



**Testimony  
Of**

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**On behalf of  
The United States Conference of Mayors**

**Before the House Subcommittee on Environment and  
Hazardous Materials  
Committee on Energy and Commerce**

**March 1, 2007**

Mr. Chairman and Members of the Committee, my name is Chris Bollwage. I am the Mayor of Elizabeth, New Jersey for the past 15 years. I also serve as a Trustee for The U.S. Conference of Mayors, and as a Co-Chairman of the Mayors Brownfields Task Force. I would like to thank the members of the Committee for inviting me to testify here today.

The Conference of Mayors is a national bipartisan organization that represents the nation's 1,200 major cities with populations of 30,000 or more through their chief elected official, the Mayor.

As a Mayor, I am responsible for the vitality of my city and its citizens. That includes keeping my city economically viable by maintaining and increasing businesses and jobs as well as ensuring the well-being of my citizens.

This includes making sure the land they live and work does not contain environmental health hazards, that the air they breathe is clean, and the water they drink is safe.

Mayors have also an interest in broader environmental issues including increasing our energy independence in an environmentally sound way and protecting our climate.

Mayors, as the chief executives of their cities, are in a unique position. We are on the front lines of protecting the health of our citizens through supplying safe drinking water, cleaning wastewater, collecting garbage, encouraging the use of alternative fuels, and making land use decisions that can promote walkable communities that promote clean air.

We are also, unfortunately, at the end of the line when it comes to unfunded mandates. Mayors do not have a problem with passing good environmental public policy but we do have a problem with passing public policy without providing the resources to pay for it. The Mayors and city governments are at the end of the line. There is no one we can pass on the costs except to our constituents which we often have to do. However, we also recognize the political and financial realities of passing on this extra burden to our hard-working citizens.

In the Conference's 1993 unfunded mandates survey, the Clean Water Act accounted for 56 percent of the total mandate costs while in 2005, the Clean

Water Act, including the Combined Sewer Overflow, Sanitary Sewer Overflow, and other mandates under the Act, account for about two-thirds (66 percent) of the total reported. The next largest comparable mandate is the Safe Drinking Water Act: In 1993 it accounted for 8.7 percent – the third largest cost in the survey – to 2005 where it represented 27 percent – again the third largest cost.

Some examples of the cost for the area of Combined Sewer Overflow – 13 cities reported recurring annual costs of over \$19 million with 7 cities reporting one-time costs totaling over \$148 million. For Sanitary Sewer Overflow, 24 cities reported annual recurring costs of over \$42 million while 11 cities reported one-time cost of over \$101 million.

These are just a couple of examples of the mandates that have been imposed with few Federal resources.

I wanted to take this opportunity -- as you deliberate the various environmental rules and regulations that come before you -- to keep in mind the costs that will be incurred by local governments and our citizens.

We know these are difficult fiscal times and everyone is looking for ways in which to make the tax dollars that are collected to be used in the most efficient matter. I urge you not to pass these costs onto us through unfunded mandates.

I also would hope that Congress would take a hard look at where we are spending our money and to determine what the priorities should be for this nation if we are to remain economically competitive with the rest of the world. It is too short-sighted to simply look at one section of the budget and try to figure out how to make those resources stretch further.

As a mayor, I need to balance my budget every year and sometimes that means deciding the best path for the future with the budget limitations that I have. That sometimes means making tough decisions and reprioritizing the needs for my city for both the short and long term to keep my city and its citizens economically competitive.

Since this is an EPA Oversight Hearing, I wanted to outline some of the priorities for the nation's mayors and the most useful programs. I urge you to do your part in fully funding these programs.

## **Brownfields**

I have been active with the issue of Brownfields for over 12 years. I want to commend EPA for listening to the mayors of that time and establishing the EPA Brownfields Program. It has been extremely successful in cleaning up thousands of acres of sites and turning formerly blighted areas back into productive pieces of property.

According to the Conference of Mayors' "Recycling America's Land" Report – 1,400 sites representing close to 11,000 acres of land have already been redeveloped with another 10,000 acres under development now. These sites have been redeveloped into commercial, residential, and green spaces. Approximately 70 cities estimated that over 83,000 jobs have been created along with over \$233 million in local tax revenues.

