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THE NEEDS OF DRINKING WATER SYSTEMS
IN RURAL AND SMALLER COMMUNITIES
FRIDAY, FEBRUARY 27, 2015
House of Representatives,
Subcommittee on Environment and the Economy,
Committee on Energy and Commerce,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:01 a.m., in Room 2322, Rayburn House Office Building, Hon. John Shimkus [chairman of the subcommittee] presiding.

Present: Representatives Shimkus, Harper, Whitfield, Murphy, Latta, McKinley, Johnson, Bucshon, Hudson, Cramer, Tonko, Schrader, Green, McNerney, and Pallone (ex officio).

Staff Present: Nick Abraham, Legislative Clerk; Charlotte

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Baker, Deputy Communications Director; Leighton Brown, Press Assistant; Jerry Couri, Senior Environmental Policy Advisor; David McCarthy, Chief Counsel, Environment/Economy; Chris Santini, Policy Coordinator, O & I; Chris Sarley, Policy Coordinator, Environment & Economy; Jacqueline Cohen, Minority Senior Counsel; and Caitlin Haberman, Minority Professional Staff Member

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Mr. Shimkus. I would like to call the hearing to order and recognize myself for an opening statement.

Today's hearing focuses on challenges facing rural water systems. I congratulate and thank the ranking member of the subcommittee Mr. Tonko and the vice chairman of the subcommittee, Mr. Harper, for their bipartisan work to raise the profile of this issue before this subcommittee.

According to the Census Bureau, approximately 27 percent of the U.S. population lives in rural areas. The smallest water systems account for 77 percent of all systems. As someone who probably represents communities in small town in rural America, I am glad we have bipartisan interest in tackling this subject.

Under the Safe Drinking Water Act, small and rural drinking water supply systems are subject to a number of drinking water regulations issued by EPA. These requirements include systems monitoring, treatment to remove certain contaminants, and reporting. Addressing these matters requires technical, managerial, and physical capabilities that are difficult to develop and are often beyond the capacity of these towns to afford on the same scale as urban centers, particularly when it comes to regulatory compliance.

It is ironic that these communities where residents work hard to support their families and their local governments, while often earning

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wages below those of their counterparts in the more urbanized area, face per customer compliant costs and demands that are disproportionate to many larger communities. Sometimes it is just a matter of having the ability to keep up with the red tape.

While I am sure we will explore the funding mechanisms under EPA, the Agriculture Department, and other Federal agencies, it is not just a matter of throwing more scarce money at the problem. Rather, it is about smartly assessing what the needs are for these systems, prioritizing the importance of those needs, finding out whether the current system can be improved to remove unnecessary burdens and eliminate bureaucracy, and examining whether voluntary or other collaborative efforts can aid where Congress cannot.

I want to thank our witnesses who have put their lives on hold to battle the elements and join us. People who live in rural communities deserve every bit of the water quality and technical resources that folks who lives in densely populated urban centers do. We look forward to your wisdom in helping us understand these issues.

Thanks again to Mr. Tonko and Mr. Harper for their work on this issue. I know Mr. Tonko has an interest in addressing some drinking water issues, and I appreciate the work he and Mr. Harper are doing to break the ice with this first effort.

With that, I would like to yield to the vice chair for the

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remainder of my time.

[The prepared statement of Mr. Shimkus follows:]

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Mr. Harper. Thank you, Mr. Chairman.

And I appreciate you holding this hearing on the needs of drinking water systems in rural and smaller communities.

Like you and many other members of Congress, I represent a rural district where many of my constituents get their drinking water from smaller cities, towns, and water associations.

According to the National Rural Water Association, more than 90 percent of the community water systems across the United States serve a population less than 10,000 individuals. These smaller communities do an incredible job of providing our constituents with clean, safe drinking water, but are often at a disadvantage because of economics of scale and a need for more technical expertise.

I know that this is an important issue to you, Mr. Chairman and the ranking member, and I thank you for the opportunity to continue working on legislation to ensure our constituents get the help and clean water they need.

I would like to say welcome to my fellow Mississippians, Mr. Newman, Mr. Selman, and thank them for providing their insight to the subcommittee today.

Mr. Chairman, thank you again for your commitment on this issue, and I yield back.

Mr. Shimkus. The gentleman yields back his time.

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[The prepared statement of Mr. Harper follows:]

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Mr. Shimkus. And I have a remaining minute left.

Does anyone seek recognition on my side? If not, the chair now recognizes the ranking member of the full committee, Mr. Tonko, for 5 minutes.

Mr. Tonko. Well, thank you and good morning to our witnesses.

And thank you, Chair Shimkus, for holding this important hearing on what is a very vital topic and appreciate the opportunity to work in partnership with our Vice Chair Harper as we address, again, a very important phenomenon for all of our communities across the country.

We have all heard the often repeated statistics about rural and small water systems. More than 94 percent of the 150,000 public drinking water systems in the United States serve fewer than 3300 customers. Although small systems dominate in numbers, they serve just about 8 percent of our population overall. But to households and businesses across this great country, the key feature they are interested in is not the size of their water utility. It is reliable, daily delivery of safe clean water at an affordable price to their homes and businesses that matters.

We will hear from managers of these small systems here this morning. And what we will hear is that they cannot simply pass all of their costs for technical assistance, infrastructure repairs, tapping into new water sources, or keeping pace with drinking water

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regulations onto their customers with ongoing rate increases. The rate bases for these small systems are too small to cover the costs of these essential materials and services. It is long past time for us here in Congress to provide robust financial support for our water utilities.

In addition to support through traditional funding mechanisms, the SRF, and grant programs, we should also examine alternative financing mechanisms, new technologies, and potential new partnerships that will enable every dollar to go forward in reducing the backlog of infrastructure projects and in ways reducing operating costs through efficiency, both water and energy.

I am very pleased to have Mayor Keegan here this morning to represent the small water utilities that serve people throughout our State, New York. Mayor Keegan and our witnesses from Representative Harper's district in Mississippi will provide us with a glimpse of the challenges they face each and every day in their efforts to deliver clean safe drinking water to their public. They do a remarkable job in keeping clean water flowing to every home, every day.

Water infrastructure is essential. It is the only way to state it. We can afford to do this. We cannot afford to delay these investments any longer. Public health, community viability, and economic vitality all rest on the foundation of a sound infrastructure.

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We cannot maintain global leadership and compete in a 21st century global economy with 20th century infrastructure held together with a hope and a prayer.

We have an excellent panel with us today. Thank you for taking time away from your important work and busy schedules to be here to do your messaging this morning.

And thank you, Mayor Keegan, Mayor Newman -- Mr. Newman, Mr. Selman, and Mr. Stewart for the expertise and dedication you will demonstrate to your communities -- that you demonstrate to your communities each and every day at work. I look forward to your testimony and to working with each and every one of you as we move forward.

And I am very pleased to working with the chair of the subcommittee and with our vice chair, Representative Harper, and other members of the subcommittee on this very important issue.

With that, I thank you.

And, Mr. Chair, I yield back.

Mr. Shimkus. Gentleman yields back his time.

[The prepared statement of Mr. Tonko follows:]

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Mr. Shimkus. Chair now looks to the Republican side. Anybody seek recognition? Seeing no one, the chair now recognizing the ranking member of the full committee, Mr. Pallone, for 5 minutes.

Mr. Pallone. Thank you, Mr. Chairman, Mr. Tonko.

Customers of all public water systems, large and small, wealth and disadvantaged deserve safe affordable drinking water. Unfortunately, public water systems across the country are facing staggering infrastructure replacement costs and emerging threats, including climate change.

Resource is essential to any conversation about safe drinking water. Much of our Nation's drinking water infrastructure is well beyond its useful life and in desperate need of replacement. Investing in drinking water infrastructure protects public health, creates jobs, and boosts the economy. This is particularly important in the case of small and rural systems in which even minor projects can be unaffordable. And I thank the chairman for calling this hearing to examine some of the challenges these systems face.

In 1996, this committee passed amendments to the Safe Drinking Water Act that set a number of programs intended to help small and rural water systems. Those programs focused on capacity development, operator certification, infrastructure, funding, and technical assistance. All of them are designed to ensure the customers of small

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systems receive safe and affordable drinking water. The small pot of money set aside for technical assistance distributed through grantees, such as the National Rural Water Association and the Rural Community Assistance Partnership, have been incredibly important for small assistance. And I am glad that both NRWA and RCAP represented here today to discuss any changes that might be needed to strengthen the program.

I expect we are going to hear that the need for technical assistance far outpaces the funding available. And I hope my colleagues on the other side of the aisle will join with us to ensure that this program is given sufficient funding to meet the requirements of small systems.

But the same is true for the drinking water State Revolving Fund or SRF. If we really want to ensure that small and rural systems are providing safe and affordable water, we should reauthorize the whole SRF, not just the technical assistance piece. The technical assistance piece is less than 2 percent of the whole pot, so we should not lose sight of the bigger picture.

