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The Authoritative Resource on Safe WaterSM

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President Submits 2010 Budget

On Thursday the President submitted his budget for fiscal year 2010, which begins on October 1. The plan totals \$3.6 trillion, including \$1.5 billion for the Drinking Water State Revolving Fund and \$2.4 billion for the Clean Water SRF. In total, EPA would receive \$10.5 billion in fiscal year 2010, an increase of roughly \$3 billion or 34 percent over current levels.

Included in the agency total is \$24 million to fully fund all five EPA Water Security Initiative (WSI) pilot cooperative agreements and Water Alliance for Threat Reduction activities begun in response to the 2002 Bioterrorism Act. Climate change is another key topic in the proposed budget. The President proposes to work expeditiously with key stakeholders and Congress to develop an economy-wide green house gas cap-and-trade emissions reduction program to cut emissions 14 percent below 2005 levels by 2020, and by 83 percent below 2005 levels by 2050. Overall, the budget assumes a 100-percent auction of emission credits, raising \$646 billion over the coming decade. Those funds would be devoted in part to investments in green energy technologies and in part to a new tax credit to low and middle income workers.

The budget also assumes a renewal of Superfund taxes, which expired in 1995. The Superfund hazardous waste cleanup program was funded through taxes on chemical feed stocks and a surcharge on corporate income taxes.

Finally, the budget requests \$5 billion annually over the next ten years for an infrastructure bank. Details are not yet available, but then-Senator Obama supported legislation to create an infrastructure bank to make loans available for large infrastructure projects. At its upcoming meeting, the AWWA Water Utility Council will review an AWWA report on increasing investment in water infrastructure through a water infrastructure bank. A federal infrastructure bank could be used to 1) provide direct access to low cost capital for large projects that SRFs often can't fund, 2) lower the cost of leverage for those SRFs that wish do so, and 3) help attract private capital into water infrastructure projects. Even a modest reduction in the cost of capital can make a dramatic difference in the total cost of an infrastructure project. For example, a loan that is two percent below today's market rate is approximately equivalent to a 25 percent grant.

SRF Legislation Expected Soon in Senate

While no bill has been introduced at this point, the Senate Committee on Environment and Public Works plans to take up legislation soon to boost funding and make some administrative changes to the drinking water and wastewater state revolving loan fund (SRF) programs. Senate staff shared with AWWA an "eyes only" copy of the bill, which is virtually identical to S.3500 in the previous Congress. In the draft bill for this Congress, the drinking water SRF program would be authorized to receive \$15 billion over a five-year period from FY2010-2014. Wastewater would be authorized to receive \$20

billion over that same period. The legislation would “give greater weight” to project applications that includes features such as asset management plans, long-term financial planning, and a review of options for restructuring the water system. The bill is expected to be introduced as a bipartisan bill, though at some point, amendments will be offered (such as one inserting Davis-Bacon prevailing wage requirements) that will likely raise partisan issues.

Chemical Facility Security Legislation Coming Soon

Word from Capitol Hill is that agreement has been reached among leadership of the House Committee on Energy and Commerce and the Committee on Homeland Security regarding chemical facility legislation to be introduced soon. Notwithstanding earlier reports to the contrary, it now appears that EPA may be the lead agency for drinking water security. AWWA has been meeting with staff of both House committees and has taken a clear stand that no chemical facility security legislation should mandate inherently safer technologies on drinking water systems or give federal officials “shutdown” authority over a water system.

EPA Organizing Stakeholder Meeting on Total Coliform Rule Revisions

EPA is organizing a stakeholder meeting to describe the agency's progress following up on the recommendations of the Total Coliform Rule and Distribution System Advisory Committee (TCRDSAC). The anticipated meeting date is April 3, 2009, in Washington D.C... Consultation with states is already ongoing, and the agency will engage the Science Advisory Board later this spring and summer in what will likely be the final round of external review before the draft proposed rule enters a year long period of internal agency deliberation. Currently, a proposed rule is anticipated in August 2010.

CDC Planning Distribution System Epidemiology Study for Drinking Water

The Centers for Disease Control and Prevention are in the initial stages of planning an epidemiology study geared toward discerning the attributable risk of waterborne disease associated with distributing drinking water. The initial study framework anticipates involving several drinking water systems, which would identify events that significantly affect water system pressure within definable areas and conduct field water sampling. CDC would conduct household phone interviews within impacted areas and within an unaffected portion of the waters system. The study, like recent EPA publications, will focus on acute gastrointestinal illness. CDC is proactively engaging AWWA, EPA, and other researchers in the field in the study design. Water system participation will be voluntary, and much of calendar 2009 will involve identifying water systems willing and able to participate in the study. Study results can be reasonably expected in 2011 – 2012 timeframe.

As always, please get in touch with your AWWA Washington Office if you have questions or comments.