TESTIMONY OF
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DEPUTY SECRETARY FOR THE ENVIRONMENT
THE STATE OF NEW YORK

BEFORE THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
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Chairman Oberstar, and members of the committee, on behalf of New York Governor David A. Paterson, I thank you for the opportunity to testify before you today on the significant need for infrastructure investment, especially for wastewater infrastructure, to be a part of any federal plan to stimulate the economy and create jobs.

New York's Waters

New York State is fortunate to have some of the most extraordinary water resources in the country, ranging from Long Island Sound to Lake Champlain and the Adirondack mountain lakes to Niagara Falls and the Great Lakes. Thankfully, we have come a long way from the time when the Hudson River and New York Harbor were little more than open sewers.

In spite of great strides in water quality improvement the country has made, I am here today to tell you about New York's immediate wastewater infrastructure needs. Presently, in New York there are over 200 municipalities under consent orders for Clean Water Act (CWA) violations. These communities need a renewed federal investment and commitment in order to make critical improvements to protect the public's health. They need your help.

In addition, out of 4,745 waterways in New York State, 14% are currently considered to be impaired by one or more pollutants, many due to municipal discharges, combined sewer overflows or urban/stormwater runoff. Thus, one in seven waterways in New York State has been identified as not satisfactorily meeting our water quality standards. Beach closings are still a regular event. For example, Long Island's Suffolk County closes over 50 beaches after heavy rains due in large part to polluted runoff. Some 70 major shell fishing beds remain too polluted to use. Reversing this trend is a goal of New York State, which Congress can help us to meet by providing funds for the Clean Water State Revolving Fund (CWSRF).

In March 2008, at the request of the New York State Legislature, the New York State Department of Environmental Conservation (NYSDEC) issued a report entitled "Wastewater Infrastructure Needs of New York State" that conservatively estimated the cost of repairing, replacing, and updating New York's municipal wastewater infrastructure at $36.2 billion over the next 20 years (*See* http://www.dec.ny.gov/chemical/42383.html). New York State also needs more than $25 billion over the next 20 years for drinking water infrastructure. With decreasing federal dollars and the current economic crisis, it will undoubtedly be more difficult for the state to issue bonds for infrastructure projects, as well as other important services.

This year, an additional $715 million in SRF to New York State – as could be provided through a stimulus bill – would allow us to put people to work on 58 wastewater projects.

Governor Paterson is committed to working with the federal government to reach the goals set out in the Clean Water Act: "to restore and maintain the chemical, physical, and biological integrity of the Nation's waters." An excellent example of this is shown in how, with much help from our federal partners, New York State and local officials have worked to restore Onondaga Lake in Syracuse, New York. This Lake had often been dubbed "the most polluted water body in North America." Onondaga Lake still has its problems, yet thanks to major investments in heightened wastewater controls, the Lake has come back to life. What was once a foul smelling, weed choked water is now a focus of bustling waterfront development efforts and home to a major, national bass fishing tournament.

While I am focusing today on the state's wastewater infrastructure, it is important to note that New York has vast infrastructure needs, including our mass transit, roads, bridges, parks and drinking water systems. In fact, this is such an important issue that Governor Paterson is testifying today before the U.S. House Ways and Means Committee about the broader need for state fiscal relief and for a stimulus package that would allow states to get started on "shovel-ready" infrastructure projects. This hearing, in focusing on "Investing in Infrastructure: The Road to Recovery," demonstrates that you share Governor Paterson's commitment and concern, and the Governor and I look forward to working with you.

A National Crisis

As you know, our nation's wastewater infrastructure is in dire straits. Aging and inadequate water treatment infrastructure results in billions of gallons of sewage spilled into the waters each year. A 2004 survey showed that of the 1,060 sewage collection systems with 22,000 miles of sewer lines in New York State, more than 30 percent are more than 60 years old and beyond their expected useful life. This echoes the national trend. The Environmental Protection Agency (EPA) has estimated that a lack of investment in wastewater infrastructure would undo many of the water quality improvements achieved through the Clean Water Act over the last 30 years.

Inadequate investment in wastewater infrastructure is putting the environment and the public's health at risk. Sewage is harmful to public health, the environment and the economy. It contains viruses, bacteria, parasites, worms, hormones, toxics and antibiotics. Contact with water polluted by sewage overflows can expose individuals to a range of waterborne illnesses, including gastroenteritis, dysentery and hepatitis. Sewage pollution contributes to beach closures and shellfish bed closures. On a national level, estimates of clean water infrastructure needs are in the order of $400 billion over the next 20 years.[1]

[1] Memorandum to Members of the Committee on Transportation and Infrastructure from Committee on Transportation and Infrastructure Staff, May 6, 2008.

The enactment of the Federal Clean Water Act has been attributed to the great strides our nation has made in cleaning up our waters. The CWA had such strong bipartisan support that after Congress passed it and President Nixon vetoed the legislation, Congress overwhelmingly voted to overturn the veto and enact this landmark legislation. To this day, we continue to see strong bipartisan support for access to clean water.

