

Water Infrastructure Investment Creates Jobs

- ◆ **In the FY23 Budget: Support Increased funding to the Clean Water Trust Contract Assistance Line Item 1599-0093 (House FY23 Budget proposes \$63,383,680)**
- ◆ **Urge the Executive Office of Energy and Environmental Affairs to reconvene the Water Infrastructure Advisory Committee and have them meet regularly to track and identify key challenges facing our water infrastructure.**

ISSUE:

The Commonwealth and its municipalities face an impending water crisis created by antiquated infrastructure and a failure to properly invest in maintaining existing water and sewer infrastructure.

BACKGROUND:

Many Massachusetts communities have water and sewer systems that are well over 100 years old and are in dire need of rehabilitation and/or replacement. Leaking water pipes drive up treatment costs and increase the risk of breaks. Leaking sewer pipes allow groundwater infiltration, driving up wastewater treatment costs and negatively impacting groundwater levels. Many water/wastewater treatment plants were built in the 1970s (with federal funding) and now require significant upgrades that will cost millions. Aging systems, PFAS, Lead Service Lines, Climate Resiliency needs and other issues are placing increased burdens on municipal systems.

Water and sewer rates are rising, but they are not able to keep pace with the needed investments. The Commonwealth needs to provide leadership and direction to ensure solutions are created to help communities and their respective water suppliers deal with this significant funding gap. While the federal government has provided some funding, there are still major challenges.

KEY POINTS:

- ◆ **Under ARPA (American Rescue Plan Act) the Commonwealth received \$5.3 Billion**
 - In FY2021 –the MA Legislature authorized \$100 million for water/sewer infrastructure from the State’s ARPA funds (emphasis on addressing PFAS and CSOs)
 - \$12 million earmarked to specific projects
 - \$67 million distributed to projects already funded on 2021 Intended Use Plan (IUP)
 - \$20 million held for CSO projects 2022 on IUP
 - The Commonwealth still has approximately \$2.4 Billion at its disposal for future disbursement
- ◆ **Under IJA**
 - Drinking Water, General Projects, Lead Service Line, Emerging Contaminants, Clean Water Bucket = Total of \$1,183,481,397 for Massachusetts distributed over 5 years
 - Emphasis on loan forgiveness for “Disadvantaged Communities”
 - Build America Buy America (BABA) Provision is a concern
 - Supply Chain issues are a concern.
- ◆ **H 4720, An Act investing in future opportunities for resiliency, workforce, and revitalized downtowns (FORWARD Act) proposed approx. \$100 million in water/wastewater projects and \$104 million for the Clean Water Trust**

ACTIONS REQUESTED:

We respectfully ask the legislature:

- ◆ **In the FY2023 Budget: Support Increased funding to the Clean Water Trust Contract Assistance Line Item 1599-0093 (FY 23 House Budget proposes \$63,383,680)**
 - This Line Item supports more favorable loan rates and incentives
 - The Legislature authorized this Line Item to increase to \$138 million, but funding to that level has not been appropriated (Chapter 259 of the Acts of 2014*)
- ◆ **Urge the Executive Office of Energy and Environmental Affairs to reconvene the Water Infrastructure Advisory Committee and have them meet regularly to:**
 - **Monitor progress on closing the Funding Gap**

- Evaluate Water Systems' Financial Capability (what can utilities afford to do)
- Evaluate Possible State Revolving Fund improvements
- Address customer affordability concerns

****Chapter 259 of the Acts of 2014 raised the state capitalization of the SRF program from \$88 million to \$138 million, but the legislature needs to appropriate the funding. The Act also provides access to less than 2% loans, 0% or even principal forgiveness if a project meets certain criteria. Please fully fund capitalization at \$138 million.***