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**Testimony of**
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**U.S. Environmental Protection Agency**

**Before the**
**Subcommittee on Water and Power**
**Committee on Natural Resources**
**United States House of Representatives**

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Madam Chair and Members of the Subcommittee, I am Alexis Strauss, Water Division Director for the U.S. Environmental Protection Agency's ("EPA") Region 9 serving Arizona, California, Hawaii, Nevada, the Pacific Islands subject to US law, and approximately 140 Tribal Nations. Thank you for the opportunity to be here this morning to speak to you about the Environmental Protection Agency's National Water Program and specifically about the authorities under the Clean Water Act to help communities along the lower Colorado River to protect water quality. As you know, the Colorado River is an extremely valuable resource: it is the source of drinking water for 25 million people and irrigation water for almost 2 million acres, and it provides recreational opportunities to millions of residents and visitors and supports native species, some of which are threatened or endangered.

My testimony describes how various Clean Water Act programs are carried out by EPA, working with our partner agencies in the states, to protect water quality on the lower Colorado River. I will focus on programs that support planning to protect water quality as well as programs that provide funding for infrastructure. I will also share where members of the Colorado River Regional Sewer Coalition ("CRRSCo") have received federal funding under these EPA programs.

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**I. Water Quality and Watershed Planning**

EPA supports and encourages State and local governments to conduct the necessary watershed-based planning to protect our nation's waters from pollution and to restore those water bodies that have been impaired. Under Section 106 of the Clean Water Act, EPA provides annual grant funding to States to conduct water quality monitoring to assess the quality of the Nation's waters and to develop and implement strategies to protect high quality waters and to restore polluted waters. Under Clean Water Act Section 319, the nonpoint source program, States receive EPA funding to develop watershed-based plans and support local projects to address nonpoint source pollution. A Watershed Plan for the Lower Colorado River is under development by the State of Arizona Department of Environmental Quality (ADEQ). This plan, which we expect to be drafted within the next year, will identify the causes and sources of pollution to the lower Colorado, management measures to address pollution sources and the pollutant load reductions expected as a result. The Clean Water Act, under Section 604, also provides modest funding to States ($100,000/year to ADEQ) for water quality management planning, a portion of which can be passed-through to regional planning entities. For years, ADEQ has been funding the Councils of Governments to work with developers on wastewater infrastructure planning. This year, the federal stimulus package increased funding for this program.

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## II. EPA Financing for Water Infrastructure

### The State Revolving Fund

Since passage of the Clean Water Act, EPA has provided significant funding for municipal wastewater treatment projects, initially under the Construction Grants Program, and since 1987, through the Clean Water State Revolving Fund (CWSRF). Through the CWSRF program, each state maintains revolving loan funds to provide independent and permanent sources of low-cost financing for a wide range of water quality infrastructure projects. Funds to establish or capitalize the CWSRF programs are provided through EPA grants and state matching funds (equal to 20% of the EPA grant). Since 1987, EPA has provided over $26 billion through 2008 to help capitalize these state-run revolving loan programs. In combination with state monies, bond proceeds, and recycled loan payments, the CWSRFs have been able to "leverage" the federal investment and state matching funds into nearly $69 billion to fund wastewater and water quality projects. As of 2008, for every federal dollar contributed, $2.41 has been provided in assistance. This return is expected to increase as loan repayments are used to fund new projects. Increased funding capacity is important because of rising needs, due both to construction cost inflation and the number of existing plants that are reaching the end of their useful life. The continued growth of the programs ensures that funding will be available for projects that improve and maintain water quality well into the future.

Since 1987, EPA has provided the State of Arizona with an annual grant for the CWSRF. This year, the grant, which goes to the Arizona Water Infrastructure Financing Authority (WIFA), is $4,543,000. WIFA will make low interest loans to those applicants the state has determined to be of highest priority. Lake Havasu has received 12 CWSRF loans between 2003 and 2008

for a total of $207.5 million and is expected to receive another $46.05 million low interest loan this year for its Wastewater System Expansion project.

The 2010 President's Budget requests $2.4 billion for the Clean Water SRF, an increase of over $1.5 billion from 2009 levels. This historic request will increase Arizona's share of Clean Water SRF monies, making more low-cost financing available to municipalities' most critical wastewater needs.

**Federal stimulus**

Under the American Reinvestment and Recovery Act ("ARRA"), the State SRF programs are receiving significant additional funding. In April, EPA awarded $26,469,600 of ARRA funds to Arizona's CWSRF program (plus another $55,340,000 for the drinking water SRF program). Lake Havasu applied for $5 million for its Wastewater Sewer Expansion project, and we expect them to receive this funding later this year, partly as a grant and partly as a low interest loan.

In addition to the CWSRF program, and a similar program under the Safe Drinking Water Act for drinking water infrastructure, EPA's annual Congressional appropriations often includes line-item appropriations which direct EPA to provide funding for specific local projects, the majority of which are water infrastructure projects. Local governments along the lower Colorado have been the recipients of such funding.

**III. Infrastructure Needs**

EPA's most recent Clean Water Needs Survey (2004) estimated the Nation's wastewater infrastructure needs will be $205.5 billion dollars over the next 20 years. A large portion of this funding gap is a result of deferred maintenance and aging infrastructure although those parts of the country with increasing populations, such as the Southwest, have a

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large need to expand or build new infrastructure to accommodate growth. And unlike utilities subject to state regulation, such as electric and natural gas service providers and privately-owned water systems, many water utilities in the U.S. have not historically charged their users the full cost of services, resulting in inadequate revenues to maintain and upgrade systems.

I hope this information is of use to the Subcommittee, and I would welcome any questions.

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