STATEMENT OF

THE HONORABLE RALPH BECKER
MAYOR, SALT LAKE CITY, UTAH

BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

JULY 25, 2012
WASHINGTON, DC

Statement of

The Honorable Ralph Becker
Mayor, Salt Lake City, Utah

On behalf of the National League of Cities

Before the House Transportation and Infrastructure Committee,
Subcommittee on Water Resources and Environment

"Integrated Planning and Permitting, Part 2: An Opportunity for EPA to Provide Communities with Flexibility to Make Smart Investments in Water Quality"

July 25, 2012

Good morning, Chairman Gibbs, Ranking Member Bishop and Members of the Subcommittee. I am Ralph Becker, Mayor of Salt Lake City, Utah. I am here today on behalf of the National League of Cities (NLC), the oldest and largest organization representing cities and towns across America. I also serve on the Board of Directors for the U.S. Conference of Mayors. I appreciate the opportunity to share our perspective on the important role of clean water infrastructure investment in our communities and how the U.S. Environmental Protection Agency (EPA) and Congress can partner more effectively with local governments to make smart investments to protect water quality.

The availability of clean water is the backbone of a modern society and a livable community, and the nation's water infrastructure systems are assets that help support the backbone by protecting public health, as well as the nation's precious water resources. To the extent that America's water infrastructure is properly maintained and can adequately meet the needs of our communities, it will help ensure the long-term vitality of our communities.

To help achieve this goal, cities need a modern policy framework and resources to invest in our nation's water infrastructure systems and protect water quality. To that end, we applaud EPA for developing the Integrated Municipal Stormwater and Wastewater Planning Approach Framework ("Framework"), which demonstrates an awareness of the challenges local governments face in meeting Clean Water Act (CWA) requirements, as well as the conflicts they face in balancing environmental protection with economic feasibility. With regard to affordability, flexibility, and the use of the permitting process within the integrated planning framework, we can minimize these conflicts and pursue the best solutions for the environment and our nation's communities, residents and businesses.

The integrated planning framework provides communities with the ability to develop compliance schedules and prioritize funding for the projects that have the greatest positive impact on water

quality to meet the goals of the CWA at a given time. By using an integrated approach, a community can produce a viable plan that selects from among several options to afford the greatest environmental benefit and address regulatory requirements, while reducing their financial impacts. To help achieve this goal, we ask you to work with EPA to implement the integrated planning framework as an affordable, flexible program that all communities, both large and small and urban and rural, have an equal opportunity to take advantage of and be successful in implementing. Additionally, to be effective, there must be consistency, guidance, and assistance from the various EPA regions for all communities pursing this opportunity.

While addressing affordability and allowing for flexibility are potential important benefits of the Framework, we remain concerned about effective implementation and ensuring that the Framework is a useful tool for our communities and our constituents, who ultimately will pay for water quality and water infrastructure improvements. I will talk about these benefits and concerns, along with some recommendations, in the context of the challenges and opportunities that my city, Salt Lake City, faces in meeting CWA requirements, upgrading our aging infrastructure, and protecting our water resources. I believe our example is one that is mirrored in cities and towns nationwide.

Economic Benefits of Clean Water

In the desert, it seems poetically and ironically appropriate that the largest salt water lake in the western hemisphere and the world's fourth-largest terminal lake is sometimes erroneously called a "dead" lake, as no water flows out. Yet, the Great Salt Lake supports over $1.3 billion in direct economic benefit annually. This includes $1.1 billion from the industrial sector, largely mineral production (99 percent of all magnesium produced in the United States and 14 percent of the world supply); nearly $136 million from recreation; and nearly $57 million from brine shrimp aquaculture. The unique brine shrimp aquaculture industry represents 35 to 45 percent of the world supply of this important "fish food," essential to the world food supply, as it is one of the few food sources able to sustain fish fry through the first few weeks of the lifecycle at fish farms. In addition, about $375 million in paychecks and 7,706 jobs can be traced to the lake.[1] And, with Morton Salt and other companies, the Great Salt Lake produces a lot of salt, too!

Given the importance of clean water and the economic benefits of the Great Salt Lake to our region, which are similar to those of other waterbodies to communities across the country, we as city leaders know that if we do not take care of our water resources, we will undermine the economic underpinnings of our cities, states and nation.

