alliance, which has reported that the United States must spend an additional \$109 billion per year over the next 20 years to close the water infrastructure gap that has accumulated as a result of chronic state, federal, and local underinvestment in our water systems.

According to the Alliance, making the investments necessary to completely close the water infrastructure funding gap by 2039 would create nearly 800,000 new jobs across the country. In light of the severe economic harm caused by the pandemic, an aggressive down payment on

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water infrastructure investment has the potential to jumpstart the economic recovery while making badly needed improvements to our water infrastructure.

Alongside economic growth, your administration's near-term agenda should also combat further spread of COVID-19. This is another area where the nation's water systems can play a key role, and where dedicated assistance will allow ongoing public health protection efforts to continue.

Most water systems responded in the early days of the pandemic by suspending billing-related residential service disconnections, but these actions came at a cost. Overdue water bill balances have spiked, and a report commissioned in the spring by AMWA and the American Water Works Association estimated that over the course of one year drinking water systems could suffer \$5 billion in revenue losses due to increased customer delinquencies and another \$500 million as a result of voluntary pausing service disconnections. Customers who fall behind on their water bills during the pandemic will eventually have to repay their past due balances, so any comprehensive COVID-19 response plan developed by your administration should include significant aid to help low-income customers cover these costs. This action will help vulnerable families keep their water on – maintaining access to essential public health and sanitary services – while also ensuring preserving the revenue streams that are essential to cover ongoing operational and capital improvement expenses incurred by local water systems.

While the challenges facing us are vast, there is good news to build upon. Due to the hard work of the nation's drinking water professionals, Americans enjoy some of the safest drinking water in the world. Utilities from coast to coast are hard at work identifying and removing lead service lines, building resiliency to climate change and extreme weather events, and removing increasingly small concentrations of emerging contaminants from source waters.

Apart from these urgent COVID-related priorities, AMWA is encouraged by your campaign's promises to double federal investments in drinking water infrastructure, hold polluters accountable for activities that harm water quality, and increase federal investments in water technology research. We are eager to work with you on these and other initiatives that will make drinking water a key component of your governing agenda for the next four years. To this end we recommend the following policy priorities that, along with a robust COVID-19 response, will strengthen our nation's water infrastructure while ensuring that drinking water service remains safe and affordable for all Americans.

### **Priority 1: Invest in drinking water infrastructure programs to speed economic recovery**

We know that additional economic stimulus will be necessary to help the nation weather the effects of the COVID-19 pandemic, but we cannot overlook the importance of sustained water infrastructure investment as part of normal year-to-year budgeting.

Individual communities in the United States have traditionally borne the responsibility of paying for the cost of constructing and operating their own drinking water infrastructure. AMWA believes this arrangement is appropriate, as it promotes local accountability and encourages communities to establish water rate structures that adequately cover local infrastructure operation, maintenance, and replacement costs.

This does not mean the federal government has no role to play in financing drinking water infrastructure. Some federal participation is necessary as increasingly stringent federal water quality mandates prompt additional investment in expensive water treatment methods that may cause local water rates to become unsustainable for low-income ratepayers, and in times of economic turmoil increased investment in these existing programs can both create jobs while also helping communities complete projects without overly burdening ratepayers.

Several EPA programs are in place to help cities and towns pay for water infrastructure investments in the most efficient way possible, and your administration should include additional funds for each of these as part of an economic stimulus package, as well as through regular annual appropriations. Most notably Congress established the Drinking Water State Revolving Fund (DWSRF) in 1996 as a mechanism to help states and communities protect public health through the delivery of safe drinking water. Through the middle of 2019, the DWSRF had provided more than \$41.1 billion in funding assistance to communities nationwide through 15,425 individual loans – an average of about \$2.66 million per project.

In 2014 Congress enacted the Water Infrastructure Finance and Innovation Act (WIFIA) program to offer low-cost financing assistance for large-scale water infrastructure projects that may be too large to receive meaningful assistance through the DWSRF. To date WIFIA has offered more about \$6 billion worth of loans to several dozen water and wastewater infrastructure projects across the country. Finally, in recent years Congress created several other targeted water infrastructure assistance programs, such as initiatives to help low-income homeowners replace lead service lines and to help schools test and replace outdated drinking water fountains.

