food&water watch

The Case for a Clean Water Trust Fund

New Realities, New Solutions

Clean, healthy, affordable water is something every American should be able to rely on. But as the nation's population grows and its infrastructure ages, our public clean water systems are facing some grim realities.

The American Society of Civil Engineers has given the nation's clean water infrastructure a D- rating. Our pipes – some 72,000 miles of which are over 80 years old – are failing and need replacing. Outdated sanitation facilities are inadequate to handle new standards. Sewers are overflowing, causing environmental damage and beach closings.[1]

Federal agencies, states, and local municipalities all acknowledge that spending on clean water has fallen far behind systems' needs. The Environmental Protection Agency estimates the funding gap for total water infrastructure works out to as much as $22 billion per year.[2]

Congress does provide some money for maintaining infrastructure through the State Revolving Fund. The SRF gives states seed money for low interest loans to municipalities, which then use those loans for the upkeep of their systems. However, the SRF is perpetually underfunded and congressional appropriations are subject to political pressure. Presidential budget requests for SRF appropriations have dropped by more than half over the years, from $1.6 billion in 1995 to $688 million in 2007.[3]

In fact, the overall federal government contribution to total clean water spending has shrunk dramatically, from 78 percent in 1978 to just 3 percent today. States spend approximately $63 billion annually to compensate, but their efforts barely keep pace with current needs, let alone future ones.[4]

In response to the mounting funding crisis, utilities are left with little choice but to raise rates. Over the past 15 years, clean water service charges have

climbed dramatically, doubling the rate of inflation each year for the past six years.[5] These increased costs are a burden for all, but fall disproportionately on the poor.

Meanwhile, our environment and public health bear the consequences. Many of the nation's sewer systems, incapable of handling the stresses of population growth, runoff, and insufficient maintenance, overflow during storms. This is particularly true for combined sewers, which mix municipal sewage with stormwater. Overflows from combined sewers alone spill 1.28 trillion gallons of waste, bacteria, and toxic chemicals into our waterways every year, requiring $50.6 billion in cleanup costs.[6,7]

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Inadequate clean water infrastructure leads to thousands of beach closures every year, as overflowing sewage turns our shores into contamination sites.[7,8] Coastal communities, which depend on recreational use of waterways and tourism dollars, must struggle through the resulting economic hardship.

As if that were not enough, the National Reseach Council has determined that an increasing percentage of waterborne disease outbreaks are directly related to distribution system issues. "Investigations conducted in the last five years suggest that a substantial proportion of waterborne disease outbreaks, both microbial and chemical, is attributable to problems within distribution systems," NRC said, cautioning that deteriorating infrastructure is frequently the culprit and "substantial investments" are necessary to counteract further public health consequences.[8,9]

If clean water is going to remain a reality, we must relieve the pressure on our pipes.

Various Avenues to Clean Water…

Clean water analysts, activists, and local decision makers have all realized the scope of the problem and offered solutions. Among those to gain the most attention are better use of existing resources, private financing options, and a public trust fund.

EPA suggests a range of possibilities, including more efficient utility management, reduced water consumption, modified watershed approaches, and new financing tools – such as incentives for private sector involvement. Unfortunately, even the most meticulous use of currently available resources will only bridge a sliver – between 10 and 15 percent – of the funding gap.[9,10]

Increasingly efficient utility management will provide some savings, but most water utilities are already operating efficiently to provide drinking water and sewer services.

Reduction of water consumption and watershed protection makes good environmental sense. Leaks should be repaired in our aging systems, and we must address our use of water nationally. But this only frees funds that would otherwise be used for new water source development, not the funds needed for clean water.

Efficient public systems currently deliver water services to 86 percent of Americans, while incentives for more private involvement lead to higher costs for us all. Although some argue that private companies can deliver more efficient performance than public utilities, a recent analysis of 40 years of water and sewer privatization found no evidence for improved cost savings from privatization.[10,11]

…But Only One Best Solution

We need to address the real needs instead of creating false solutions. A public trust fund utilizing money collected and apportioned by the federal government represents the best, and most realistic, solution to the challenges facing our clean water infrastructure. A national trust fund can address needs across the country, not just locally. It can address issues equitably, in particularly the needs of small and rural communities. A trust fund will enable the country to reach water quality goals uniformly instead of focusing issue by issue. Clean water investments ensure that social and environmental objectives are met – and will create jobs across the country.