According to EPA, for every dollar that is spent by the public sector for Brownfields redevelopment, more than \$6 is leveraged from the private sector.

However there is a lot of unrealized potential. Currently, the Brownfields law is authorized at \$250 million. It has never gotten more than \$162 million from Congress. Although the portion of the law that is used for assessments, cleanup, job training, and education is authorized at \$200 million, Congress has consistently appropriated around \$90 million. This is despite the President's request a couple of years ago for \$120 million.

It is estimated by the Government Accountability Office that there are between 400-600,000 Brownfield properties in the United States. Currently only 1 out of 3 qualifying Brownfield applications are funded. The nation's mayors believe this program that has had tremendous health and economic benefits.

The Conference of Mayors and members of a Brownfields coalition urge Congress to increase the appropriations for this program and to reauthorize the Brownfields law with some changes that would make the program even more useful.

## **Superfund**

On a related topic is the Superfund program. There are many properties that are still in the process of being assessed and cleaned up. Some Mayors who

unfortunately have Superfund sites in their communities are anxious to have these sites cleaned up under a quicker timeframe and to an appropriate level so that these sites might potentially be reused. We urge Congress to reinstate the Superfund taxes and assist EPA with its efforts to expedite the cleanup of these severely contaminated sites.

### **Climate Change**

The U.S. Conference of Mayors has a strong record on pursuing policies that protect our climate from the impact of greenhouse gas emissions. We have policy encouraging alternative energy sources and fuels, transit-oriented development, energy-efficient buildings, and the concept of an Energy and Environment Block Grant.

As this committee debates the issue of climate change, the Mayors would like for you to consider a multi-level approach to help deal with this problem. We believe that if we are even potentially going to be successful with solving this crisis, the nation will need both a top-down and a bottoms-up approach.

A cap and trade program as well as encouragement for alternative energy sources and fuel-efficiency will be needed to reduce greenhouse gas emissions at the national level. However, there are many solutions that are coming from the local level.

We have held two national summits that brought together the public and private sector to highlight what is being done and what can be done to increase our nation's energy independence as well as decrease our impact on climate change. The summits covered energy efficiency, alternative fuels, alternative energy sources, transportation options and green buildings.

We have held discussions with real estate groups, homebuilders, developers, building managers, and architects to explore ways to work together to increase energy efficiency in commercial, residential, and municipal buildings. We also are working with EPA's Energy Star program for buildings. This is valuable work that can potentially make a real difference in the way we all do business.

The Conference of Mayors has released a publication of best practices highlighting what local governments are doing that lessens our impact on climate change as well as improving the environment.

Through the Conference's work, we have determined that much more could be done with some additional resources. That is why the Mayors of this nation are proposing the formation of an Energy and Environmental Block Grant (EEBG), modeled after the Community Development Block Grant program and potentially paid for by the oil and gas tax breaks that Congress is considering to repeal.

Our proposal would require local governments to determine their carbon footprint and create a plan for reducing their greenhouse gas emission levels by a certain percentage. Monies from the EEBG would be used to create and implement this plan.

We believe that many programs that are already being implemented in some communities can be replicated in others if given the proper resources to get these programs off the ground. We think this will have a tremendous impact on reducing greenhouse gas emissions in every major city and county and therefore reducing our overall emissions in the United States.

The Conference of Mayors urges you to consider this proposal and we would like to work with this committee to try to implement this solution.

### **Water and Wastewater Infrastructure**

Water and wastewater infrastructure is critical to the cities of our nation. As a mayor, I know it's essential to provide my citizens with a clean, healthy and cost efficient water and wastewater system. My colleague, Mayor Chavez, testified in January in front of the Transportation and Infrastructure on this very same issue.