Salt Lake City is committed to investing in our water resources where the science, impacts, and benefits justify. We struggle, however, with the reality that each federal regulatory program and federal mandate is assessed on communities independent from other program requirements. These costs are all paid by the same people, our taxpayers, and it is an unfair burden. We agree therefore with our state that the EPA integrated planning framework should: 1) consider the affordability of costs to each resident, 2) allow us the flexibility to prioritize among all the needs and financial commitments of our community, and 3) provide a permit framework and timeline

[1] Economic Significance of the Great Salt Lake to the State of Utah, prepared by Bioeconomics, Inc. for the State of Utah and the Great Salt Lake Advisory Council, Jan. 2012

that reflects the 20-30 years it will require to implement both immediate remedies and "smart" planning and development upgrades to replace a century of existing infrastructure that was built without modern best water quality practices in mind.

Affordability of Meeting Clean Water Act Requirements

Salt Lake City is currently facing CWA requirements on the Great Salt Lake, Utah's signature waterbody, as well as the Jordan River, which runs through the city. Initial cost estimates for meeting these regulations are staggering. The Great Salt Lake sees algae blooms from nutrients and contains legacy minerals that are both a concern to water quality. State regulators are gathering the scientific data to determine the right numeric standards and nutrient limits for the Great Salt Lake. Depending upon final regulatory limits, the state estimates over $1.3 billion will be required of taxpayers statewide to address nutrients alone, with rate increases up to $500 annually per household.[2] The state reports this may increase Salt Lake City sewer bills by as much as 140 percent.[3] Additionally, the Jordan River faces pending organic sediment limits to improve dissolved oxygen. Again, at an estimated additional cost of $10s to $100s of millions, meeting this requirement could potentially raise each customer's stormwater bill by 50 to 200 percent, or more.

Moreover, there are many emerging drinking water pollutants, such as chromium and pharmaceuticals products, that utilities, such as the Salt Lake City Department of Public Utilities, which handles wastewater, stormwater and drinking water, are increasingly being called on to monitor and remove. Although new treatment technologies are being developed that can address existing and emerging water quality challenges, including advanced treatment not contemplated by the CWA, they are extraordinarily expensive. This raises the question, "what can a community afford?"

Water rate and tax increases placed upon our residents to fund regulatory mandates should be reasonably affordable, and affordability within a community should be assessed based on impacts to the lowest economic level. Regulatory programs and permits with financial implications should only be imposed after taking into account a community's potential or existing financial needs and commitments. In our view, increasing fees to accommodate regulatory requirements that do not provide the overall benefits desired are difficult to justify to financially strapped residents; that is precisely when government loses credibility.

The integrated planning framework will make a long-term plan of integrated stormwater and wastewater projects aimed at meeting the numerous CWA requirements more feasible. By allowing cities to prioritize all projects by first funding those that will provide the greatest overall benefit, we will be able to stretch our limited financial capacity. EPA guidance identifies 2 percent of median household income as the threshold for determining the affordability of rate or tax increases required to meet a regulatory requirement. This figure, however, often does not provide an accurate indicator of what all citizens across the economic spectrum of a community

[2] Statewide Nutrient Removal Cost Impact Study, prepared by CH2M Hill for the Utah Division of Water Quality, Oct. 2010

[3] UDWQ POTW Nutrient Removal Cost Impacts Study: Analysis of Salt Lake City Water Reclamation Facility, prepared by CH2M Hill for the Utah Division of Water Quality, Sept. 2010

can afford. Therefore, we recommend and request that EPA consider the relative cost impact of meeting regulatory requirements on customers at the lower end of economic scale, where there simply is no discretionary income to absorb 50 to 200 percent utility rate increases. Additionally, EPA should include the macroeconomic impacts of all pending regulatory requirements in assessing the "affordability" of a specific regulatory goal.

Flexibility Through Permits

A flexible approach to integrated planning would allow communities to prioritize among all the needs and financial commitments of the community. EPA and the states can and should allow flexibility through the use of permits with regard to time, implementing best management practices, and coordinating and prioritizing projects between different regulatory programs.

With regard to permits, implementation of the integrated planning framework can most efficiently and effectively be achieved through the permitting process, rather than through the use of consent decrees. The states have the authority to implement long-term compliance schedules through the National Pollutant Discharge Elimination System (NPDES) permit program, and therefore judicial consent decrees and EPA administrative orders are unnecessary. We reiterate this concern because the Framework leaves the door open to consent decrees as a means of implementation.

We recommend and request the ability to extend permit cycles to longer timeframes to align with realistic and achievable goals of water quality improvements, which would allow longer term and lower rate impact to fund regulatory improvements. Expanding permit cycles would give cities time to make the right decisions, time to implement solutions, time to see the results, and if necessary, time to adjust implementation if we are not seeing the results we desire or if there is a better way of reaching our goal. And as cities' fiscal recovery continues to lag, we need time to restore our local economies. Explicit provisions within the Framework that allow for more time to implement related regulatory projects under several separate but potentially related permits would also provide needed flexibility.