Federal CWA programs, including the Clean Water State Revolving Fund, and Safe Drinking Water Act programs such as the Drinking Water State Revolving Fund, have been critical in forging a federal/state partnership to protect our water resources. The variety of projects we have been able to assist through the SRFs is strong testimony to Congress' foresight in providing states a great degree of flexibility in determining how best to structure these programs. The CWSRF allows states to leverage federal funds through the public bond markets and, with the revolving nature of the funds, it has ensured that low-cost financing for water pollution control projects will always be available. As the loans are paid back to the revolving fund, new loans are made to additional recipients. The Clean Water SRF has provided approximately $63 billion in loans for wastewater and other projects through FY 2007.[2]

In New York, we have been able to leverage our CWSRF funding to provide our communities with $3.50 in low cost financing for every federal dollar that has entered the fund. Yet this year, we find that we will only be able to provide low interest loans under the fund for 16% of the projects for which our communities have applied.

Federal support for wastewater infrastructure has been cut by roughly 70 percent over the last two decades. In fact, we have seen federal appropriations for the Clean Water funding drop from a historic high of $2.4 billion in FY1987 to $687 million in FY2008. What this means is that states and local governments are left with the burden of maintaining wastewater infrastructure.

New York's communities are struggling to make ends meet. According to the New York State Division of Budget, New York City alone is projected to lose approximately 135,000 jobs over the next two years, and currently the State is facing a multi-billion dollar deficit. Our communities are already struggling financially to meet their ever-increasing wastewater infrastructure needs. These needs are even more urgent for communities trying to address the problems of combined sewer overflows and sanitary sewer overflows and for small communities with insufficient financing ability.

The Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) recently surveyed states' CWSRF needs. Of the 25 states which responded, the need for CWSRF funds was in excess of $9 billion over and above the fundable line in the intended use plan for which funds could be speedily obligated via an economic stimulus package. Imagine what that number, and that need, would be if all 50 states has responded to ASIWPCA's survey.

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[2] U.S. Environmental Protection Agency Office of Water, 2007 Annual Report Clean Water State Revolving Fund Programs. June 2008. EPA-832-R-08-001.

Include Infrastructure Funding in an Economic Stimulus Package

Infrastructure funding is one of the best investments the federal government can make during an economic downturn. It has the dual benefit of modernizing our nation's deteriorating infrastructure - which is vital to our businesses, the environment and agriculture - while stimulating the economy through job creation. Infrastructure funding provides direct assistance to the nation's "Main Streets." In fact, various analysts estimate that for every $1 billion invested in infrastructure projects, some 35,000 – 47,500 jobs are created or supported. Also, the Economic Policy Institute reports that for every dollar spent on infrastructure, there is a $1.59 economic benefit in the economy.

If Congress provides an additional $6.5 billion for the Clean Water SRF projects in an economic stimulus package – an appropriation which we strongly support - New York would receive $715 million, creating about 30,000 jobs at prevailing wages and $1.2 billion in economic benefit. In fact, we hope that even in these hard economic times, we will be able to double much of this money through leveraging, doubling the number of jobs and economic benefit generated. We have 412 projects which meet the "3R" criteria – Ranked, Reviewed and Ready-to-go. If funds are not provided for these projects soon, construction and engineering teams will be let go and steel and concrete orders will not be placed, leading to real job losses for workers. Providing this influx of funding will keep the pipeline of jobs, orders and projects flowing while it improves our water quality and sets the stage for future economic growth, as we have seen in New York in places such as Syracuse's Onondaga Lake.

Due to the unique nature of these highly vetted projects, they are ready to start moving as soon as funding can be distributed. The Environmental Facilities Corporation provides an effective mechanism to get this funding out to our "Main Streets." Yet, due to deteriorated state budget conditions, we appreciate Congress' efforts to remove the state match requirement for infrastructure from any economic stimulus package. Many states, including New York, have already reprogrammed and reprioritized to a point at which there is simply nothing left in the budget for the current fiscal year. In fact, Governor Paterson is calling the State Legislature back to Albany for a special session on November 18 to cut an additional $2 billion from the State's current budget. This is on top of $1 billion in cuts over the next two years, agreed upon during an extraordinary August special session of the State Legislature.

In addition, this is the moment, as even more of our communities are becoming distressed, that the long sought provision of parity between the CWSRF and DWSRF with respect to the states' ability to provide loan forgiveness for hardship communities is needed. Presently, New York's hardship communities need $63 million for 30 projects.

Chairman Oberstar, New Yorkers appreciate the commitment which you have shown on the need to reinvigorate the CWSRF. H.R. 720, the legislation which you wrote with the support of several members of the New York Congressional Delegation (particularly Representatives Higgins, Bishop, Hall and Arcuri, all of whom serve on the Water

Resources Subcommittee), recognizes the tremendous value of the CWSRF in improving water quality across the nation. Thanks to the Clean Water Act and the SRF programs, today the nation's farmers, fishermen, and manufacturing and tourism industries benefit from clean water to carry out activities that contribute more than $300 billion to our economy each year.