AMWA strongly supports robust annual funding for each of these programs, at levels at least exceeding their FY20 appropriations. And once again, supplemental appropriations for each water infrastructure program should be included as part of any broad economic stimulus or infrastructure funding legislation that your administration proposes in the coming months.

## **Priority 2: Help water systems build resilience to climate change and extreme events**

Melting snowpack in the Northwest, widespread drought in the West, more intense storms in the Northeast, and rising sea levels along the coasts are projected to affect all corners of the nation in the coming decades. The nation's water utilities are already taking steps to ensure uninterrupted, high-quality water service despite these challenges, but any comprehensive climate change legislation supported by your administration should include direct aid to help water and wastewater systems adapt to these changing conditions.

Fortunately, Congress has already begun to recognize this need. America's Water Infrastructure Act of 2018 (P.L. 115-270) authorized a new Drinking Water System Infrastructure Resilience and Sustainability Program that offers competitive grants to help communities enhance water supply options and increase the resilience of their drinking water systems to natural hazards such as floods, hurricanes, wildfires, or other hydrologic changes. Congress subsequently appropriated

\$3 million to the program for the 2020 fiscal year.

The initial resilience program represents a good start, but it suffers from several limitations that should be remedied as part of broader climate or infrastructure legislation. For example, the current program is only available to drinking water systems that serve disadvantaged communities or cities and towns of fewer than 10,000 people. This effectively excludes from eligibility roughly 4,300 of the nation's community water systems which serve a collective population of nearly 250 million Americans – including virtually all of the nation's metropolitan areas. Also excluded from eligibility are each of the nation's 16,000 wastewater systems, which will face their own unique climate and extreme weather resilience challenges.

Clearly, the threats posed by climate change and extreme weather will impact water and wastewater systems serving communities of all sizes – no city or town will be spared simply because its population exceeds a certain threshold. We therefore urge your administration to support, as part of comprehensive and equitable climate legislation or another infrastructure bill, expanding access to the existing Drinking Water System Infrastructure Resilience and Sustainability Program to communities of all sizes, while also establishing a mirror program dedicated to promoting the resilience of the nation's wastewater systems. In each case, a portion of funds should be set aside exclusively for small and disadvantaged communities, as is typical for many water and wastewater assistance programs.

Once expanded to their full potential these programs will encourage water systems to utilize innovative infrastructure approaches that will serve as models for other communities struggling with similar water management challenges, all while easing burdens on vulnerable ratepayers. In sum, the programs will encourage communities across the country to build resiliency into their infrastructure today, while helping ensure uninterrupted water and wastewater service for decades to come.

### **Priority 3: Promulgate transparent, science-based drinking water regulations**

While the nation's drinking water quality is the best that it has ever been, thanks to advanced detection capabilities we also know more than ever before about contaminants that may be present in drinking water supplies at miniscule levels. While this knowledge should inform the drinking water regulatory process, the development of binding standards must be informed by a science-based analysis that considers both public health risks along with the anticipated cost of complying with a regulatory mandate.

The original Safe Drinking Water Act was enacted in 1974, substantially revised in 1986, and the current statute is largely the product of legislation signed into law by President Bill Clinton in 1996. The 1996 SDWA Amendments established a deliberative, transparent, and science-based process through which EPA would develop national primary drinking water regulations that govern the presence of contaminants in drinking water. To date EPA has set federal standards for more than 90 different drinking water contaminants, and in February EPA made the decision to move forward with regulating perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), two of the most studied per- and polyfluoroalkyl substances (PFAS).

A critical component of the existing SDWA regulatory process is the consideration of a

regulation's health benefits against its compliance costs. Once EPA has decided to move forward with a new contaminant regulation, the statute instructs the agency to carry out a health risk reduction and cost analysis of regulatory options that relies on the best available peer-reviewed data collected by accepted methods. Throughout this process, there is a consistent focus on transparency, peer-reviewed science, and the most stringent public health protections that are feasibly attainable with current technological capabilities.