At least one potential prototype for a federal trust fund can be found in North Carolina, where the Clean Water Man-

agement Trust Fund helps safeguard that state's infrastructure and environment. Established by the North Carolina General Assembly in 1996, the Trust Fund has administered more than $700 million in grants to local governments, state agencies, and conservation groups to improve surface water quality.

Funds are appropriated by the General Assembly, and are used to restore polluted waters and river buffers, improve failing wastewater collection and treatment systems, and prevent, control, and treat stormwater pollution. A 21-member board of trustees oversees the funds' allocation.

Among the fund's accomplishments are 171 wastewater improvement projects and 57 stormwater management projects conducted with local municipalities, many of which incorporate environmental protection measures. For example, a recent grant to the Fayetteville Public Works commission will protect the Cape Fear basin from sediment and phosphorus runoff, and funds

provided to the town of Marion will safeguard Lake James, one of North Carolina's cleanest lakes.[11,12]

The program has garnered praise from the independent North Carolina Progress Board, which in a recent annual report confirmed the link between responsible stewardship and economic growth. "States can and do have strong economies and protect the environment. In fact, the states with the strongest environmental records also claim

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North Carolina's Clean Water Management Trust Fund

- Established in 1996.
- Funds appropriated by General Assembly, overseen by 21-member board.
- Administered over $700 million in grants for more than 200 projects.
- Restores polluted waterways, improves treatment systems.

the distinction of having the best job opportunities and climate for long term economic development," it said.[12,13]

The same seems true on the federal level, where trust funds are widely used to address problems too big for states alone to handle. The Government Accountability Office has identified more than 120 federal trust funds currently in operation.[13,14] Some of the key ones are identified below.

In addition to support for pollution abatement, interstate highways, and harbors, trust funds also finance botanical gardens, maintain the U.S. Capitol grounds, and restore wildlife habitats.

Clean water, a public resource utilized by all Americans, certainly deserves the same protection. While state programs can help, they are few and far between. More importantly, clean water issues cross state borders – discharges from one state's sewers may contaminate rivers, streams, and lakes in another. Current and future problems surrounding clean water infrastructure are serious and broad enough to warrant federal intervention.

A clean water trust fund would represent a dedicated and steady source of funding to begin addressing the nation's public water needs. It would be free from political interference, would not contribute to the national debt, and would ensure all Americans continued access to an essential resource.

Research shows that where clean water

Key Federal Trust Funds

- **Highway Trust Fund** – This fund, created by the Highway Revenue Act of 1956, draws money from taxes on motor fuel, sales of trucks, trailers, and truck tires, and the use of heavy vehicles to help pay for maintenance of national roadways.
- **Harbor Maintenance Trust Fund** – This trust, set up in accordance with the Water Resources Development Act of 1986, draws on the harbor maintenance excise tax and fees paid by ship passengers. Funds are spent on keeping the nation's economically critical harbor system in good working order.
- **Oil Spill Liability Trust Fund** – Created in 1986, this fund obtains its capital from fees on barrels of oil produced domestically or imported. Funds are used to clean up catastrophic environmental consequences in the event of an oil spill.

is concerned, the public is willing to pay more. Republican pollster Frank Luntz found that a majority of Americans believe access to clean water is a right, not a privilege, and an overwhelming 83 percent would support legislation to create a long-term, sustainable trust fund to keep it that way.[14,15]

Americans believe that clean water is a national issue warranting a national solution, no matter where funds may be spent. "For the most part, environmental issues are seen as local or state challenges. Not here," Luntz said. "On rare occasions, the public turns to Washington for help and solutions. This is one of them." His research also indicated that voters would be more likely to reelect a member of Congress who had supported clean water.

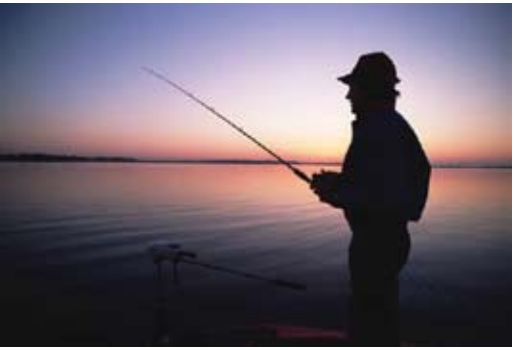
Where Would the Money Come From?