For disadvantaged communities, the 1996 amendments allow states to provide additional support through the SRF and most funding from the SRF goes out as loans. But for disadvantaged communities, states are authorized to provide zero interest loans or even principal

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forgiveness. For small and rural systems with small customers bases, this is incredibly important.

But unfortunately states are not currently required to provide this assistance to disadvantaged communities and not all do. This assistance may become even scarcer in coming years as the overall drinking water infrastructure need continues to grow faster than the available funding.

When this subcommittee moved legislation to address toxic algae, I expressed my hope that it would be the start of broader drinking water work. And I am pleased that the chairman is now addressing another important drinking water issue. But as I said at the hearing on the toxic algae, our responsibility on drinking water is comprehensive. Small systems serve only 8 percent of the population. We should absolutely do what is necessary to ensure they have safe water, but we should also protect the other 92 percent and means reauthorizing the SRF, ensuring that fracking is done safely, ensuring source water protection, addressing drought and planning, of course, for climate change.

So I look forward to more drinking water hearings and more bipartisan conversations about some legislative solutions.

And thank you, Mr. Chairman.

Mr. Shimkus. Gentlemen yield backs his time.

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[The prepared statement of Mr. Pallone follows:]

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Mr. Shimkus. Now, the chair would like to welcome our panel. I will introduce you one at a time. Your full record submitted for the record. You will have 5 minutes. Again, we expect votes between 10:45 and 11:15. I think we will get through the opening statements, and then we will see how it goes.

So, with that, I would like to first recognize Mr. Alfredo Gomez, director of the natural resources and environmental area for the Government Accountability Office. Welcome, sir. And you are recognized for 5 minutes.

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STATEMENTS OF MR. J. ALFREDO GOMEZ, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE; MAYOR JOSEPH KEEGAN, CASTLETON ON HUDSON, NEW YORK, ON BEHALF OF NEW YORK RURAL WATER ASSOCIATION; MR. K.T. NEWMAN, ON BEHALF OF NATIONAL RURAL WATER ASSOCIATION; AND MR. BOBBY SELMAN, ON BEHALF OF MISSISSIPPI RURAL WATER ASSISTANCE PARTNERSHIP

STATEMENT OF J. ALFREDO GOMEZ

Mr. Gomez. Thank you, Mr. Chairman.

Good morning, everyone, Ranking Member Tonko, and members of the subcommittee.

I am pleased to be here today to discuss the infrastructure needs --

Mr. Shimkus. If you could -- and this is -- if you just pull that a little bit closer. And, for our other panelists, if you notice, there is a button in the middle and so hit that button when it is time to speak. And just pull that mike a little bit closer.

Thank you.

Mr. Gomez. Okay. Thank you.

So I am pleased to be here today to discuss the infrastructure

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needs facing rural communities across the Nation, particularly for drinking water systems. The U.S. faces costly upgrades to aging water infrastructure. The demand for drinking water and wastewater infrastructure projects in communities with populations of 10,000 and fewer is estimated to be more than 190 billion in coming decades.

My statement today summarizes the results of our reports on rural water infrastructure. I will focus on two main areas, first rural agencies funding for drinking water and wastewater infrastructure and issues affecting rural communities abilities to obtain funding for this type of infrastructure.

First, Federal agencies administer programs that can provide funding and technical assistance to rural communities to help them build drinking water and wastewater systems and comply with Federal regulations. EPA's drinking water and its clean water State Revolving Fund programs, known as the SRFs, provide the most funding, totaling 907 million and 1.5 billion respectively in fiscal year 2014. States are required to provide at least 15 percent of the drinking water SRF funds to water systems that serve 10,000 people or fewer. The Department of Agriculture's rural utility service program is the next largest program at 485 million in fiscal year 2014, all of which goes to rural communities.

Some of the other agencies that can provide funding to rural

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communities include the Department of Housing and Urban Development, the Economic Development Administration, and the Bureau of Reclamation. While these agencies can provide funding for drinking water and wastewater infrastructure in rural communities, they have varying eligibility criteria that may focus funding to specific communities on the basis of population size, economic need, and geographic location.

Second, our previous report found several issues that affect rural communities' ability to obtain funding for drinking water and wastewater infrastructure. These issues include financing, technical expertise, and agency coordination. And both Mr. Chairman and Ranking Member Tonko and others have already noted some of these challenges.

Now, with regard to financing, communities typically did not have the number of users needed to share the cost of major infrastructure projects while maintaining affordable users rates. In addition, rural communities generally have limited access to financial markets, restricting their ability to use bonds to raise capital. As a result, these communities depended heavily on Federal and state funding.

Rural communities also did not generally have the technical expertise to rebuild or replace their drinking water and wastewater systems. We found they had few staff and often hire consultants and engineers to help them design projects, including preliminary

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engineering reports, plans, and environmental documents. Agencies provide for some technical assistance that communities can use.

Lastly, we found that Federal communities face potentially duplicative application requirements when applying for multiple state or Federal programs. This included preparing more than one preliminary engineering report and environmental analysis, which likely made it more costly and time-consuming for communities to complete the application process.

We recommended several actions to improve coordination among the agencies and programs. In response, as of February 2015, EPA and the Department of Agriculture have developed a uniform preliminary engineering report template that applies to multiple programs. Seven states have adopted the template for their use. EPA and USDA have also begun taking steps to develop guidelines to assist states in developing uniform environmental analyses.

In summary, the Nation's drinking water and wastewater infrastructure needs are large and funding them will be challenging. Rural communities face additional challenges in funding their infrastructure needs, given the financial technical expertise and coordination challenges they face overall. Federal agencies with states should consider how to ease communities' efforts to obtain funding, provide technical assistance, and better coordinate agency

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efforts.

Mr. Chairman, Ranking Member Tonko, that concludes my statement.

I would be happy to answer any questions.

Mr. Shimkus. Thank you very much.

[The prepared statement of Mr. Gomez follows:]

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Mr. Shimkus. Now, I would like to recognize Mayor Joseph Keegan obviously mentioned by my ranking member, Mr. Tonko, from upstate New York. I see it is Castleton On the Hudson as a --

Mr. Tonko. Castleton on the Hudson.

Mr. Shimkus. And I know the Hudson. I lived in a small technical school down south on the river, the West Point school for wayward boys. So that is my alma mater and so I know the river and the valley real well. So welcome and we are glad to have to you.

You are recognized for 5 minutes.

STATEMENT OF JOSEPH KEEGAN

Mr. Keegan. Thank you.

Good morning, Mr. Chairman and members of the subcommittee.

And my congressman, good morning, Congressman Tonko.

I am Joe Keegan, the mayor of a charming little village a few miles south of Albany, New York on the banks of the Hudson River called Castleton On Hudson. We have a population of approximately 1500 of the best people anywhere. My village is a member of the New York Rural Water Association, a nonprofit organization of small and rural communities throughout the state, which is somewhat responsible for my appearance here today. I got a call from the association on Monday

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asking about my availability, and I just happened to be traveling back to Castleton last night from a trip related to my day job.

My village is very typical and representative of communities that have water supplies in New York and the rest of the country. According to the U.S. Environmental Protection Agency, the State of New York has 2,305 community water systems, 88 percent of those serve populations under 3,300. All of the small community and water and sewer utilities have to comply with the same regulations, testing, and certifications as the biggest cities, but with only our very small rate payer base. And we have to operate, maintain, and update our water infrastructure with very small budgets.

As a small community mayor, my number one concern and worry is drinking water and number two is wastewater. Everything else is a distant third. If there is a problem with the drinking water, it has to be addressed immediately, middle of the night, middle of the winter. It doesn't matter when. Every citizen and especially the most vulnerable depend on the safety of the water, including families with infants, schools, our nursing homes, and people with compromised immune systems. We can't have any contamination of the drinking water. Our sewer system also needs to function properly to avoid any possibility of a sewage spill or sewage backup into people's homes.

I would say to you that this really does keep me up at night.

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Congressman Tonko knows that, right now, our part of the state is buried in snow. Just last week, the frost penetrated the ground so deeply that we experienced two ruptures in our water mains that are 5 to 6 feet underground. This forced us to issue a boiled water advisory where we have to tell families to boil water as well as contact all the schools. They have to cover their water fountains, the press, the nursing home, et cetera. I actually call as many citizens as I can by robo-call. When something like this occurs, we manage the situation around the clock, locating equipment to excavate the frozen ground, repairing the waterline, getting the tests to the lab, and waiting for the all-clear results to lift the boil water order.

We appreciate the assistance of the subcommittee and Congress in helping us protect the public and successfully operate the public drinking water and wastewater supply through the various funding programs and the on-sight technical assistant initiatives. My village relies on this assistance.

I want to thank Congressman Tonko for sponsoring the Assistance Quality and Affordability Act of 2014 in the last Congress. Small and rural communities support your legislation because it enhanced the current Drinking Water State Revolving Fund by further targeting the funding to communities most in need. We do need help.

Everything from financing, regulations compliance, and the

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various programs are very complicated for small communities. We don't have financial professionals on staff and often don't understand many of the funding processes.