H.R. 720 recognizes the need for loan forgiveness to hardship communities because many small or low-income communities lack sufficient financial resources or a declining ratepayer base to address standard infrastructure needs. I wholeheartedly support the Committee's recognition of this problem, and urge you to consider including hardship language in an economic stimulus bill. New York would be happy to work with you and your Senate counterparts to ensure that the stimulus language best meets the needs of our communities and the state's ability to assist them.

New York supports the widespread use of a sustainable approach to protecting water quality known as "Green Infrastructure." Green Infrastructure involves the use of a whole host of ingenious natural engineering and architectural concepts to retain and infiltrate storm water on the urban or suburban landscape. Small vegetated wetlands, side-walk tree boxes, green roofs, pervious pavement, and other practices provide a mechanism to clean polluted runoff, detain waters that would cause combined sewer overflows of raw sewage, limit peek flooding, reforest the city landscape, and even cool urban "heat-islands." The City of Seattle has established a "Department of Green Streets" to work on this issue. Green infrastructure is an elegant solution to a host of problems – with the added benefits of green jobs and downtown revitalization.

Below, I describe a few examples of projects in the State of New York that would be funded by wastewater infrastructure money in an economic stimulus plan. These examples fix existing, documented problems:

Westchester County

The $331 million upgrade of the New Rochelle Plant is being undertaken in part by an agreement between EPA and the states of New York and Connecticut to remove approximately 58.5% of nitrogen from the Long Island Sound basin. This project will include a significant plant expansion and upgrade along with installing wastewater treatment technology to remove nitrogen to meet mandated discharge requirements by 2014. New Rochelle is the largest municipal discharger of nitrogen from Westchester County to Long Island Sound, and the installation of this technology will further protect the Sound from hypoxia (low dissolved oxygen) con ditions during the summer months. Additional SRF appropriation will finance portions of this project.

Village of Cuba

Additional appropriation to the SRF would allow the Village of Cuba, a financially challenged community of 1,600 residents in rural Alleghany County, to embark on a $2.2 million project to enhance their sewer system, thereby protecting Olean Creek which is the drinking water supply source for the City of Olean. Added

benefits of this project include providing sewer service to economically disadvantaged residences around Cuba Lake, replacing their septic systems which will protect the water quality of Cuba Lake.

Town of Patterson

Additional SRF appropriation will allow financing of $3.5 million to fully fund a $10.5 million construction for a new wastewater treatment plant and collection system that connect two projects that are key aspects of the 1997 EPA driven New York City Watershed Memorandum of Agreement. This project will replace failing septic systems and two non-compliant wastewater treatment plants whose discharges are part of the New York City water supply watershed.

Town of Hague

Additional SRF appropriation would allow the Town of Hague, a small residential community of 564 residences in rural Warren County, to construct a $6 million project to collect and properly treat wastewater, thereby protecting the northwest shore of Lake George. The pristine waters of Lake George are important to the region's economy and have resulted in its development as an important recreational resource and its use as a source of drinking water.

Rockland County

This $125 million project, in the western part of Rockland County, is located in a federally designated, sole-source aquifer. The proposed wastewater treatment plant will replace failing septic systems, protecting the aquifer. In addition, the plant, which will utilize advanced treatment technologies, will discharge to the Ramapo River which becomes a part of the water supply for Mahwah, New Jersey. This project was recently recognized by EPA with the PISCES Award for innovation and excellence. Additional SRF appropriation will finance portions of this project and help ensure that work on this project, already underway, proceeds without delay.

New York City - Kings County - Paerdegat Basin Combined Sewer Overflow Retention Facility

This $370 million project will construct a treatment and storage facility for peak flows up to 1 billion gallons per day of combined storm water runoff and sewage that currently discharges untreated during rain events to Jamaica Bay, a water body classified for primary contact recreation and bathing. The Paerdegat Basin facility will provide treatment for combined sewers that cover 1/3 of Brooklyn (Kings County). Additional SRF appropriation will finance portions of this project

New York City - New York County - Wards Island Wastewater Treatment Plant Upgrade

This $508 million project is being undertaken in part by an agreement between EPA and the states of New York and Connecticut to remove approximately 58.5% of nitrogen from the Long Island Sound basin. Wards Island is the largest municipal discharger of nitrogen into the East River (a tidal strait to the Long Island Sound), and the installation of these improvements will further protect the Sound from

hypoxia (low dissolved oxygen) conditions during the summer months. Additional SRF appropriation will finance portions of this project.

Thank you for the opportunity to testify today about New York State's infrastructure needs, particularly wastewater. We are not alone in these needs. Many other states are suffering financially and would greatly benefit from an economic stimulus package that would help get people to work on critical state services.