



**TESTIMONY OF THE
WATER INFRASTRUCTURE NETWORK
(WIN)**

***MEETING THE NATION'S
WASTEWATER INFRASTRUCTURE NEEDS***

Presented by

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on

March 19, 2003

to the

SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

in

WASHINGTON, DC

Testimony of William B. Schatz
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on behalf of the
Water Infrastructure Network (WIN)

Good morning Chairman Duncan, Congressman Costello and members of the Subcommittee. My name is Bill Schatz and I am General Counsel of the Northeast Ohio Regional Sewer District in Cleveland, Ohio.

Thirty years ago, the Cuyahoga River caught fire and became the poster child for passage of the Clean Water Act in 1972. Since then, we have made enormous strides; however, the challenges ahead are in many ways greater than what we faced then.

As a member of the Association of Metropolitan Sewerage Agencies (AMSA), my district has been a strong supporter of the Water Infrastructure Network (WIN), and it is an honor for me to be here today to represent WIN. WIN is a broad-based coalition of local elected officials, wastewater and drinking water service providers, state environmental and health program administrators, engineers, labor and contractors dedicated to maintaining and improving the public health, environmental and economic gains that America's water and wastewater infrastructure provides.

The dramatic water quality improvements of the last three decades have been built upon a federal, state and local partnership. Continuing this partnership is central to meeting the enormous challenges ahead. These are truly daunting as demonstrated by the following estimates of the funding gap:

- EPA: \$76 billion to \$534 billion
- CBO: \$292 billion to \$822 billion
- GAO: \$300 billion to \$1 trillion
- WIN: \$1 trillion

The water infrastructure needs of our country are comparable in scope and importance to those facing our nation's highway and aviation infrastructure. For this reason, WIN strongly believes that we will ultimately need a long-term, dedicated source of funding to address the Nation's critical water infrastructure needs. WIN is committed to working with members of this Committee on short-term and long-term dedicated funding.

If we are to fully carry out the goals of the Clean Water Act, the federal government must play a more prominent role in funding this infrastructure system. But, as federal funds dramatically decreased throughout the 1980s and 1990s, federal mandates under the Clean Water Act have steadily increased, stressing the ability of local governments to meet these new challenges on their own. As in 1972, when federal funds helped municipal wastewater treatment plants to upgrade to secondary treatment, the federal government needs to step up to the plate.

To put this issue in perspective, let me briefly talk about the challenges we face in Cleveland. The Northeast Ohio Regional Sewer District is a regional utility that conveys and treats over 230 million gallons of wastewater a day. We construct and maintain large interceptor sewers that convey flow from over one million people in 60 communities in a 355 square-mile area. Since 1972, the District has invested over \$1.8 billion in its facilities, including treatment plants, combined sewer overflow control facilities, intercommunity relief sewers, and large interceptor sewers.

After a two-year struggle, the District recently passed a rate increase averaging 7% a year for the next four years. This rate increase was necessary to allow the District to continue operation as well as to upgrade its facilities and to meet its permit requirements. We have projected that the capital program for these efforts exceeds \$1 billion over the next twenty-five years.

Recently completed planning studies reveal that the District will need to invest another \$1.35 billion in new infrastructure to comply with its CSO Control requirements. The District will be attempting to obtain a 30-year compliance schedule for construction of these facilities so that the financial impact of the program can be efficiently spread.

However, most of the \$1.35 billion in projects is not included in the rate structure at this time. Nor does the rate structure include the costs for facilities and operational changes that will be required by future regulatory mandates on air emissions and discharges of pollutants such as mercury. Of greatest concern, however, is the fact that this figure does not include the significant investment that will be required of each of our 60 member communities to comply with the existing storm water program and the upcoming SSO control program. The burden that these mandates place on our ratepayers will soon be too great for them to bear.

Mr. Chairman, my District as well as the rest of the nation's wastewater utilities are firmly committed to achieving the lofty objectives and goals of the Clean Water Act. We have raised rates significantly over the past three decades and will continue to do so in the future. We have implemented significant management measures, including asset management, to reduce operating expenditures and increase efficiency. Operating efficiencies and rate increases, however, can provide only some relief. They will not provide us with the funds to address the current backlog of capital replacement projects. They will not provide us with the funds to meet new mandates associated with controlling wet weather overflows. And they will not provide us with the funds we need to address new mandates in the future.

Municipal wastewater treatment systems are critical components of the nation's infrastructure and, as such, need efficient and effective financing mechanisms to meet current and future clean water mandates. Today, the clean water state revolving loan fund provides financing for less than 10% of core wastewater infrastructure projects.

Accordingly, it is time we begin the process of identifying a long-term, sustainable source of federal funding to meet the needs of future generations. This Committee understands the benefits of dedicated funding sources in the financing of critical infrastructure. We believe the time has come for this concept to be extended into the area of wastewater infrastructure.

Mr. Chairman and Members of the Subcommittee, I would like to take this opportunity to thank you and your staff for working closely with WIN over the past two years to chart a new course for water infrastructure financing. In the 107th Congress, this Committee took a leadership role with the introduction and passage of water infrastructure legislation that enjoyed unanimous bipartisan support. On behalf of WIN*, we look forward to continuing to work with you to advance legislation in the 108th Congress that addresses both our short-term and long-term water infrastructure needs.

*Attached is the Executive Summary of the Water Infrastructure Network's report, *Clean & Safe Water for the 21st Century* (April 2000). The full report is available at: www.win-water.org