



July 29, 2024

Will Bowman
Drinking Water Capacity & Compliance Assistance Division
Office of Ground Water and Drinking Water
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Mr. Bowman,

Thank you for the opportunity for the Council of Infrastructure Financing Authorities (CIFA) to provide comments on the U.S. Environmental Protection Agency's proposed Water System Restructuring Assessment Rule. CIFA is a membership organization of the Clean Water and Drinking Water State Revolving Funds (SRFs), the nation's premier programs for funding water infrastructure that protects public health.

The SRFs have extensive experience with restructuring, regionalization and consolidation of drinking water systems. These projects are eligible for SRF funding and many SRFs provide technical assistance and financial incentives, such as deeply discounted interest rates and additional subsidy in the form of grants and principal forgiveness, to bring these complex projects to completion.

A hallmark of the SRFs, embedded in federal law, is the flexibility to customize the programs to meet the unique and ever-evolving needs of communities in their state. Each SRF establishes their own policies and procedures, including setting interest rates, defining criteria for eligibility of principal forgiveness and grants, and prioritizing projects for funding. Standardizing the SRFs will erode the fundamental nature of these tailor-made state programs, making them less effective, less efficient and less responsive to the needs of communities.

Because of this, CIFA **strongly opposes** any effort by the U.S. Environmental Protection Agency (EPA) to establish "minimum Federal tailoring criteria"¹ for state definitions of disadvantaged communities. EPA should not impose a one-size-fits-all federal criteria, including minimum standards, on projects funded by any state-run drinking water program, including the SRFs and the Small, Underserved, and Disadvantaged Communities Grant Program. Establishing a

¹ Excerpt from the Federal Register Notice: *Request for public comment*: The EPA requests public comment on all aspects of the proposed rulemaking, but in particular on the proposed minimum Federal tailoring criteria, including other water system characteristics or socio-economic factors that could affect restructuring alternatives.

“minimum” criteria that works in every state would be difficult given the vast differences in socio-economic factors across the states..

Restructuring, regionalization and consolidation are important tools for improving compliance with rigorous water quality standards to protect public health. States also offer other tools to strengthen technical, financial and managerial capabilities for small communities to improve performance. For example:

- Texas’ CFO-to-Go program provides communities with financial expertise to strengthen their accounting practices.
- Florida’s asset management program helps utilities in the long-term management of the assets necessary to support cost-effective, proactive decisions.
- South Dakota provides onsite assistance to operators and helps communities develop Preliminary Engineering Reports for project to enter the SRF pipeline.

Providing states with maximum flexibility and encouraging the use of a comprehensive suite of tools will achieve greater protection for public health.

Thank you for the opportunity to offer feedback.

Sincerely,

Angela Knecht
CIFA President

About CIFA

CIFA is a national not-for-profit organization that represents the Clean Water and Drinking Water State Revolving Funds (SRFs), the nation’s premier programs for funding water infrastructure that protects public health and the environment.

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