We currently have needs approaching \$3 million for our wastewater system. We need new aeration tanks, new sludge drying equipment, and new pumps as our facility is over 30 years old. We need to stop rainwater from leaking into the system and overtaxing our capacity.

My water operator is constantly explaining to me the need for these upgrades and his concerns of possible failure. However, we don't really have a way to finance it. It would triple the sewer rates to take out a loan for that much. You can see in the picture at the back of my testimony that we have some very old drinking water pipes that need updating or replacing at a substantial cost. The one in the picture is stamped with a date from the 19th century, and they are still in the ground in parts of the village.

We are concerned that, without more waterline replacement, we are vulnerable to more breaks and crisis. And you can see the other picture of a tuberculated pipe we recently dug up that is loaded with corrosion and deposits to the point it is almost occluded.

In my remaining time, I just want to emphasize the essential assistance we receive from the New York Rural Water Association and explain why it is so helpful. The association has circuit riders that

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are on call throughout the state that will come and assist us immediately, including evenings and weekends. The circuit riders are all experts in the technical side of water operations. Just a week ago, we called for help for locating a water leak from a ruptured pipe that could have occurred over any part of 100 foot waterline. The circuit rider has specialized equipment that can detect noises and vibrations underground to locate the exact location of a break.

In addition, my operators receive 90 percent of the training needed to retain their operator's licenses from the New York Rural Water Association. We depend on them just like every other small community.

Mr. Chairman, I have a lot more to say, but you have been very charitable with your time and attention to small and rural communities.

And on behalf of every small town elected official, we are grateful. Thank you for hearing from us, and I will answer any questions later.

Mr. Shimkus. Thank you very much.

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[The prepared statement of Mr. Keegan follows:]

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Mr. Shimkus. Since my district mostly has communities below 2500 people, I thank you for those thank you comments because hopefully they are paying attention, also.

Those bells signal that we have been called to vote early. I think we will just break here. We, as a Congress, I don't think, are going to be in a hurry today. So we will all -- most of us will all get back here and hear the final testimony and then go into questions.

So, with that, I will recess the hearing.

[Recess.]

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[10:58 a.m.]

Mr. Shimkus. We will call the hearing back to order, and now I will turn to Mr. K.T. Newman on behalf of the Rural Water Association.

Sir, you are recognized for 5 minutes.

STATEMENT OF K.T. NEWMAN

Mr. Newman. Good morning, Mr. Chairman and members of the subcommittee. Thank you for the opportunity to testify here today.

My name is K.T. Newman, and I have been working for or in small and rural community water systems in the Mississippi Delta for nearly 20 years. I first started out as a small city water manager in my hometown of Vaiden, Mississippi, which has about 1,000 homes. I then worked for the Mississippi Rural Water Association as a circuit rider for 10 years. In this capacity, I visited every one of the Delta's approximately 500 small communities to help them with their water and sewer problems. Currently, I am working for about two dozen small Delta communities assisting them with their water and sewer utilities.

I am honored to be accompanied here today by the mayor of one of

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these small towns, Mayor Everette Hill from Como, Mississippi. The town of Como has a population of approximately 1,200 persons. The mayor challenges are compound by the fact that as a small town mayor he has a full-time job as a truck driver and has to handle much of the city's issues on his free time. His community has little professional staff because they simply can't afford it.

In Como, the wastewater system is failing because of its age and inability to meet its current EPA treatment. The cost to update Como's sewer system to be compliant is approximately \$2 million. The Como drinking water system needs an additional \$1 million in upgrades. The town was recently fined by the Department of Environmental Quality for failure to comply with their wastewater discharge permit. Currently, the Como wastewater treatment facility is actually discharging only partially treated wastewater due to failure of the current treatment works.

Como is just like thousands of other small communities in the Delta and the other states. They need a grant-rich infrastructure program like the USDA's rural development program, and they need access to someone they can trust for technical advice, on-site assistance, and help with managing the funding application process.

Mississippi has 1,234 regulated public water systems. Only two serve populations over 50,000 persons, and only 59 serve populations

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over 10,000 persons. More training needs to be provided to small town mayors like Mayor Hill so that multimillion dollar upgrades that will most certainly tax the ratepayers of these communities can be more readily understood and communicated to these residents who will ultimately be responsible for bearing the financial burden.

Recently, many of the small communities in the Delta have received violations for a relatively new EPA regulation referred to as the disinfections byproduct rule. These byproducts are a result of disinfecting their water to make it safe to drink. If these small communities limit or reduce the disinfective levels of the water, they will most certainly comply with this EPA regulation, but the water may no longer be safe to drink. Once the disinfection byproduct rule is violated, many small communities are forced to spend limited resources to report these violations to the consumers.

In the town of Shaw, population 1,900 persons, the community was under a boil water order for over 6 months because of a broken chlorinator needed to disinfect the drinking water. The local schools had to buy bottled water for 6 months. After they called the Mississippi Rural Water Association's circuit rider, Tom Abernathy, they were able to come up with a plan to pay for a new chlorinator, revise the town's billing program -- able to come up with a plan to pay for a new chlorinator, revise the town's billing program to

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accurately assess the water used by citizens, and receive the payments, train the new mayor and town council, get the town's credit stable and secure some emergency State Revolving Fund financing.

In closing, whenever a small community is facing a compliance issue, the complication of a new EPA rule, a line break that they can't find that is causing people to lose water service, an emergency from a storm or power loss, we all call the circuit riders to tell us what it means and what to do. They have developed a trust relationship with small communities in their state that know how to fix things and are willing to come to your town day, night, or weekend.

Thank you for the opportunity to testify here today. Mayor Hill and I are available for questions. Thank you.

Mr. Shimkus. Thank you very much, and welcome, Mayor Hill. It is good to have you with us also so --

[The prepared statement of Mr. Newman follows:]

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Mr. Shimkus. I would now like to turn to Mr. Bobby Selman on behalf of the Mississippi Rural Water Association.

And you are recognized for 5 minutes.

Thank you.

STATEMENT OF BOBBY SELMAN

Mr. Selman. Good morning, Mr. Chairman and members of the subcommittee. It is an honor to appear before you today.

My name is Bobby Selman. I am a certified drinking water and wastewater operator in the state of Mississippi with an engineering background from Mississippi State. I have been working in the water world for 25 years, starting in my hometown in Lawrence County. I still work for the Lawrence County Water Authority in addition to 12 other small communities and rural water associations.

I want to thank my Congressman, Gregg Harper for his support and assistance to all the over 150,000 small public water systems across the country for sponsoring the Grass Roots Rural and Small Community Water Systems Assistance Act. Representative Harper's bill directs the U.S. Environmental Protection Agency to prioritize the type of technical assistance that small communities find is most beneficial.

The rural water type of on-site technical assistance is what all

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the small communities in Mississippi and the other states rely on for help with compliance, operations, emergencies, line breaks, loss of water, setting rates, and training for operator certification. I am told that Congress funds the EPA's internal management budget by hundreds of millions of dollars every year. Small and rural communities want Congress to know that the only benefit we get comes from the small portion of the EPA funding that is directed to on-site technical assistance provided by what we call circuit riders.

What small communities do when they have a question or water issue is call their local circuit rider that they know, trust, and know can give them clear answers. These circuit riders often come immediately on site to small communities and teach them how to fix their problem. There is just no one else out in the field at the local level providing this essential help.

After Katrina, two of my small communities in Simpson County were devastated. Each served approximately 2,500 people, and they were without power and water. People in communities can get by without power for a while, but not without water. I called the Mississippi Rural Water Association circuit riders and they found emergency generators for me and delivered them to the communities at no charge.

Since the circuit riders know everybody in the state, they were able to borrow some generators from northern communities not impacted

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by the hurricane and had the generators delivered to get the drinking water and sanitation restored immediately. The circuit riders also had the technical know-how to rig the generator's electrical systems, size the right voltage, and even drive a backhoe if needed to clear the streets and dig up ruptured lines. All of this type of assistance is essential to restore a water supply in an emergency.

I called a circuit rider out to help me at a Double Ponds Water Association, a community of about 1,000 homes to find a line break causing a loss of water for many homes. The circuit rider came with advanced radar equipment that can precisely identify the location of the break, which on this day happened to be out in the woods. By funding the circuit riders, Congress is allowing all small and rural communities to share this technical resource that no one community can afford on their own. We think it is the best use of our Federal water environmental dollars.

With the federalization of the operator certification under the Safe Drinking Water Act of 1996, state rural water associations have become the main source of training for operators and the main source of continued education credits which are needed every year to maintain this certification.

Many parts of rural America have seen industry move on, leaving behind depressed economies. In my region the garment industry moved

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south after NAFTA. When this happens, raising rates becomes overly burdensome. In the town of New Hebron, Mississippi, with just over 400 people, we are now being told that we need to comply with a new EPA wastewater discharge permit that will cost \$2 to \$3 million.