The National Association of Clean Water Agencies recommends that the revenue for a clean water trust should be broad-based, equitable, and secure.[15,16] That rules out residential sewer or water bills, because nearly all the funds for infrastructure are already collected from those bills. Imposing yet more of a burden on households alone is hardly equitable.

Funding sources for a clean water trust should follow the pattern established by most federal trusts and come from industries that profit off of, or damage the quality of, clean water.

Funding sources for a clean water trust should follow the pattern established by most federal trusts and come from industries that profit off of, or damage the quality of, clean water. A natural solution would be a "polluter pays" approach – industries and companies that hamper water quality in the course of conducting their business would pay to maintain the systems they harm.

Many industries put pressure on our clean water systems. Manufacturers of "flushable products" such as soaps and detergents, toiletries, toilet tissue, water softeners, and cooking oils depend on access to clean water to keep their businesses afloat. The same goes for the toxic chemical industry. Research indicates that most consumers would support fees on these types of industries to fund clean water projects.[16,17]



Operating a Clean Water Trust Fund

A clean water trust fund most likely would be operated through a system similar to the State Revolving Fund with a few modifications. The current model, where the federal government distributes funds to states, which in turn portion out money to municipalities, should be preserved. The federal government is the appropriate actor to collect revenue, and states have superior awareness of their own infrastructure needs and the relationships with municipalities necessary to ensure that those needs are met.

However, retooling certain aspects of the SRF system would allow a clean water trust to more successfully safeguard infrastructure. As structured, the SRF allows only seed money for states to make loans, but a clean water trust should allow for grants, as well. The trust fund administration should allow municipalities to improve their systems, as well as simply maintain them. Resources from a trust could also be used to address broader watershed issues affecting multiple states.

Chicago's City Hall makes use of a 20,300 square foot green roof capable of retaining 75 percent of the water from a one-inch rainfall.

The trust fund should look ahead as well, reducing future demands by encouraging incorporation of green infrastructure into clean water systems.

Clean Water = Green Water

In addition to safeguarding the pipes and treatment plants we use today, addressing the clean water needs of the future will require new technologies to help us deal with water needs in a way that places less strain on the environment. A 2005 bill calling for the creation of a clean water trust fund noted that "significant further progress also requires the development of new wastewater technologies, improved management techniques, and intensified research."[17,18]

Fortunately there are already several developing technologies that serve to reduce demands on infrastructure, protect the environment, and in many cases even save money for cash-strapped municipalities.

Rain barrels, porous construction materials, smaller parking lots, constructed wetlands, re-vegetated urban areas, and "green roofs" on buildings all prevent runoff and rainwater from ever entering a sewer, which reduces

overflows. Some progressive cities have begun implementing these techniques and are already discovering just how big a difference a little change can make.

Chicago's City Hall makes use of a 20,300 square foot green roof capable of retaining 75 percent of the water from a one-inch rainfall. This benefits the city's clean water system while saving nearly $3,600 annually in reduced heating and cooling costs due to the roof's effects on the temperature inside the building.[18,19]

Meanwhile, Portland, Oregon, laid out $8 million in subsidies to encourage families to disconnect their downspouts from the combined sewer system. Some $250 million in savings and one billion gallons of diverted stormwater later, Portland's experiment is now hailed as a model for cities across the country.[19,20]

As more cities and municipalities invest in implementing green technologies, less demand will be placed on overburdened systems. That means more funding can be directed towards anticipating future problems rather than reacting to current ones.

Time for a Trust Fund

Our clean water infrastructure needs help now. Instead of irresponsible private investment schemes, we need to plan ahead for future generations and create a dedicated source of public funding so that communities across America can keep their water clean, safe, and affordable. Water is a vital resource, critical for all of us. It deserves no less than the trust funds that help finance our highways, harbors, and wildlife habitat. It is time for a trust fund for clean and safe water.

What Can I Do?

Fortunately, there are several steps you can take right now to help protect our clean water systems for the future. Here are a few suggestions:

- **Sign our petition** supporting the creation of a national trust fund for clean water at www.foodandwaterwatch.org/water/americaswater/.
- **Get in touch** with your local community officials, faith-based organization, and/or City Council, and ask them to support the campaign at www.foodandwaterwatch.org/water/americaswater/.
- **Contact your member of Congress** to let them know you support a secure, sustainable clean water trust, and encourage them to do the same. You can call them at (202) 224-3121, or write them at [Your Representative's Name], U.S. House of Representatives, Washington, DC 20515.

Endnotes

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