

Testimony of April Snell, Executive Director, Oregon Water Resources Congress
Submitted to the United States Senate Committee on Appropriations
Subcommittee on Interior, Environment and Related Agencies
May 6, 2013

RE: FY 2014 Budget for the U.S. Environmental Protection Agency's Clean Water State Revolving Fund Loan Program

The Oregon Water Resources Congress (OWRC) is concerned about continued reductions to the U.S. Environmental Protection Agency's (EPA) Clean Water State Revolving Fund Loan Program (CWSRF) and is requesting that appropriations for this program be increased to at least \$2 billion in FY 2014. The CWSRF is an effective loan program that addresses critical water infrastructure needs while benefitting the environment, local communities, and the economy. OWRC is also concerned about various efforts by EPA to increase regulatory authority over water resources planning and urges the Senate to take action and prevent further jurisdictional overreach. EPA's actions to increase its jurisdiction are counterproductive to collaborative planning and detract from the positive solutions achieved through the CWSRF program.

OWRC is a nonprofit association representing irrigation districts, water control districts, improvement districts, drainage districts and other local government entities delivering agricultural water supplies. These water stewards operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower production, and deliver water to roughly 1/3 of all irrigated land in Oregon. OWRC has been promoting the protection and use of water rights and the wise stewardship of water resources on behalf of agricultural water suppliers for over 100 years.

FY 2014 Appropriations

We recognize that our country is facing difficult economic times and that we must make strategic investments with scarce resources. The CWSRF is a perfect example of the type of program that should have funding increased because it creates jobs while benefitting the environment, aids with proactive asset management, and is an efficient return on taxpayer investment. Oregon is facing record levels of unemployment and the CWSRF funded projects provide much needed construction and professional services jobs. Moreover, as a loan program, it is a wise investment that allows local communities to leverage their limited resources and address critical infrastructure needs that would otherwise be unmet.

Nationally, and in Oregon, there are substantial unmet water infrastructure needs. In *Clean Watersheds Needs Survey 2008: Report to Congress and Drinking Water Infrastructure Needs Survey and Assessment: Fourth Report to Congress*, EPA estimated that the funding need for drinking water infrastructure totaled \$335 billion (in 2007 dollars) and wastewater infrastructure needs totaled \$298 billion (in 2008 dollars). Appropriations for water infrastructure, specifically the CWSRF, should not be declining but remaining strong, and growing, in order to meet these critical needs. The President's FY 2014 Budget proposes only \$1.1 billion for the CWSRF program, a \$472 million reduction from FY 2012. This is inadequate amount in light of the enormity of the infrastructure needs nationally. There has not been an increase since 2009 while both the infrastructure needs and the costs to address continue to grow. Continued funding

reductions has led to delaying repairs or upgrades which increases potential for catastrophic failure and is counterproductive to the Administration's desire to encourage asset management and sustainable water infrastructure. We are deeply concerned about this negative downward trend and urge you to reverse course and increase funding for this valuable program.

CSWRF Success and Needs in Oregon

Six OWRC member districts have successfully received loans from the CSWRF over the last several years and many more will apply if funds are available. Numerous irrigation districts and other water suppliers are taking proactive approaches to addressing non-point source issues by piping open canals, which improves water quality by eliminating potential run-off, and increasing water availability for both irrigators and fish and wildlife. Oregon's Department of Environmental Quality (DEQ) has also recently revised their CWSRF rules, which will create greater opportunities for water quality improvement projects that yield both environmental and economic benefits. However, reduced federal funding has created uncertainty for potential program applicants and there continues to be more applicants than available funding.

