

US EPA ARCHIVE DOCUMENT

Water Infrastructure Funding

STATEMENT OF ISSUE:

Many of the nation's wastewater, storm water and drinking water systems are approaching, or have passed, the end of their useful life. The financial resources now available to local governments to create the next generation of wastewater, storm water and drinking water infrastructure is inadequate to get the job done.

BACKGROUND:

Despite expenditures of over \$23 billion annually by local governments, many of our municipal wastewater and storm water collection and drinking water distribution systems – in part, because resources available to these systems are targeted to compliance with Federal mandates – are in desperate need of repair and replacement.

Through water and sewer bills, local tax and ratepayers' investments in drinking water, wastewater and storm water infrastructure approach \$60 billion per year or 90 percent of total costs to build, operate, and maintain these systems. Over the past several years, water and sewer rates have escalated 6.5% above inflation. While further increases in rates and efficiency gains will help pay a share of future system requirements, local fees alone cannot begin to address a funding gap that approaches \$700 billion over the next two decades.

The Local Government Advisory Committee (LGAC) recommends that the nation make a renewed Federal financial commitment to invest in our drinking water, storm water, and wastewater infrastructure. The economic ramifications of an effective drinking water, storm water, and wastewater infrastructure are no less significant than those of an interstate highway system, national defense, or a safe and efficient aviation system. Renewed Federal financial participation in water infrastructure investments will benefit all Americans – rich and poor, large corporations and small businesses, big cities and small communities, and everyone in between. It is an investment that will enhance public health protection and the environment and one that will have long-term economic benefits for the nation as a whole. It is a tax cut for all taxpayers, it is a reduction in the cost of doing business in the United States, and most importantly, it is an investment in protecting public health, the environment and the economy for our children and grandchildren.

RECOMMENDATIONS:

1. The LGAC strongly recommends that the Environmental Protection Agency (EPA) assume a

EPA Local Government Advisory Committee

Adopted by full Committee: 2/9/01

leadership role in securing the needed Federal financial commitment to the nation's drinking water, storm water and wastewater infrastructure including, but not limited to, Combined Sewer Overflows and storm water.

2. The LGAC further recommends that EPA work with the Committee to design a revenue-sharing program that would provide incentives to:

- promote economies of scale and more research and development;
- improve public health and promote water conservation; and,
- improve existing systems.

3. The LGAC requests that staff from the EPA Office of Water with expertise in the water infrastructure funding gap be assigned to work with the Committee to develop a more detailed set of recommendations.