The consideration of feasibility is particularly important, because in some instances it may be technologically impossible or financially unmanageable to achieve the absolute maximum level of public health protection against a given contaminant. In these cases, if a regulation dictated a standard that was practically or financially out of reach of communities and ratepayers, then it would deliver no benefit to the public. The contaminant would remain in the water supply, and thousands of community water systems (and, by extension, their ratepaying customers) could face sanctions by states or EPA for failing to comply with a mandate that falls beyond the bounds of feasibility. Such a scenario is not a desirable outcome for communities nor EPA.

The 117<sup>th</sup> Congress may consider revisions to SDWA's regulatory process, which could include scuttling the cost-benefit analysis completely or mandating EPA to produce binding regulations for certain contaminants on an expedited timeframe, no matter what the public health impact or feasibility studies tell us. AMWA believes this would be a mistake and urges the preservation of a regulatory regime that does not measure success by the number of new regulations enacted. Instead, the law should strive to facilitate the consistent delivery of affordable high-quality drinking water to Americans from coast to coast, to consider the actual public health improvements that result from regulatory mandates that water systems can feasibly attain, and to maintain the transparent, science-based analysis that is carried out as drinking water standards are established or modified.

#### **Priority 4: Enhance economic equity through drinking water affordability**

All Americans should have access to safe drinking water, but the cost of basic water service poses a challenge to many low-income households. Aging water infrastructure and expanded regulatory mandates are expected to continue to put upward pressure on local water rates in the coming years, and the economic devastation related to the COVID-19 pandemic has made it even more difficult for the neediest customers to stay current on their water bills. AMWA believes that federal, state, and local levels of government should work together to ensure that all households – regardless of income – are able to maintain water service without suffering undue financial hardship, both during the pandemic and after its conclusion.

A peer-reviewed 2017 study published in *Plos One* estimated that nearly 12 percent of U.S. households currently struggle to pay their water bills. This figure was anticipated to increase in the coming years even before COVID-19 came into play, so the end result is that affordable water service could be put out of reach of more and more American families.

This complex problem requires a multi-faceted solution. First, federal policymakers must remain cognizant of the financial effects of regulatory mandates on local water utilities and their ratepayers, and to recognize that directives imposed to ensure compliance with the Clean Water Act can adversely affect a community's ability to provide quality drinking water service. Federal

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models that estimate a community's ability to fund its projects required under the Clean Water Act should explicitly include drinking water costs within the burden assessment. Moreover, because household incomes in metropolitan communities vary widely, it is inadequate and inequitable to simply calculate water affordability based on a single figure like median income. The capabilities of the communities' lowest-earning households must be considered as well.

The federal government could also step in to promote economic equity by providing direct water rate assistance to needy families. For years the government has operated programs to help low-income households meet nutritional needs and cover home heating and cooling costs. AMWA believes similar investments would be appropriate to help low-income Americans pay their water bills and avoid service disconnections. One approach supported by AMWA is the Low-Income Water Customer Assistance Programs Act, which would create a federal pilot program to promote local-level initiatives that help low-income customers pay their water bills. The pilot program would allow EPA to study the success of these local initiatives and suggest models for customer assistance programs that could be adopted nationwide.

Had this pilot program been in place when COVID-19 struck, it could have been used as an efficient and equitable vehicle to deliver critical water rate assistance to low-income households, thus giving them one less expense to worry about during the economic downturn. In the absence of an enacted program on the books, Congress has proposed a similar water and wastewater utility customer assistance program as part of COVID-19 response legislation that would allocate funds to states for distribution to households in need. We support both taking short-term action to help customers stay up to date on their water and wastewater bills in the context of the pandemic, as well as the longer-term creation of a permanent water ratepayer assistance program.

### **Clean and safe drinking water today and in the future**

Again, AMWA is proud to represent utilities that deliver some of the world's cleanest and safest drinking water, but we cannot afford to become complacent. You have an opportunity to overcome the COVID-19 challenge and make infrastructure, resilience, science-based regulations, and affordability four central pillars of the drinking water component of your domestic policy agenda. With this focus, we can dramatically upgrade our water systems while improving public health in the process.

The Association of Metropolitan Water Agencies stands ready to work with you and your administration to achieve these goals in the weeks, months, and years ahead.

Sincerely,



Diane VanDe Hei

Chief Executive Officer