What is being proposed for FY 2014 CWSRF appropriations is far short of what is needed to address critical water infrastructure needs in Oregon and across the nation. The DEQ's most recent "Proposed Intended Use Plan Update #2 - State Fiscal Year 2013," lists 14 projects in need of a total of \$30,914,491 in Oregon alone. The FY 2013 capitalization grant available to DEQ is \$7,370,000, roughly half of the FY 2012 appropriations DEQ received. Currently, two irrigation districts have submitted applications for funding to complete projects that will not only benefit the environment and the patrons served by the water delivery system, but also benefit the economy. These projects include:

- **Central Oregon Irrigation District** - This project would provide 4500 feet of new pipeline to carry irrigation water currently in open canal which will lead to water efficiency consistent with EPA's green project reserve guidance. **Request: \$3,250,000**
- **Three Sisters Irrigation District** - This project would design and construct approximately 5.3 miles of HDPE 42-inch pipe to remove irrigation water from open canals which will lead to water efficiency consistent with EPA's green project reserve guidance. **Request: \$2,000,000**

We support the Administration's efforts to expand "green infrastructure" options and encourage sustainable water infrastructure. In fact, irrigation districts and other water suppliers in Oregon are on the forefront of "green infrastructure" through innovative piping projects that provide multiple environmental benefits. Four irrigation districts received over \$11 million funding in Oregon from the 2009 American Recovery and Reinvestment Act (ARRA) funding through the CWSRF for projects which created valuable jobs while improving water quality. These four projects were essential to DEQ not only meeting but exceeding the minimum requirement that 20% of the total ARRA funding for the CWSRF be used for "green" projects. Our districts continue to be on the forefront of innovation and are often the only projects that qualify for the green project reserve. However, continually reducing the amount of funds available for these worthwhile projects is counterproductive to the Administration's desire to incentivize green infrastructure and has created increased uncertainty for potential borrowers about whether adequate funding will be available in future years.

CWSRF is often an integral part of an overall package of state, federal and local funding that necessitates a stronger level of assurance that loan funds will be available for planned water infrastructure projects. CWSRF reductions can lead to loss of grant funding and delay or derail beneficial projects that irrigation districts have been developing for years. OWRC supports the creation of an infrastructure bank, but the needs facing communities now cannot wait for a new funding mechanism, particularly when the CWSRF has worked very efficiently in Oregon. The CWSRF has been an extremely valuable tool in Oregon for improving water quality and efficiently addressing infrastructure challenges that are otherwise cost-prohibitive.

The Importance and Success of Local Watershed Planning

In addition to advocating for increases to the CWSRF program, OWRC is supportive of funding and technical assistance for states to conduct watershed planning activities. Oregon is the model for watershed planning and does not need a new federal agency or Executive Branch office to continue watershed planning—but we could use federal assistance in implementing priority activities. Planning activities are conducted through local watershed councils, volunteer-driven organizations that work with local, state and federal agencies, economic and environmental interests, agricultural, industrial and municipal water users, local landowners, tribes, and other members of the community. There are over 60 individual watershed councils in Oregon that are already deeply engaged in watershed planning and restoration activities.

Oregon's success in watershed planning illustrates that planning efforts work best when diverse interests develop and implement plans at the local watershed level with support from state and federal government. However, we continue to be concerned about EPA (and CEQ) efforts to revise Clean Water Act Guidance without appropriate public process or legislative oversight. The proposed changes would greatly broaden EPA authority and illustrates an apparent desire to dictate watershed planning methods for the nation using a top-down regulatory approach from a desk in Washington DC. This regulatory overreach will lead to uncertainty for landowners and water users, increased litigation and destroy collaborative efforts (including CWSRF projects) already underway in Oregon and across the nation. Furthermore, funding for these types of regulatory activities should be extensively reviewed and not come at the expense of valuable and established programs like the CWSRF.

Conclusion

We strongly support the CWSRF program and urge you to increase funding so that additional innovative, environmentally and economically beneficial water quality projects can be implemented in Oregon and nationally. The voluntary, pro-active approach of the CWSRF program creates and promotes collaborative solutions to water resources challenges. Conversely, regulatory overreach destroys cooperation, creates mistrust and has a very negative effect on jobs and local economies. Lastly, increasing CWSRF program funding is a smart investment that will help leverage other sources of funding to address critical water infrastructure needs. We respectfully request the appropriation of at least \$2 billion for the U.S. Environmental Protection Agency's Clean Water State Revolving Loan Fund for FY 2014.

Sincerely,

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