I will close with some comments on the Federal water infrastructure programs, namely the EPA state revolving funds and the USDA Rural Development Grant and Loan Program. We are very appreciative for Congressional funding of these initiatives, and realize the funding constraints in Congress and the Nation. Notwithstanding the curtailment Federal funding, the regulatory burden continues to increase and become more complex.

We urge you to emphasize grants in these funding programs. Low interest loans often don't help the communities facing the most severe hardship from Federal compliance, leaving the loan funds to be used for compliance with greater ability to afford financing. We are very grateful for the funding assistance. It has allowed many rural and small communities to have access of drinking water and sanitation that would otherwise not have been able to afford without the Federal assistance, and we want to be partners in the effort to make the initiative as efficient and successful as possible.

Thank you very much, Mr. Chairman, and I am eager to answer any questions at you appropriate time.

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Mr. Shimkus. Thank you very much.

[The prepared statement of Mr. Selman follows:]

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Mr. Shimkus. Our last but not least panelist is Mr. Robert Stewart who is the executive director of the Rural Community Assistance Partnership.

Welcome, sir, and you are recognized for 5 minutes.

STATEMENT OF ROBERT STEWART

Mr. Stewart. Thank you, Chairman Shimkus, Ranking Member Tonko, and members of the committee.

I think the previous witnesses and you all have done a excellent job of sort of framing the issue. As someone that has worked 20 years with hundreds of communities in Texas, both for the Rural Community Assistance Partnership and the Rural Water Association, and someone who has directed a national program for 10 years, I am here to tell you that the needs of small communities are many, the resources are limited, but I tell you, the dedication and the determination of small communities to provide their citizens with the best possible water is strong and undiminished.

I want to -- I am sure everyone knows a little bit about the Rural Community Assistant Partnership. It is in my testimony, and I won't repeat things that are in my testimony. I just wanted to sort of make a few points that have been touched on but maybe I could amplify a little

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bit.

One is the access to capital. I think there is a real issue in small communities in accessing the financial resources that they need in order to build the infrastructure, extend lines to new customers. I believe Mr. Gomez talked a little bit about access to the municipal bond market. For small communities, this is just not an option at all. We find that there is 53,000-some-odd community water systems in the country. Perhaps 4 percent of them have the ability to access the municipal bond market.

So what they are left with is the two primary Federal financing programs, being the Drinking Water SRF and USDA Rural Developments Water and Environmental Programs, and so, you know, it is really critical that those programs continue to be supported in a robust manner. We work a lot with rural development and their water environment program. They are the primary lender in rural communities. They have some 18,000 plus loans out with small water systems, and as you probably know, there is virtually no default on these loans. We take these matters very seriously in repaying the loans that are made to small communities.

One of the things that RD has going for them is they have field staff in every state. They have the ability to work directly with the communities. They communities know their local folks in the district

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and state offices, and it is just a more cooperative easier way to get funding through rural development.

Rural Development also funds both the Rural Water Association and RCAP to do technical assistance and training. A lot of the staff that work for me around the country work through the application processes and all the requirements that are needed in order to get a loan from Rural Development.

EPA state revolving funds are also a very important part of the financing scheme for small communities. I think all of you know that as a result of the 1996 amendments to the Safe Drinking Water Act the state revolving program was formed, and it was mainly to deal with compliance issues, and if you look at who is out of compliance or where the most health-based compliance issues are, 96 percent of those are from small communities. So you would think that, you know, most of the money or a big portion of the money would go to the communities, whether they are urban, rural, small or large that have the compliance issues, but as you can look at EPA's own numbers, perhaps 25 percent of the funding actually goes to the small communities in this country.

You know, we would think that a larger amount of money from the SRF program should be dedicated to economically disadvantaged and small rural communities.

EPA does have a -- has a program as a result of the 1996 amendments

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that funds the technical assistance kind of a program that both Rural Water and RCAP have advantage of. It is not funded at the authorized level that was authorized 20 some years ago, and so we would hope that you would consider some additional resources for that particular program.

And I know one of the things you are looking at is what else can be done? You know, what else can we do to work with small communities. There is a lot of other options. One of which both Rural Water and RCAP work on is the sharing of services. How can small communities get together, share an operator, share a manager, share purchasing. How can we look at possibilities that actually -- you know, combining systems if they are close. It is very difficult, and one of the problems the funding agencies have is that it easier for them to make a \$10 million loan than 10 \$1 million loans. So that sort of hurts small communities even more. With reduced staffing levels in both EPA and RD, there is an emphasis more for the larger loans, which I think adversely affects small communities even more.

So I think the regionalization approaches where appropriate are important, but the only way those are going to happen is that if you have people like the circuit riders and the technical assistance providers that work for RCAP that are out working with those communities on a day-in/day-out basis to sort of work through those kind of issues.

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One of the other things real quickly because my time is running out is you talk about tools. I would like to give credit to EPA for developing the variety of tools and for working with Rural Development on tools. Assess management tools, tools to look at sustainability for communities. Again, tools are important to be developed for use by small communities, but it takes someone in the field like a Rural Water or an RCAP person to actually bring those tools out to these communities, and if it -- I would also -- if maybe this could be handled in the questions, I know you are interested in WIFIA and some of the other alternative financing programs. I would be glad to talk about that also.

My time is up, though, so I really appreciate the opportunity to be here with you today.

Mr. Shimkus. Thank you very much.

[The prepared statement of Mr. Stewart follows:]

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Mr. Shimkus. And I will recognize myself 5 minutes for the starting of the questioning.

And just before I start, I am in my 19th year. My first district was 19 counties. My second Congressional district was 30 counties, and now I represent 33 counties out of 102.

So we have really been able to access and use the USDA rural development and rural water, and it has really helped and kind of forced a push to regionalism and kind of closing the gaps of water or addressing the challenges that small communities have because they just -- in rural America sometimes these communities are shrinking. I mean, they are not growing. They are shrinking. So their base to keep up, especially with new capital expenses. So that is -- in my area it has been a very, very successful program, and I just throw that out because we -- I have great people work on that and they have done great work.

I would like to go to Mr. Gomez first, and you have heard some of our witnesses claiming that the drinking water state revolving funds are not being made available to provide safe drinking water to the needs of our most needy communities.

Is there a way to measure across the country whether the drinking water State Revolving Fund is meeting its Congressionally intended purpose or authorized purpose?

Mr. Gomez. So that is a really good question. What we are aware

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of is that the drinking water SRFs are required to provide 15 percent of the funds to the small communities. Now, the extent to which states are doing exactly what you are asking, we don't know yet. I mean, that would be a good question possibly for GAO to look at.

There are estimates from EPA, for example, that about 38 percent of the drinking water SRFs have gone to small communities as of 2008. So that is the estimate that is out there, but to the extent that it is meeting small communities' needs, we don't know that.

Mr. Shimkus. Great. Well, thank you.

Are there any reports that show how fast this drinking water funding is spent, by whom, and where it goes, including distribution to the neediest communities?

Mr. Gomez. So one of the things that we are doing at the moment is we do have ongoing work looking at the financial sustainability of the drinking water SRF, and so there we are looking at different ways in which states are managing these SRFs, and we are hoping to identify best practices that states are using. That report should be coming out this spring.

Mr. Shimkus. Great. Thank you.

Mr. Stewart, in your testimony you state that EPA State Revolving Fund needs to be, and I am quoting, "better managed to meet small system needs."

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Can you elaborate a little bit more on that?

Mr. Stewart. Yeah. What I would say, when you look at the numbers, EPA has a difference in between the number of loans they are making and the amount of the loans they are making, you know, and so the amount of the loans is not sort of the same as the number, and there is not as much actual money that is going into there.

Now, the whole purpose of the SRF was to give the states the latitude to run it how they see fit, and I think most of the members of this committee would sort of agree with that because the conditions are different from state to state, but I would think there is some minimum requirements if we are looking at the high noncompliance rates of utilities, the problems with affordability, the problems with small customer bases that, you know, just some great emphasis needs to be paid to providing more funding for these disadvantaged and smaller communities.

And, you know, some states, they are really good. My home state of Texas has a lot of money now that they are putting into water problems as a result of droughts. California has done the same thing. So each state runs a different -- a lot of states put extra money in. Some states don't, you know, but I think it is good, and I think GAO has done a terrific job of looking at some of these issues, and I would encourage them to continue to do so.

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Mr. Shimkus. Thank you.

My last question for Mayor Keegan, Mr. Newman, and Mr. Selman, can you just give us briefly your success on the State Revolving Fund versus the RUS, or do you access that? And why don't we go with Mr. Keegan first and --

Mr. Keegan. Sure. We haven't had very much success. We have had some limitations due to the average income of our community. We have been told it has been too high and our average bill doesn't meet the minimum to qualify for the funding. We have hired two -- we have paid two separate consulting firms to search out funds for us, and both reported the same thing.

Mr. Shimkus. Thank you.

Mr. Newman?

Mr. Newman. Thank you, Mr. Chairman.