### **National City Water Survey**

The Mayors' Water Council conducted a survey of the nation's large population cities in 2005 that, for the first time ever, asked cities to identify the most important water resources issues they face. The three most important water resources priorities facing the nation's cities are:

- (1) Rehabilitating aging water and wastewater infrastructure (60.6%)
- (2) Security/Protection of Water Resources Infrastructure (54.6%)
- (3) Water Supply Availability (46.5%)

The study also found that local investment in wastewater infrastructure is robust:

- 55.5% of 414 responding cities stated that they made major capital investments (over \$1 million) in wastewater treatment facilities between 2000 and 2004
- 52.8% of responding cities planned major capital investments in wastewater treatment facilities between 2005 and 2009
- 72.2% of responding cities stated that they made major capital investments (over \$1 million) in wastewater Collection systems between 2000 and 2004
- 69.8% of responding cities planned major capital investments in wastewater collection systems between 2005 and 2009

In addition, local investment in wastewater infrastructure is sustained:

- 45.5% of responding cities made multiple major capital investments in wastewater treatment facilities between 2000 and 2009
- 62.3% of responding cities made multiple major capital investments in wastewater collection systems between 2000 and 2009

Local financing of water and wastewater infrastructure varies, but is limited to a few general approaches, (see Table 1). The columns in this Table do not add to 100% because cities typically use more than one financing source for major capital investments. The “Other” category, however, stands out because it is comprised of “pay-as-you-go” finance approaches. It is commonplace for cities identifying this approach to raise user fees and rates to finance new construction, replacement construction and rehabilitation of existing water infrastructure.

We also found that slightly more than a third of cities use the Clean Water State Revolving Fund as a financing tool.

**Table 1**  
**Frequency of Multiple-Source Financing**  
**Of Major Capital Investments in Water Infrastructure**

Type of Financing	2000 – 2004 (% of Cities)	2005 – 2009 (% of Cities)*
<b>General Obligation Bonds</b>	<b>28.8</b>	<b>28.0</b>
<b>Revenue Bonds</b>	<b>46.1</b>	<b>50.8</b>
<b>Private Activity Bonds</b>	<b>0.8</b>	<b>1.4</b>
<b>State Revolving Fund</b>	<b>38.3</b>	<b>38.6</b>
<b>Other</b>	<b>51.7</b>	<b>53.5</b>

\* Planned major capital investments in water infrastructure.

The 38% of cities that use the SRF do so because they have no other means of financing needed water infrastructure improvements, or would have to delay investments until financing capabilities match demand for investment.

### **City Practices and Attitudes Concerning the State Revolving Fund Loan Program**

The MWC prepared a report in July 2006 on city attitudes about the Clean Water State Revolving Fund loan Program (CWSRF) and the Safe Drinking Water State Revolving Fund loan Program (DWSRF). This Report sheds light on why cities do or do not prefer to use the SRF financing approach. The summary findings indicate:

- Cities generally prefer to use municipal bonds - revenue and general obligation bonds (35.2 percent of cities); and, Pay-As-You-Go - cash (26.0 percent of cities) rather than SRF loans. The primary reason for this is because it is more cost-efficient due to better finance terms and the greater time-certainty in the finance process. This preference also reveals that cities with

healthy bond ratings and user fees and charges that anticipate the need for reinvestment in water infrastructure play a strong role in finance decisions.

- Red Tape, burdensome paperwork and SRF loan conditions and strings were identified by 15.1 percent of the survey cities as the critical reason why they did not turn to the SRF program for water projects.
- Another 11 percent of survey cities indicated that they applied for an SRF loan but were either rejected or did not receive a response to their application; or, they did not apply because they had knowledge that they would not qualify either because of the type of water project involved or because the state priorities would not favor their applications.

### **Federal Financial Assistance and Municipal Water Infrastructure Investments**

If two-thirds of the nation's principal cities are not attempting to use the SRF loan program because they have other viable financial resources for water projects, why is the water infrastructure "Needs Gap" growing instead of closing?

The transfer of financial responsibility for water infrastructure investments from federal and state governments to local government is firmly entrenched. Simultaneously, major capital investments have shifted from federal and state grants to local lending by way of municipal bonds, user charges and low interest SRF loans. An often cited figure is that local governments are responsible for 90 percent of public-purpose water investments. The U.S. Bureau of the Census reports that combined municipal expenditures for water and wastewater infrastructure are second only to educational expenditures. We are experiencing enormous investment, but a growing or, at best, stable water infrastructure investment "Needs Gap".

As municipal spending on water infrastructure has increased over the last two decades so has the number of unfunded federal mandates. The "Needs Gap" itself is measured in terms of what it will take to comply over a 20 year term with existing law. As new environmental requirements are set for

water quality the cost to reach or maintain the compliance point is adjusted upward.

