



THE UNITED STATES CONFERENCE OF MAYORS

**Testimony for The Honorable Dave Berger
Mayor of Lima
On behalf of The United States Conference of Mayors**

**“Building Back Better: The Urgent Need for Investment in America’s
Wastewater Infrastructure”**

**Tuesday, February 23, 2021
11:00 a.m.**

2167 Rayburn House Office Building and Via Cisco WebEx

Introduction

Good morning Chairman Napolitano, Ranking Member Rouzer, and members of the Committee. My name is Dave Berger, I have served as the Mayor of Lima, Ohio for 32 years and currently serve as the Chair of the Conference of Mayors Water Council and Vice-Chair for the Conference’s Environment Committee.

I thank you for this invitation to give the Conference of Mayors’ and my perspective regarding the urgent need for investment in America’s Wastewater Infrastructure with a particular focus on the federal role in local infrastructure investment.

I am speaking before you today to provide you with some real-world experience of what is going on in the field of wastewater infrastructure to illustrate the current problems that face many communities throughout the United States.

In the 32 years as mayor of my city, I spent over a decade and a half in negotiations with Ohio EPA and USEPA over Long-Term Control Plans to solve a combined and sanitary sewer overflow problem. And as a member of the Conference’s Water Council, I also participated in over 10 years of discussions with EPA Headquarters and Regional offices on the issues of Integrated Planning, green infrastructure and affordability. So, a significant portion of my professional life has been spent on this and related matters which makes me a reluctant expert in this field.

And my message to you is this – we are on an unsustainable path when it comes to providing water and wastewater services in an affordable manner.

- Local governments are stuck on an unsustainable financial treadmill when it comes to providing water and wastewater services; decisions made by Congress and the Administration to eliminate or reduce financial assistance without restricting costly mandates have placed a severe financial burden on our nation’s cities and the public.
- The combination of consequences from federal water policy mandates that force aggressive, and in many cases unachievable, goals, coupled with the high cost of building, maintaining and operating the necessary infrastructure to provide core city services that comply with federal mandates is now beyond the means of half the nation’s population. This is an artifact of federal policy that forces the lower half of the income strata to afford the same rates as the upper half of household incomes.
- The net effect of mandates and lack of federal infrastructure investment (both capital and operations) puts cities in increasingly higher long-term debt with accompanying rate hikes that has the effect of raising basic service rates to levels that are unaffordable to a growing percent of the 80% of Americans served by these systems.

I do want to thank this subcommittee for introducing the Water Quality Protection and Job Creation Act of 2021 that will begin to address one of these issues - additional federal investment. The nation’s cities need Congress to provide more resources so local governments can continue to provide these utility services to our citizens and afford the ever growing compliance costs of regulations. And we are grateful that you have introduced a straightforward reauthorization bill without any additional mandates or requirements included. We are already struggling with the burden placed on us and we ask that you recognize that we cannot do more without a substantial influx of new money.

Please note that our needs at the local level could better be served by Congressional support to place emphasis on infrastructure renewal and technological upgrades, cybersecurity needs, as well as resiliency needs in a changing environment. We ask ourselves at the local level - “are we looking at and putting resources to real and priority problems?” I refer you to the section below entitled, *Solutions - Mayors 2020 Vision Document*, to see the list of priorities the Conference of Mayors is asking Congress to consider.

The Conference of Mayors supports this legislation because it focuses on the level and categories of federal financial assistance primarily to States, and some local governments who are beneficiaries of intergovernmental transfers when they obtain loans from the State Revolving Fund (SRF) program. Some local governments rely on SRF loans to finance capital projects, but many cities do not access the SRF, relying instead on exempt facility revenue bonds, pay-go, and other financial instruments.

We support this legislation because it continues to authorize federal money targeting financial assistance to low-income neighborhoods, options for loan repayment by cities with SRF loans, (e.g., no interest loans, capital forgiveness, etc.), and it remains a program aimed at helping utility

infrastructure investment including green infrastructure projects. All of these are related to important local needs: the poor in our communities and how financial resources from Congress can help us address their needs; the SRF stays (and should stay) the program to provide federal financial assistance to the nation's cities and counties and their water and sewer utilities infrastructure investment. We applaud the Committee's support to local government. Our hope is that Congress actually appropriates the needed resources over the next decade to prepare the nation for the anticipated emergence of natural disasters on a grand scale, triggered by climate change.

Local Utility Infrastructure Investment is Stuttering When it Needs to Grow

Local governments are charging and taxing customers with the highest rates ever seen - year after year double digit rate increases to maintain service and comply with regulations. But, local governments are doing their financial part. A recent analysis of the 2018 Census estimates local governments spending \$130 billion for municipal water and sewer utilities - a historically high annual investment. From 1993 to 2018, local governments cumulatively spent on water and sewer utilities exceeded \$2.251 Trillion: \$1.225 Trillion on Water Supply Utilities; \$997 Billion on Sewer and Wastewater Utilities. In the United States, 98% of annual spending on water and sewer utilities is by local government.

I just want to emphasize that again - local governments have spent \$2.251 Trillion since 1993. In the past, the federal government funded about 75% of the infrastructure that brought most cities into compliance with secondary treatment standards. This federal cost share made the federal government a partner in upgrading treatment plants and improving water quality. And, because the federal government was spending its own money as well as city money, the federal government paid close attention to ensuring that improvements were cost effective.