In my experience, one of the issues with the SRF as compared to the rural development has been the paperwork is considered to be cumbersome, and the added administrative cost in applying often nullifies the low interest which in turn makes the SRF an option of last resort, which I don't believe was the intended purpose.

Mr. Shimkus. Mr. Selman?

Mr. Selman. Yes. Some of my systems I help we have used SRF. We are drilling a well right now at one of the systems because it depends

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on what area you are in the state, but we were having trouble through Rural Development getting on a timely process of getting the money to drill this well and it was needed.

The Town of Monticello we got a State Revolving Fund grant for a sewer project right now that we just completed. So in our district, in our part of the state, you know, we have used it and it has helped, but the USDA seems to be more with the grants. Some communities can't afford that much of a loan, and the grant helps them that much more over the USDA money.

Mr. Shimkus. My time is expired, and I know Mr. Stewart wanted to answer, but I need to go to Mr. Tonko who is recognized for 5 minutes.

Mr. Tonko. Thank you again, Chair Shimkus, for calling this hearing and for inviting the witness from 20th District of New York. Mayor Keegan, I appreciate you making the trip here today.

Drinking water systems in the district of that I represent, and I think every district across the country, are facing significant challenges as they work to ensure that everyone, including people in small and rural communities, have access to safe water. That is why I introduced the Aqua Act last Congress to improve all of the tools EPA currently has to assist these systems.

I appreciate the work that my colleague Mr. Harper from Mississippi has done on these issues, and I look forward to working

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with him to get at least some of these changes into law. It seems that every week in my district there is another water main break. Treated water and the money we have invested is being wasted. So it is dollars and water flowing out of those pipes.

Mayor Keegan, can you describe some of the issues you have had in your town with water main breaks and the obstacles you face in preventing these ruptures?

Mr. Keegan. Well, we don't really -- with the recent frost that -- when we have a water main break it doesn't always just pop up through the pavement because the ground is so frozen. So we don't often know where the break is, and we don't have the tools or equipment to locate the break. So we have to either call a consulting firm, and that could be \$1,500 a day to come with special tools, or we call the New York Rural Water Association. If they are available they will come. So that is -- it is very difficult. We don't always know where the breaks are located.

Mr. Tonko. Thank you.

And, you know, this is such a serious issue and one that will require more significant infrastructure financing, including that investment in technology, not just technical assistance.

Mr. Gomez, GAO has studied the range of government programs that provide assistance to rural and small water systems as well as the need

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the systems face.

What is the funding gap for water infrastructure? I know earlier you gave a combined total, I believe, for water and -- drinking water and sewer. What is the funding for the drinking water infrastructure and how much money does it entail?

Mr. Gomez. So EPA has estimated the funding gap, and they have estimated it to be \$662 billion. That is an estimate from 2002, and that estimate is based on the next 20 years.

Mr. Tonko. Thank you. And, obviously, the water systems represented on this panel I would think agree that more resources are required.

So Mayor Keegan, do you support legislation to reauthorize the SRF and increase the funding available? You know, you mentioned in your testimony the need for grants, not just loans, and I think many of you mentioned that. Is it fair to say that your village has reached the limit of its ability to borrow more for the needed funds?

Mr. Keegan. Oh, absolutely. We really just can't even entertain a municipal bond at this time, and right now we are only spending our budget items on repairs. We don't have enough money in our budget for replacement of old infrastructure. So we are looking for funding, but it has just been a struggle to find any that --

Mr. Tonko. And I assume the SRF is also a favorable thing for

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you?

Mr. Keegan. Yes. Absolutely. We encourage the refunding of that.

Mr. Tonko. And do you also support efforts to expand technical assistance initiatives like the Aqua Act?

Mr. Keegan. Absolutely. Yeah. We call on lots of different -- any technical assistance that can be provided to us is really of value.

Mr. Tonko. And to the other gentlemen on the panel, any responses in terms of technical assistance and the relevant role it might play?

Mr. Newman. In my experience, technical assistance is absolutely essential in complying with the various rules and regulations of the EPA, particularly because many of these rules are often complex and require innovative approaches. So the training and technical assistance that is provided, for example, by our state rural water associations is indeed an essential component of compliance.

Mr. Tonko. And the other gentlemen in terms of technical assistance funding and the SRF?

Mr. Selman. Very essential. We have -- you know, we get mayors and water board managers and whatever and they need all the training they can get. You know, the secretaries, the rural water puts on a training for them. They certify them. Every bit of assistance we can

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get is very well needed.

Mr. Tonko. And Mr. Stewart?

Mr. Stewart. Yes, sir. The one point I would like to make, technical assistance is important also because we need to ensure the investment that the Federal Government is making through EPA and Rural Development, and that technical assistance allows people to go out and work with these communities and make sure that those loans are going to be repaid, and also to implement like asset management programs so that the infrastructure and the materials that the utility has is going to be maintained in top operating condition and so we don't have to go back repeatedly necessarily to replace things that could have been maintained to start with.

Mr. Tonko. Right. Well, the Aqua Act that I introduced would cover some of these costs.

So I appreciate your comments, and with that I yield back.

Mr. Shimkus. Gentleman yields back his time.

The chair now recognizes the vice chair of the subcommittee, Mr. Harper, for 5 minutes.

Mr. Harper. Thank you, Mr. Chairman, and I can think of few topics more important across the country in every Congressional district than the one we are on today, and so thanks to each of our guests who are giving testimony today, and also welcome, Mayor Hill,

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and also, you know, just to have each of you here is something that we greatly appreciate, and my dear friend Kirby Mayfield who is here who is CEO of the Mississippi Rural Water Association who has been a great contact and person sharing information with us. So we are thankful for that.

If I could, Mr. Newman, ask you, in your testimony you talked about the trust relationship that small communities have with circuit riders. As we continue discussing this issue of how EPA could and should help our small communities comply with Federal regulations, among other things, would you please take a minute and elaborate on the importance of that trust relationship that our water systems have with our circuit riders?

Mr. Newman. Yes, sir. The relationships that has been established over the years between the rural water associations and the utility managers, the certified water operators, mayors, and small town council has been well established over many years. Prime example, just last evening a small community in Mississippi, their water well was down due to snow and it lost power for a significant period of time, and the mayor -- of course, customers were calling. It was developing into quite a situation.

The mayor contacted me, and I immediately contacted the Mississippi Rural Water Association, and they in turn immediately began

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locating a generator for that town, and, thankfully, were able to get that generator delivered to resolve that situation.

So, in essence, the experience is if you have got a problem and you don't know what to do, then you call the Mississippi Rural Water Association, and they are there every time to provide the needed assistance.

Mr. Harper. And I am also glad you explained to some of our folks, some of our members, that we actually have snow in Mississippi. So that was a surprise to, I think, some.

Mr. Newman. Yes, sir.

Mr. Harper. And Mr. Selman, thank you so much for your kind words and your testimony, and I look forward to visiting with the Double Ponds Water Association folks next month in D.C.

Mr. Selman. Thank you.

Mr. Harper. You talked about Hurricane Katrina which impacted our State and Louisiana greatly. It was the greatest most costly natural disaster ever in our State's history, and you mentioned two water systems in Simpson County, in my district, and the assistance they received after Katrina.

Would you talk for a minute about some of the tools circuit riders have at their disposal that small water systems often don't have or have other access to. I think you mentioned radar equipment. How

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important are these tools to the survival of our smaller water systems?

Mr. Selman. Yes. Very important.

Before Katrina, we hadn't had a natural disaster in south Mississippi like that since Camille. I reckon 1969, but we were without power, and we are about 120 miles from the coast, and we were without power about 20 days, 19, 20 days, and at that time some of the water systems had started putting in generators, very few, but some had, and, you know, we -- like I said in the testimony, you can make it without power for a while, rig up your generator to get the TV on or something, but without water, you can't make it, and we immediately called our circuit riders. They found generators in Arkansas, north Mississippi, wherever they could get them, brought them to us, helped us get them hooked up, and we got water flowing again. Same way with the wastewater. We had some lift stations that you have to pump wastewater that we hooked into those wastewater stations and got water to the lagoon or the treatment plant.

The ground-penetrating radar you mention, they keep one of those. Anytime we need to locate a line -- a lot of these old lines were put in are growing up in trees now. You can't -- you don't know exactly where the line is. They come out there with this machine and locate that line for us and help us tap it, help us do whatever we need, and that machine is about \$35,000, and, you know, most of these little

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systems don't have the money for that. So what we do, we call Rural Water and they help us in whatever needs we need.

Mr. Harper. That is great. Well, thanks to each of you and great to have all of you here, and thank you for that, and also want to specifically thank Ranking Member Tonko for his assistance as we try to work through these important issues.

Thank you.

Mr. Shinkus. Gentleman yields back his time.

Chair now recognizes the gentleman from Texas, Mr. Green, for 5 minutes.

Mr. Green. Thank you, Mr. Chairman for -- both you and Ranking Member Tonko for holding the hearing on the drinking water needs of smaller communities.

