



# Perspectives on the DWSRF CIFA Panel Discussion

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Executive Director

Association of State Drinking Water  
Administrators

The logo graphic consists of a vertical black line on the left, a horizontal black line below it, and three overlapping colored squares: a yellow square at the top left, a red square at the middle left, and a blue square at the bottom left. The text 'ASDWA' is positioned to the right of these elements.

# ASDWA

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- **Who are we?** Drinking water programs in the 50 states, territories, and D.C. in their efforts to provide safe, potable drinking water to 260+ million consumers nationwide.
- **Our mission:** To protect public health through the effective management of state drinking water programs that implement the Safe Drinking Water Act.
- **Collaboration with CIFA:** State drinking water program administrators have many points of intersection, agreement, & mutual cooperation with CIFA and its members; we've appreciated our partnership.



# More about ASDWA Members

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- **Where we Reside Organizationally:** Split between Health Departments (19) and Departments of the Environment/Natural Resources (31).
- **Staff Sizes and Expertise:** Vary from a few dozen (in our smaller states) to a few hundred (in our larger states).
- **Expertise:** Staffs tend to be multi-disciplinary (engineers, hydrologists, data managers, and communications experts).



# Complex, Multi-Faceted Programs

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- **Challenges:** The national drinking water program is always challenging, but now more than ever in light of the ever-increasing program requirements and the continuing state fiscal crisis in many states.
- **Punchlines:** States involved in activities from “source to tap.” I’d like to briefly touch on:
  - *Resources*
  - *Rule Implementation/Water System Capacity*
  - *Security*
  - *Source Water Protection*



# State Drinking Water Program Resources

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- **Sources of State Drinking Water Program Resources:** PWSS grants, DWSRF set-asides, state general funds, and fee revenue.
- **The Current Gap:** Significant gap between what it takes to run complex state drinking water programs and the funds available; “gap” was estimated at \$360 million annually in FY 06.)
- **“Coping” Strategies:** Include using greater levels of SRF set-asides; seeking fee increases or instituting new fee programs; seeking greater levels of state general funds; and carefully setting priorities.



# Rule Implementation/Capacity Development

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- **Rule Implementation:** States oversee implementation of 90+ drinking water regulations; including the more recent “risk-based” rules (LT 2/Stage 2; GWR).
- **Capacity Development Challenges:** States are heavily involved in enhancing the technical, managerial, and financial capacity of water systems, especially small systems.



# Drinking Water Security

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- **State Role:** We see states playing a vital role as the nexus between DHS/EPA and local utilities/first responders.
- **Overall Thrust:** We seek to *imbed* security in our day-to-day programs so that it's not simply another “add-on”, but rather is integrated into all other elements of the program; and, reflects an “all-hazards” approach.



# Source Water Protection

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- **Moving from Assessing to Protecting:** States support source water protection and most have expended considerable efforts to move from source water assessments to protection.
- **Requires Collaboration:** Due to resource constraints and fragmented authorities among Federal, state, and local “players”, source water protection is a *collaborative* undertaking.

