



AMERICAN COUNCIL OF ENGINEERING COMPANIES

# MEETING AMERICA'S WATER NEEDS

## ISSUE

Projected investments in the nation's water and wastewater systems will fall short by well over \$600 billion in the next 20 years from what is needed to repair deteriorating infrastructure and meet the mandates of the Clean Water Act and the Safe Drinking Water Act.

Funding for the federal government's principal mechanisms for supporting water and wastewater projects – the Clean Water Act State Revolving Fund (SRF) program (funded at \$1.45 billion in FY'13) and the Drinking Water SRF program (funded at \$908 million) -- has failed to keep up with system needs, putting the quality, safety and security of the nation's water resources at risk.

New financing mechanisms are attracting bipartisan support in Congress to help communities to address this challenge. Republican and Democratic leaders on the House Water Resources & Environment Subcommittee are working on bipartisan legislation to extend the Clean Water Act SRF program for five years and boost funding levels to \$3 billion in the final year of the program. The legislation also creates a new program of loans and loan guarantees based on TIFIA; the Water Infrastructure Finance and Innovation Act (WIFIA) would provide communities with another low cost funding option for water projects.

Another innovative financing tool to leverage private capital for water projects has also attracted strong bipartisan support. Congressman Bill Pascrell (D-NJ) and Senator Robert Menendez (D-NJ) are reintroducing legislation that would lift the state volume cap on tax-exempt Private Activity Bonds (PABs) for water and wastewater projects, enabling communities to raise an estimated \$5 billion a year in private-equity bond financing.

Finally, both the House and Senate are working towards passage of the Water Resources Development Act (WRDA), which will authorize new Army Corps of Engineers water projects throughout the country to address critical navigation, flood control, water supply, and hydropower needs. The Senate WRDA bill, S. 601, has already passed in committee unanimously, and includes key reforms to accelerate project delivery, enhance the safety of the nation's levees, and create innovative financing alternatives.

## KEY POINTS

- Investing in water infrastructure is critical to supporting a growing economy.
- \$1 billion invested in water/wastewater creates up to 28,500 jobs and generates an estimated \$2.87-\$3.46 billion in total demand for goods and services.
- New financial mechanisms are needed to lower borrowing costs for communities and unlock private capital investments in water infrastructure.

## ACTION REQUESTED

- Support the passage of legislation to reauthorize and expand the SRF program and create a new innovative financing mechanism (WIFIA) to help communities fund water needs.
- Cosponsor and support legislation to lift the state volume cap on PABs.
- Support WRDA reauthorization in 2013 to address critical flood, navigation and other water resource needs.