I represent a very urban district in unincorporated and incorporated Houston, Texas, and we have some of the same problems in our suburban areas that will not be annexed by our cities because the property tax could never cover the cost, and yet they are literally south of Intercontinental Airport in Houston and areas in that district, and over the years in Texas, we have received money from the State Revolving Fund. In fact, partnered with using it in some of these communities to provide fresh water but also partnering with the county because -- for sewer service.

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But it bothered me that last year Texas received the lowest amount of money from the State Revolving Fund of \$53 million, and that goes back to 1997, and that is not anywhere nearly accounting for inflation. The fact is deeply troubling because of the significance in growing drinking water infrastructure needs of Texas in general, and, like I said, a very urban district. If it is in the city, they will get -- they will do it, but this area is not attractive to be annexed, and it is very poor communities, and that is where we need the help. Their septic tanks fill, and, again, a very urban area and very shallow water wells. That is why this hearing is important.

My first question is, Mr. Newman, Mr. Selman, and Mr. Stewart, do you believe that the Congress should reauthorize the drinking water State Revolving Fund this year?

Mr. Stewart. I will be glad to start off. Yes. I think --

Mr. Green. I mean, it seems like an easy one --

Mr. Stewart. Yes, sir. Exactly. It is one of the most important funding mechanisms within this country to fund water systems.

Mr. Green. For the other three gentlemen, do all of you all agree we ought to reauthorize it?

Mr. Selman. Yes, sir.

Mr. Newman. Yes, sir.

Mr. Green. Okay. Do you believe Congress should increase the

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funding provided to states and local communities through the drinking -- through drinking water for safe -- State Revolving Fund? Raise the authorization for it?

Now, I will explain to folks, authorization is we have that, but, you know, you can raise the authorization as high as you want, you still have to go back every year and beg the Appropriations Committee for the money.

Mr. Shimkus. Yeah. If I may interrupt -- he is saying do you think that the authorization amount should be raised across the country. That is the --

Mr. Green. If we get asked for appropriations --

Mr. Shimkus. If we reauthorize --

Mr. Green. Do you think there are water needs around the country, not only in your states, but others?

Mr. Selman. Yes, sir.

Mr. Stewart. Well, my opinion is is this is an investment. This is to capitalized the revolving funds that the states have. So this is not money that is just going away in grants. This is to capitalize money that can be revolved again and again for use of communities large and small.

Mr. Green. But should the fund be raised so we can cover more communities?

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Mr. Keegan. Absolutely.

Mr. Green. Mr. Newman?

Mr. Newman. Absolutely. Yeah.

I would also like to add that in addition to raising the funding to cover more communities, take a look at the process and make sure that the money is being utilized by the communities that it was intended to be beneficial for.

Mr. Green. You think there is something in the authorizing law that we need to change that would make that happen?

Mr. Newman. I am not so sure about the process of the authorization of the law as I am concerned about just the implementation of the funds and those things that discourage the smaller communities, you know, in Mississippi that I am familiar with from pursuing those funds because these funds were intended to benefit these small communities, and there is a gap, and I think that we all need to just figure out how to bridge that gap.

Mr. Green. You know, the biggest problem we have in my area is that these are very poor communities and to have a revolving fund and have it paid back, they could hardly afford the monthly water bill and sewer bill to be able to pay it back. So there is -- that is the issue, again, in my area, and I assume it is in north Mississippi just like it is in other parts of rural Texas.

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Mr. Stewart, you indicated you worked two decades on drinking water issues, and we have had -- I used -- the last few years our rain stopped at the Louisiana border, because from Beaumont, Texas all the way out west it has been drought. Not as much in the last year, though. We have had good rain in the Houston area, in southeast Texas, and all the way to Rio Grande Valley, but we still have problems out past San Antonio because that is still in a drought area.

How would you describe our current state of drinking water infrastructure in Texas?

Mr. Stewart. I would say for the most part it is pretty strong, but I think there is certain disadvantaged communities like you are talking to -- you are talking about that I really think need some additional resources, and there is some hard-hit drought areas in north central Texas of my area of central Texas that I think just need some support, and fortunately we have -- and Texas has benefitted because we have river authorities, we have a progressive water development board. We have people that are looking at this issue from a lot of different angles.

Mr. Green. Well, and Texas did provide recently the voters, voted for a constitutional amendment to provide for it because of the problems we have.

In 2011 Harris County, as much of our state was in the grips of

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the drought, during the height of the drought, due to aging water lines, hardening soil, hundreds of water line breakage daily, resulting in billions of gallons of lost treated water, Mr. Stewart, do you have any sense of the economic impact of the 2011 drought had on our state?

Mr. Stewart. That is something the GAO might be better to answer, but I know it has been severe economic impact. Because if you don't have the water sources, you are not going to be able to support the businesses, the growth that is occurring all over Texas. Water is just the foundation of all the economy in this country.

Mr. Green. I know I am over time.

Thank you. I am sorry.

Mr. Shimkus. Way over time.

Mr. Green. We talk a little slower.

Mr. Shimkus. I thank my colleague.

Chair now recognizes the gentleman from Pennsylvania, Mr. Murphy, for 5 minutes.

Mr. Murphy. Thank you all. I will talk a little fast. See what I can get in.

This is for Mr. Selman or Mr. Newman, and thank you all for being here. Very informative panel.

Engineers who serve in some of these rural water systems in my district, for example, in Greene County in my southwestern

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Pennsylvania, very rural area, but they tell me that states oftentimes impose their own drinking water requirements which are far more strict than the EPA standards set forth in the Drinking Water Act.

Could you please provide some examples for me where some of these state-imposed requirements that you have seen in your community or communities go beyond or differ from the EPA standards?

Mr. Newman. In Mississippi, and Mr. Selman can elaborate on this or correct me if I am wrong, but I believe in Mississippi that our state regulations are exactly the same as the Federal guidelines, being no more or no less stringent than the language in the Federal act.

Mr. Murphy. Same for you, Mr. Selman?

Mr. Selman. Yeah, that is correct.

Mr. Murphy. And does anybody else see differences in their communities?

Mr. Selman. No. That's correct. I don't think our regulations could be any more stringent than what the Federal act has written. That is the way the State of Mississippi does.

Mr. Murphy. Mr. Stewart?

Mr. Stewart. I guess, sir, I might note that some states -- EPA regulates water quality. They don't regulate capacity requirements, and some states require that you have a certain well production, a surface water treatment plant, storage and pumping capacities. In a

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lot of cases, those adversely affect small communities because they are not really. You know, they are not engineerily -- they are not on an engineering basis justified on the basis of how much water is being used.

Mr. Murphy. So, for example, in my Greene County area where they are dealing with things like small dam or water line extensions, not necessarily water quality, but that has to do with water delivery. Is that what you are saying is that --

Mr. Stewart. Exactly. The capacity requirements, whether -- again, pumping or storage, you know, elevated ground storage tanks, sometimes those capacity requirements are a little bit higher than I think would -- to what is needed to protect public health.

Mr. Murphy. Well, what this gets into -- well, let me come back to that.

So how much could the heightened standards cost rural drinking water systems, though, if we make some changes in here? Will it affect -- I mean, I heard some of you alluding to cost issues here. Mr. Keegan, you talked about consulting an engineer and what those costs are. What does this vary for communities, rural communities? Anybody have any estimates here of that cost that you would bear?

Mr. Keegan. Probably save us on all the consulting fees that we spend looking for funding.

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Mr. Murphy. Anybody else have any thought about this?

Mr. Stewart. Well, I would just say it depends on the requirement. You know, if you are having to treat for arsenic, then you are probably talking a doubling or tripling of the water bill for a small community.

So it just depends on what kind of treatment that -- what kind of constituent that EPA is requiring the small community to treat for.

Mr. Murphy. So the question I have, and I know you talked about some of these things, but how do rural systems get the funds they need to deal with this compliance issue? Any of you have any thoughts on this of what we do? I mean, I heard one comment, could the Federal Government send more money, and certainly where the Federal Government increases or changes standards, I sometimes think it is unfair to say: You now must do all these things, and you must bear the cost, but it comes down to a question, though, of what else -- I mean, how are these costs borne oftentimes when you may have someone who lives a mile from the next person or a half mile from the next person and there is huge costs associated with this.

Anybody have any comments on how that should be set up?

Mr. Keegan. We just raise our rates. We just had the -- the DEC required our local school district to be on municipal water, and they passed a bond. So they passed that price on to the taxpayers, you know,

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to hook into the system at quite considerable expense, and --

Mr. Murphy. What kind of percentage increase would you say that was?

Mr. Keegan. I am not sure.

Mr. Murphy. Anybody else have any other thoughts other than put it on the ratepayers?

Mr. Selman. Raising rates is the only way that small communities like I work for, that is the only -- only option they have, and, you know, in the 10 to 20 percent range sometime.

Mr. Murphy. And we have these grant systems. I know that some of my communities are asking for some changes in the way that the loans are established, rates, et cetera. Any comments on those?

Mr. Keegan. The paperwork is quite cumbersome, and, you know, usually we have to hire a consulting firm to help us apply for the loan.