Related to this is the time and flexibility to implement best management practices, which may require a longer planning and implementation horizon, but may ultimately be more robust, effective, sustainable and affordable for our residents. For example, we know today that one of the most effective and recommended means for preventing stormwater pollution from entering our waterbodies is to construct and retrofit traditional "curb and gutter" with local drainage swales that can both filter water and reduce flooding. Yet, most of the entire country spent the last 50 years installing curb and gutter systems. It will take decades for communities to plan and install this more effective control in coordination with other street improvements. This kind of flexibility in allowing communities the time to study, plan, fund, and implement the best solutions, including structural and non-structural solutions, for the environment and water quality is essential to effective implementation and success of the Framework. Additionally, we encourage EPA to proactively publish and share integrated planning best management practices from across the country with all communities who are or are interested in pursuing an integrated planning approach.

Finally, with regard to regulatory program coordination, we believe the Framework administration should include pending drinking water treatment requirements under the Safe Drinking Water Act, in addition to sewer and stormwater treatment under the CWA. Our utility, with a responsibility for wastewater, stormwater and drinking water, takes a holistic approach to water management, and would benefit from a national policy framework that allows for a similar integrated and coordinated approach. We are hopeful this new framework will increase our opportunities to effectively integrate our master plan work.

Moving Forward – Funding for Water Infrastructure

Addressing the policy challenges is just one part of the equation to addressing our nation's water-related challenges. Addressing our water quality needs is important, and while substantial in its own right, is merely part of a myriad of funding priorities that all communities are struggling to meet. The lack of quality water infrastructure threatens local and regional economies, the environment, and public health and safety. Like other communities, 70 percent of Salt Lake City's water infrastructure is beyond its expected design life and is in need of substantial funding to address our existing system needs. We, therefore, call on you to support new financing mechanisms for funding water infrastructure projects.

NLC is a long-time supporter of the EPA Clean Water State Revolving Loan Fund (SRF). The Clean Water SRF, along with the Drinking Water SRF, are integral tools used by our communities for providing clean, drinkable, and swimmable water to the American people.

As you know, despite the fact that local governments fund 95 to 98 percent of all water and wastewater infrastructure investment, the needs in our communities continue to grow according to EPA surveys. The EPA's most recent Clean Watersheds Needs Survey indicates that the 20 year investment needed to upgrade our nation's total wastewater and stormwater management infrastructure to meet the water quality goals set in the CWA to be $298.1 billion. Likewise, the most recent EPA Drinking Water Infrastructure Needs Survey and Assessment estimates the cost of drinking water infrastructure upgrades over a 20-year period to be $334.8 billion. And, in our estimation, these investment levels are actually an underestimate given the advancing age of our infrastructure, the burden of unfunded federal regulatory mandates, and factors not yet known as a result of our changing climate.

Accordingly, local governments need a reliable, long-term source of substantial capital for municipal water infrastructure systems to help close the gap between current expenditures and anticipated needs to enhance and maintain critical water infrastructure in our communities. NLC supports water infrastructure funding through the SRF programs and other alternative mechanisms of financing water infrastructure improvements and investments, such as, for example, mechanisms that lower the cost of borrowing that will help leverage local funding, offer direct loans and loan guarantees from the federal government to cities, or remove the federal volume cap on tax-exempt bonds for water and wastewater infrastructure projects.

The United States marked the 20th century with breakthroughs and investment in water infrastructure that helped lift our nation to international prominence for the past 100 years. We ask you to lead and serve your people by addressing the underlying issue of aging infrastructure

and unmet infrastructure needs. This effort will set our local communities, our states, and country up to meet the challenges and opportunities of leading the world into the next century.

Conclusion

In closing, as we come up on the 40th Anniversary of the Clean Water Act, you should know that local governments remain committed to meeting the water infrastructure needs and water quality protection standards in our communities. We hope the federal government remains committed to being a full partner in this important endeavor. Because the nation's cities are working to improve aging infrastructure, meet federal regulatory requirements, create and retain jobs, and foster a climate of economic growth in our communities, a partnership with the federal government is essential. We look forward to working with you on a long-term solution to our nation's water infrastructure needs and with EPA to ensure that this integrated planning framework approach can help communities meet water quality protection standards in an affordable and flexible manner.

Thank you for the opportunity to speak on behalf of America's cities and towns. I look forward to your questions.