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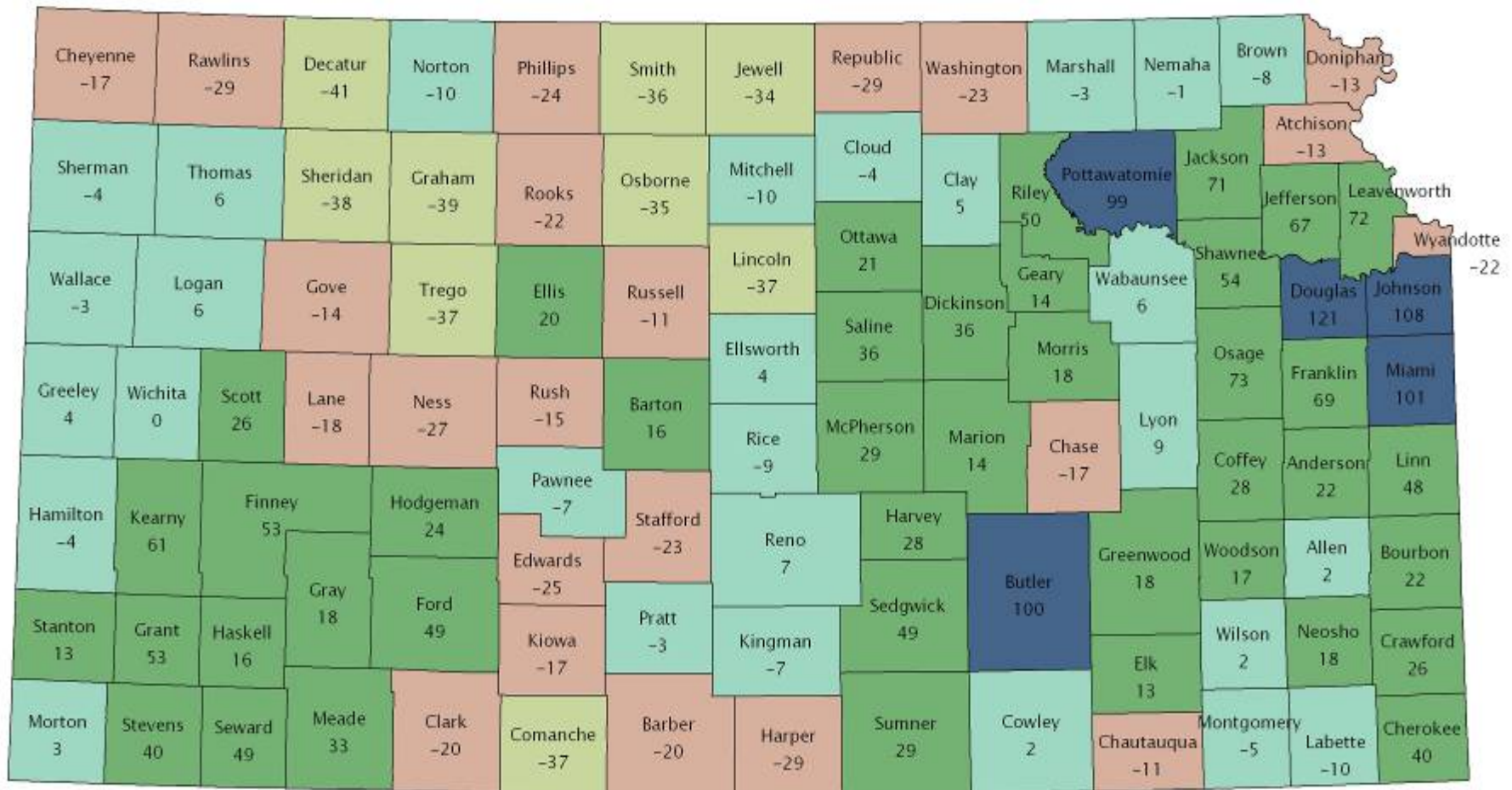
# Topics

- Sustainable Infrastructure
- DWSRF set-asides
- Pace of spending
- OIG Report on use of state match bonds
- Tax Increase Prevention and Reconciliation Act of 2005

# Sustainable Infrastructure Four Pillars

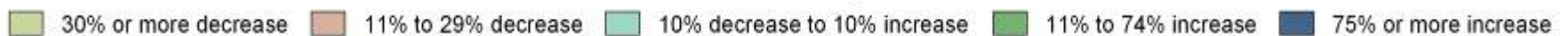
- Better Management
- Watershed Approaches to Protection
- Water Efficiency
- ***Full-Cost Pricing***

# Percent Change in Population By County Kansas, 1990 - 2040



Source: Kansas Water Office, 1998

## Percent Change



# Public Water System Supervision Grant (PWSS)

- PWSS is the primary federal funding source for states
  - FY04 appropriation \$102 M
  - FY07 appropriation \$98.3 M
- Recent rule adoptions increase work
  - Disinfection Byproducts, Part 1 and Part 2
  - Long Term 1 and 2, Surface Water Treatment
  - Ground Water
- ASDWA Survey, states short \$360 M FY06

# Importance of Set-Asides

- 4% for SRF program management
- 2% for technical assistance to small systems
- 10% state drinking water program management
- 15% for source water protection and capacity development activities

# Pace of Spending

- Dougherty memo of August 21, 2006
  - Unliquidated obligations
    - Nationwide 30%
    - Regions 16% to 54%
    - States 1% to 74%
  - DWSRF capitalization grants through FY03
    - \$9.6 B authorized
    - \$5.52 B appropriated

# Pace---Fund Utilization Rate

- Amount of loan obligations divided by funds available
- FY07 Target 85.3%
- FY08 Target 86%
- Reasonable measure nationally
- Imperfect measure for a single state

# Kansas DWSRF Program Pace

- 2003      102%
- 2004      131%
- 2005      93%
- 2006      100%
- 2007      110% estimated\*

\* Drops to an estimated 83% if \$100 M bonds sold prior to June 30, 2007

# OIG Report-State Match Bonds

## March 29, 2007

- *--use of bonds to meet SRF match requirements reduces funds available for water projects---*
- If the goal of the DWSRF is to maximize available funds for projects, why are set-asides and principal forgiveness allowed?
- Other factors, e.g. leveraging, have a bigger impact on assistance provided
- OIG report assumes interest payments used to retire SMB would remain in the program if match came from state general funds

# Tax Increase Prevention and Reconciliation Act of 2005

- Mandatory redemption provisions concern 20 states who leverage the DWSRF
- Kansas loan commitments exceed available money by \$88 M
- Anticipate selling \$100 M in leveraged bonds 'soon'
- Spent >\$30 M in every 12 month period since March 2003 and > \$100 M in every 3 year period since August 2001
- Looking at all options, including use of recycled loan account funds to make project payments