Unfortunately, that same commitment is no longer there. During that same 1993-2018 timeframe, with the exception of the year when money was allocated under ARRA, the amount of money appropriated to the Clean Water and Drinking Water State Revolving Funds never exceeded \$3 billion annually or less than 3% of what local governments spent annually. And again, this money is given as grants to states, that in turn, give the money to us in the form of loans that we have to pay back.

This investment has not been enough and has been additionally challenged by other factors. One of the reasons why local governments are challenged with making needed infrastructure investment in water and wastewater utilities is disruption from national economic recessions. A familiar pattern is easily described.

Take, for example, The United States Conference of Mayors research report on the impacts of the Great Recession (December 2007-June 2009) on municipal water and sewer utilities. An analysis of Census data that compared local spending on 10 different water utility construction categories indicates that when recessions hit, utilities tend to pare budgets, shift resources to continue service for public health protection and regulatory compliance. The result was to ultimately stifle up to \$105 billion in utility infrastructure investment over more than a decade.

The recessionary period ended in 2009 and the recovery years reached pre-Recession levels of investment in 2019. In 2019 local governments spent \$41 billion on utility capital construction,

but this was the same level of construction investment in 2007 at the height of an economic expansion that turned down rapidly. The purchase power of \$41 billion invested in utility infrastructure in 2019, due to inflation, may really be closer to the purchase power in 2005-2006 between \$30 billion to \$35 billion.

Construction spending was growing at 11% annually before the Great Recession. Post Great Recession growth in construction spending was between 1% and 1.5%

The Great Recession recovery period for utility construction spending lasted from 10 to 15 years. If it didn't happen, utility infrastructure capital investments would have been \$105 billion higher from 2010 to 2019. What was lost? Sewer line-pump - \$34 billion; Wastewater plant - \$25 billion; Water line - \$25 billion; Water plant - \$21 billion.

Do these factors need to be taken into account by Congress when considering policy in this arena? We urge the Committee to consider these factors when authorizing resources.

Solutions - Mayors 2020 Vision Document

We need to rethink the issue of infrastructure investment as we move forward -- one that balances investment, costs, and determining priorities.

Last year, the Mayors created a bipartisan call for action, called *The Mayors' 2020 Vision: An American Breakthrough* which highlighted 10 priority issue areas that the Mayors of this nation are calling on the President and Congress to address that, we believe, will make our country stronger, more economically competitive, and improve the lives of all Americans, including our most vulnerable citizens.

Included in our [2020 Vision document](#) was an infrastructure section entitled, *Build Modern, Resilient Infrastructure to Address Climate Change, Promote Environmental Justice, and Enhance Opportunity and Productivity: Transportation, Water, Green Energy, and Technology Systems*

In this document, mayors call on the President and Congress to:

- Raise existing federal funding commitments substantially, particularly in the form of grant funding, to support the modernization and expansion of our Nation's drinking water, wastewater treatment, stormwater, and flood protection systems. This includes addressing public health threats from lead contamination in older, legacy water systems as well as helping mitigate the impact of unfunded federal mandates on communities where user fee increases to comply with these mandates are making water rates unaffordable for more and more local residents. The federal government should assist localities in meeting Clean Water Act obligations including (but not limited to) TMDLs for stormwater as it did in the past by funding upgrades of treatment plants to secondary treatment.
- Implement the Integrated Planning Permit law to ensure cities and their customers are not overly financially burdened and to allow cities maximum flexibility to address specific challenges in a smart, prioritized manner.

- Change the current clean water act law to allow cities to have 10-year, rather than five-year, treatment works permit terms.
- Continue to advocate for better “Affordability” assessments involving compliance with unfunded federal mandates, including the elimination of costly penalties.
- Direct new resources funding to support local government efforts to study, evaluate, and undertake capital investments to combat cybersecurity threats and improve water system resiliency from natural disasters.
- Assist in providing funding or federal credits for premise plumbing upgrades on private property to prevent and reduce contamination from pipes.
- Fund the Corps of Engineers’ authority to allow for water and wastewater infrastructure investment which would allow for additional grant funding for the Nation’s water and wastewater infrastructure.
- Increase funding for newly established programs including the water workforce development grant, CSO and stormwater infrastructure needs, increasing system resiliency, and accelerating innovative technologies in the water sector.

As you can see from this list, we call for additional federal funding which your legislation authorizes. Besides additional funding, our 2020 Vision document also addresses the need for making the solutions more affordable which included promoting integrated planning, developing better affordability guidelines, allowing for 10-year permits, additional investment in smart technologies (including smart pipes), and improvements in the water-energy nexus. By thinking more broadly, we can better tackle our infrastructure needs and provide cost-saving solutions.

We also recommend taking a critical look at what our infrastructure and compliance priorities should be. We need to be more mindful that if something costs hundreds of millions of dollars to have a modest environmental benefit, would that money be better spent on other, more pressing infrastructure, environmental, and public health priorities.

Related to this last point, I would like to thank this committee for your work in passing Integrated Planning legislation which my own community has utilized. Integrated planning can, if implemented properly, provide the flexibility to begin to realign standards and requirements with local priorities and local financial capability. It is a huge step in the right direction, and I encourage you to work with us to develop additional solutions and approaches as we rethink our approach to infrastructure investment that is more sustainable. We need a combination of additional investment, financing tools, determining and prioritizing critical needs, and minimizing or eliminating unfunded federal mandates as part of a comprehensive solution.

On behalf of the Conference of Mayors, we stand ready to work with you to help develop these necessary solutions. Thank you again for this opportunity to speak with you today.