Mr. Murphy. Can you elaborate on that cumbersomeness, what kind of hours and time that adds to your cost?

Mr. Keegan. We just aren't -- we just don't have the staff who can understand, you know, what is required in the paperwork. We give them the, you know, the data, how much water we use every day and that kind of thing.

Mr. Murphy. So is it safe to say that simplifying paperwork and if you are going to be giving -- required to have lots of paperwork

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to also provide some assistance in filling that out of some sort?

Mr. Keegan. Absolutely. Yes.

Mr. Murphy. Thank you so much.

Mr. Shimkus. For the second time, I am going to try to be quicker on the gavel so everyone gets a chance for --

Mr. Latta is recognized for 5 minutes.

Mr. Latta. Well, thank you, Mr. Chairman, and to our panel, thank you very much for being here.

This kind of strikes home to me because as a county commissioner in Wood County -- and from Wood County in Ohio for 6 years and handled a lot of water and sewer issues, and also we created a regional water and sewer district when I was the commissioner to put things together because my home county was over 600 square miles. We had all or part of five cities, 21 villages, 19 townships and a lot of unincorporated area.

And it is important to -- and hearing all of you brings back memories of over 20 years ago that I used to sit in a lot of meetings and hear people talk about because they are really very important issues. In Ohio alone, I think we have got about \$21 billion right now that we are looking at that we need in infrastructure improvements from water to wastewater and storm water, and so what you are saying here today is very, very important, and really appreciate you being

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here because I can commiserate with what you have all said, and I have also been working on legislation for at least one session to try to help on the wastewater side to help rural communities.

But if I could, because I take it you all had very good testimony today, and again -- and appreciate you being here, and if I could start with Mr. Gomez, you know, you -- I think it is important because one of the things that we have been hearing out here is there is a shortage of dollars out there that we have, especially -- and when you are talking about our rural areas.

Could you discuss the relationship between the EPA and USDA programs and whether they are -- you know, there are overlaps out there and what about the efficiencies or synergies that could occur if we were really looking at these programs and make sure that we didn't have duplication out there or anything like that.

Mr. Gomez. Sure. Thank you.

So we have looked at those two programs in particular, and also at the other agencies that have programs that help our rural communities.

With respect to the USDA rural utility service and the EPA drinking water SRF, they are -- they do have some similar programs. We did not find any areas where they were duplicating effort, meaning that they were funding the same project for the same purpose. Projects

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can get funding from both programs, but they are usually focusing on different areas.

Now, the other thing that we have reported on is the importance for those two agencies to work together to collaborate, but also to encourage the state SRF programs to work closely with the USDA rural utility service so that they can get efficiencies.

You know, one of the recommendations we made was that they needed to come up with a uniform preliminary engineering report so that communities aren't filing multiple engineering reports, which cost money, and so those are things that we are tracking. We were happy to hear that they have come up with the uniform preliminary engineering report and that some states have already adopted it.

So we think those are places where if by working together they can better target the monies.

Mr. Latta. Thank you.

This is for Mr. Stewart and Mr. Newman because you both kind of touched on it. In your testimony you had mentioned, Mr. Stewart, about bringing the tools back to the community and the cost of that technical assistance because I know what that would cost, and, you know, what do you find? Are the tools there, are they readily available? Because I know we heard from some other of the Members asking the panel about the cost, but, you know, do you find that you have that assistance out

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there to be able to get that as soon as you can get it?

Mr. Stewart. Both RCAP and Rural Water have a variety of tools that we bring to bear with small communities. So they are readily available, I think, and EPA and RD are working on different tools. I think I have touched on them in my testimony. I think it is the access to those tools that -- that is needed. We need the technical assistance to bring those tools, you know, whether it is an asset management program, whether it is a financial management program, whether it is an O&M manuals. Whatever those tools might be, the real expense is not just creating the tools, it is bringing it out to the small communities that can't access them unless you have a technical assistance provider out there working with them.

Mr. Latta. Thank you.

Mr. Newman, would you like to touch on that about that assistance out there in the communities?

Mr. Newman. Well, to reiterate the comments that I have made, as well as Mr. Stewart, from the perspective of the water system manager, then the resources, the assistance is invaluable because there are very varied issues that occur across a water system or a wastewater system that may be beyond the scope of that particular utility and beyond the financial capabilities. So utilizing the services of the Rural Water Association is absolutely essential.

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Mr. Latta. Okay. Thank you.

Mr. Shimkus. The gentleman's time is expired.

The chair now recognizes the gentleman from West Virginia.

Mr. McKinley. Thank you, Mr. Chairman.

Going to go in several directions with this, but I have got -- we have all heard a lot of horror stories, and I have got mine in my district. I have got a little town in West Virginia. I think we have got a slide, perhaps, of a water line that they are -- they have been facing -- could we get that up? There it is.

It shows how just colluded the line is, that they can't -- they have applied -- however, knowing this, they have applied 10 times to try to get money, and they have been rejected 10 times since 2002. It just isn't -- people -- we just don't have the money in the SRF, and what I was particularly pleased about was the President this year actually maintained the -- for the most part, the funding from the previous year as compared to what we have seen in the past where the year before he made a 40 percent reduction in the SRF because they said the priority was climate change, and we have heard that mentioned from the other side of the aisle. They thought climate change was a higher priority than funding our water problems in rural America.

I have got -- I am curious. So I hope we -- I hope someone has seen the light with that, but the -- I am confused a little bit about

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the regulatory burden because it -- particularly a lot of you have been talking -- this hearing is about rural America, not what has been offered is we got to be concerned about the big cities.

I am worried at this hearing that we stay focused on rural America because here is just a listing of some of the rules -- I don't know whether these people -- I have designed a lot of sewer and water lines.

So as an engineer I am quite familiar with this, but we have got things that a small city has to take care of is the arsenic rule, the chemical rule, lead and copper rules, the uranium rule, the Federal backwash rule, the groundwater rule, the enhanced surface water rule, the cert, both I and II, the disinfect byproduct rule, 1 and 2, the surface water rule, total coal -- I could go on and on.

These are rules that small cities have to deal with just as well as a larger community of 100,000 or 200,000. So my -- and I have got three other communities that they are just trying to find money for operations, let alone install -- this one community is -- they are working on -- like, one of you said up there, a 19th century system. They are trying to replace it with that water line right there.

How can we get money for operations? Because we have got one community in West Virginia -- they are dumping raw sewage into the Potomac River because they don't have money to be able to do their maintenance work that they have to do. We have got others that -- I

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got another community, they are getting their water through water buffaloes pouring into a cistern so that they have some water with that --

This is 2015 in America, but yet we have an administration that until this year every year for the last 3 years has been reducing money to the SRF. What are we failing -- how are we failing our country when we don't put enough money into the SRF? How do -- because that is what I have heard many of you say, we need to put more money into that program. What do we have to do? How much more money?

Can any of you suggest where we have to go with that? And I would also add, should we be prioritizing the SRF money for rural communities so that we are weighting them a little more heavily than the big cities? Mr. Stewart, does --

Mr. Stewart. Well, sir, you are preaching to the choir here. I mean, I think all of us would agree that a significantly greater percentage of the SRF money should go to small communities, and they should be able to access it easier.

One think I would like to say real quickly is you can't even have a chance of getting the SRF money unless you get on the Intended Use Plan, and for a small community, how do you get on the Intended Use Plan? I mean, you know, the -- all of us can tell you that is difficult to do.

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I mean, do you have the technical assistance? Do you have an engineer you are working with? Somebody that is going to submit the paperwork so you even have a chance to get on the money? And that is a problem. That is one thing I said in my testimony. We need some assistance just so these small communities could get on the Intended Use Plan, which is what they do to prioritize money into the SRF.

Mr. McKinley. How can we weight -- what are some -- what would be some factors or -- that we might be able to weight so that a small community putting in will be given better consideration than a larger communities? Any of your thoughts? Mr. Gomez?

Mr. Gomez. Well, generally, what GAO always recommends is that you target Federal funds to those communities most in need, and so if these are in communities, that is where the -- that is one of the areas that we could target.

Mr. McKinley. Okay. Well, I guess we are running out of time, but, again, Mr. Chairman, thank you very much for bringing this up.

I hope we continue to -- this is a -- for small cities. The big cities have their own issues, but they have the resources and the critical mass to be able to take care of -- our small towns of 400, 500 people, we are struggling. We better find it.

Thank you very much.

Mr. Shimkus. I thank my colleague.

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The chair now recognizes the gentleman from Ohio, Mr. Johnson, for 5 minutes.

Mr. Johnson. Thank you, Mr. Chairman.

I represent Appalachian, Ohio, and I don't have to tell you folks probably how rural that is. I hear the horror stories, many of which you have just heard. I could cite similar cases that my colleague from West Virginia, Mr. McKinley did.

Mr. Selman, long before I was elected to Congress, I served 26 years in the Air Force, and I was stationed in Columbus, Mississippi, and you know how rural that area is. So I have seen this for a long time.

Mr. Gomez, does the GAO track and can you tell us in regards to all urban and rural systems how many municipalities have their systems charge the true cost of providing water to their customers? In other words, how many of them are operating in the red?

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RPTR RULL

EDTR HUMKE

[11:57 a.m.]

Mr. Gomez. That is a really good question, and it is always one area that is debatable, right, whether people are actually paying the true price of what the water costs. I don't believe that we have done work on that. But if we have, I would have to get back to you on that.

Mr. Johnson. Yeah. Would you take a look at that, please. I think the American people would be interested to know how these small rural communities are struggling and many of them are operating in the red, as it stands right now, because their residents can't even afford the cost of providing the water.

Mr. Gomez. What I can also say is that EPA has estimated that, for these rural communities, if they have to undertake these water and wastewater infrastructure projects, their rates will likely be four times what the urban rate payer would be paying.

Mr. Johnson. Oh, absolutely.

Mr. Gomez. So that is not affordable.

Mr. Johnson. Yeah. And I have got rural areas that are under that exact pressure. They don't have the money. Because of the economy, they don't have the money to comply with the EPA's clean water

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mandates and system mandates today. And on top of that, they are being leveled with these fines that they also can't pay. So, I mean, it is like trying to get blood out of a turnip. And I know you guys know what a turnip is. So it is tough. It is tough.

Let me ask you a question, Mr. Newman. Your testimony mentions that the town of Como, Mississippi has 2 million in wastewater needs and 1 million in drinking water upgrades that it needs to undertake. What is the annual operating budget of Como?

Mr. Newman. The annual operating budget in the town of Como is approximately 150,000 annually.

Mr. Johnson. Okay. All right. And what is the average income of Como residents?

Mr. Newman. Per capita, about 21,000.

Mr. Johnson. Okay. Is raising local water rates a realistic possibility?

Mr. Newman. It is a realistic possibility from a standpoint of operation and maintenance, but not from the standpoint of addressing --

Mr. Johnson. Making these upgrades?

Mr. Newman. That is correct, yes.

Mr. Johnson. Yeah. Okay.

And even if you raise the rates operationally and maintenance-wise, would it be enough to cover the cost of providing

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the service?

Mr. Newman. No.

Mr. Johnson. Okay. What is their access to or are there limits on other funding sources like commercial lending? Now, that is a double-edged question because the question itself kind of says, "Well, why don't you go in debt --

Mr. Newman. Sure.

Mr. Johnson. -- to provide water?" And that is certainly not a principle that I subscribe to, but are you considering other sources?

Mr. Newman. By and large the primary source is rural development primarily because of the grant component. Other options, as we have discussed, include state revolving fund, even commercial lending.

However, as is the case with SRF, commercial lending is 100 percent loan and the interest rates on the commercial loan is typically going to be higher than the SRF.

But at either case, because of the low economies of scale, a community like Como can't afford to borrow the money necessary to make these improvements. They just don't have enough customers over which to spread the cost.

Mr. Johnson. Okay. All right.

Gentlemen, for Mr. Newman, Mr. Keegan, and Mr. Selman, what challenges do you have in assessing the drinking water state revolving

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funds and how does that compare with accessing rural utility service funding?

Mr. Newman. Well, and I will allow these gentlemen to elaborate. But one of the issues -- and, I think, we touched on it as well -- you have got more help in applying with RUS as opposed to SRF. The cost of applying for SRF, you may have to utilize services from a consultant which adds to the cost and that is typically not the case with the rural development process.

Mr. Johnson. Okay. Mr. Selman?

Mr. Selman. Yeah. Well, we have been able to use some SRF money. Our engineer takes whatever they allow as that consultant amount. You know, whatever they allow for an attorney, for an engineer or whatever, he does the paperwork for whatever that is. And they have got that specified in the loan.

Mr. Johnson. Okay.

Mr. Selman. And we have been able to -- I know certain regions, maybe not. But we have been able to take advantage of some SRF money. We were having trouble getting money through rural development.

Mr. Johnson. Thank you. Mr. Selman. My time has expired. But, Mr. Keegan, do you want to respond?

Mr. Keegan. We have had a lot of trouble just accessing funds from either program. In New York State, a lot of the funding goes to

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communities that have some sort of citation, some problem with their system. Our engineers work very hard to keep our system smooth running. So we are sort of at the bottom of the pile. So --

Mr. Johnson. Thank you very much.

Mr. Chairman, rural America knows hard it is to get blood out of a turnip, and I appreciate you having this hearing so that we can shed some light on how difficult it is to do this.

Thank you very much.

Mr. Shimkus. Well, thank you very much.

And I thank my ranking member and my vice chair, who is, you know, trying to lead this charge, too.

Last but not least, Mr. Cramer from a rural state of North Dakota.

So you are recognized for 5 minutes.

Mr. Cramer. Thank you, Mr. Chairman from Illinois and ranking member from New York, for acknowledging rural America and for reminding us there are other rural places that are better known for their urban centers. It is good to have an alliance.

My colleagues or my constituents with the North Dakota Rural Water Systems Association would be very proud of all of you. You have done a great job today, and I felt right at home even with the unusual accents. But it is a reminder that there are some things we work together on and that are very important.

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And I won't -- you know, I won't delay except to tell you that we hear a lot -- I hear a lot about the circuit rider program from our folks, and I think you raise a very important issue. And I think that it is incumbent upon us now, as policymakers and eventually appropriators, to look for opportunities to prioritize some of the programs you talked about within the context of the entire act. And given the constraints, the financial constraints we have, we do have to be a little bit creative, but certainly we can re-prioritize.

I want to just ask for maybe a little bit of elaboration on one point. I thought the GAO report was fantastic frankly. And I think that it was -- it is nice to see the alphabet soup, as my constituents often refer to it, and see that there is both recommendation, findings, and then response by multiple agencies that have a tendency perhaps to create extra burden by virtue of requiring, you know, sort of uniform processes, but not in a uniform way. And so the uniform preliminary engineering report template, I think, is a great tool.

And I think at a time when our constituents really are looking for an efficient, effective government, this is a good example. And I raise it because I wonder how many more times we could duplicate this throughout the system. One of the frustrations I have seen in the last 2 years here is, not just with EPA and USDA rural developments, certainly, in fact, you know, there are many others have more. I just

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hope that we could, as a House, as a Congress, and as public officials at every level, look for more of these types of opportunities where the public could go, wow, that makes perfect sense. Because right now they look at it -- and I am sure you all do and say, "You mean I have to hire the engineering firm to do the exact same thing all over again for another agency and pay them this same."

So, I guess, mainly what I want to say is thanks for that. I will want to be monitoring that very carefully to see how it works out, and I know you will as well, Mr. Gomez, because I think therein lies the nuggets of opportunity to demonstrate functionality of government in a way that people expect of us and that we haven't probably done so well.

Mr. Gomez. Thank you. And we are tracking that, by the way. It is part of our tracking that we do every year because we want to make sure that those agencies are making progress and that it is helping the communities that are in need.

Mr. Cramer. Well, thank you for that. And again thanks to all of you. And I will leave some time on the clock and not -- and just thank you for being so patient to hang around with me this long.

Thank you. I yield back.

Mr. Shimkus. Gentlemen yields back his time.

It looks like we are about gone. Do you have anything else you

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want to say and take an opportunity?

Mr. Tonko. Thank you, Mr. Chair.

I just want to commend the entire panel. I think what you shared with us is not only great insight, but advocacy for what is a very high priority, and you have done it through that frontline experience. So it provides an extra bit of impact, I think, on the decisions that are made here.

But thank you for reinforcing what we have understood to be a problem. And this is a very high priority problem, I would think, for the country. So thank you very much. And I was impressed by all the statements that you have made and the responses that you have provided.

Mr. Shimkus. Yeah. I want to thank the ranking member for those comments.

And, again, thank you for being here. I think it is just going to energize us to try to -- you know, I have kind of asked Mr. Tonko and Mr. Harper to now get together and try to see where there are similarities and agreements so that we can kind of move forward together.

And you could see where there is a lot of areas in our country that are kind of left behind just because they are small. And it is not a political statement. It is just the nature of our country.

So I really appreciated the involvement of my colleagues, too.

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So thank you.

I need some business to do. I ask unanimous consent that all subcommittee members have 5 legislative days to submit opening statements for the record. Without objection, so ordered.

[The information follows:]

***** COMMITTEE INSERT *****

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Mr. Shimkus. Also unanimous consent inserting a letter from Dr. Ralph Jones and a letter and a report from the environmental working group.

Without objection, so ordered.

[The information follows:]

***** COMMITTEE INSERT *****

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Mr. Shimkus. And remind folks that members of the committee have 10 days to submit written questions for the witnesses to be included. You may get some as follow-up. We would ask that you answer those and return those, if you can.

And that is, without objection, so ordered.

[The information follows:]

***** COMMITTEE INSERT *****

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And with that, the hearing is adjourned.

[Whereupon, at 12:08 p.m., the subcommittee was adjourned.]