Local governments cannot completely satisfy spending requirements in this area because the costs are too great and there are competing needs for public capital. Mayors face the daily challenge of balancing competing needs in the community for worthy public-purpose spending with limited financial resources. The Mayors need more tools and more resources to try to meet these costs.

### **The U.S. Conference of Mayors Water Infrastructure Policy Priorities**

The Mayors Water Council has identified three basic approaches to help cities finance the water and wastewater infrastructure development necessary to comply with clean and safe drinking water laws. These include: grants; 30-year no-interest loans; and, greater use of Private Activity Bonds (PABs).

- Providing grants to municipalities, either directly or through states, for water and wastewater infrastructure where there is an affordability issue or when a community faces severe environmental problems;
- Expanding some portion of the current 20-year loan category to include a 30-year no-interest loan category, or a 30-year low-interest loan payback period, under the State Revolving Fund loan program for water and wastewater infrastructure investment; and
- Modifying current tax law by removing Private Activity Bonds (PABs) used for water and wastewater infrastructure from state volume caps. The increased use of private activity bonds for public water infrastructure can boost aggregate spending on water infrastructure and help cities make progress in closing the “Needs Gap”.

In our opinion, these approaches are the best means to meet our water infrastructure needs.

### ***Increased Funding of the SRF:***

The Conference of Mayors resolution adopted in June 2006 calls for Congress to annually approve recapitalization authorization to the CWSRF at \$1.355 billion or more, and the DWSRF at \$850 million or more.

***Eligible Activities:***

In light of the 2005 National City Water Survey results it is clear that extending eligible SRF activities to include replacement or major rehabilitation would be a step in the right direction. Similarly, the Conference of Mayors adopted policy in June of 2005 calling on Congress “...to approve legislation that would complement the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund by providing more targeted and direct federal resources to help the nation’s communities deal with other water infrastructure-related issues, including \$50.6 billion for combined sewer overflows, and \$88.5 billion for sanitary sewer overflows and stormwater management;”.

Other eligible activities that could be funded under the SRF include: development of a conservation and management plan, implementation of lake protection programs, programs to reduce municipal stormwater runoff, and watershed protection. We would like to see even greater encouragement of the states to fund such comprehensive efforts to improve water quality.

The Conference of Mayors supports legislation that includes a demonstration program for water quality enhancement and management. One of the most difficult problems cities face involves achieving state water quality objectives and total maximum daily loads (TMDLs) in the face of the virtually unregulated nonpoint pollution sources that are usually outside our jurisdictions.

The U.S. Environmental Protection Agency (EPA) has recognized that agricultural and livestock land uses contribute a major portion of nonpoint source pollution in many areas. Many of our cities are engaged in watershed management efforts to deal with nonpoint sources (including urban runoff). Yet there is a critical lack of regulatory drivers forcing the agricultural and livestock land users to contribute to the solution. In some cases, the timing of pending TMDL requirements will force cities to pay for water treatment caused in large part by the upstream, non-urban land users. EPA’s Water Quality Trading Policy requires the non-urban polluter to voluntarily participate in a trading scheme.

The Conference of Mayors adopted an action plan for sustainable watershed management in 1998. One of the five principles of that plan is to focus on non-urban, nonpoint source water pollution, and pursue public policy that

would assign responsibility to pay for the treatment of polluted water commensurate with the contribution of the pollutant loadings. The action plan also clearly calls for allowing the agricultural and livestock land users to employ best practices and least cost approaches that are effective in lieu of stringent and costly regulations. Mayors fully recognize that these land users, although they may or may not be part of our cities, are important contributors to our regional economies. While we prefer to use the powers of persuasion to convince them to participate in the water pollution solutions, such as the Water Quality Trading Policy approach, we have begun to experience failure in cooperative efforts, and cities have in some instances resorted to legal actions.

### **Clean Air Programs**

While most mayors are not directly responsible for most clean air programs, we have local and state agencies that are. At the city level, we are responsible for implementing many of the programs that can have tremendous clean air benefits such as using alternative energy sources, using alternative fuels, creating walkable communities, and exploring alternative transportation options that help improve the air. But once again, much of this costs money and planning.

For example, many cities are retrofitting and operating their city fleets to use alternative fuels. However, it costs money to build the alternative fuel fueling stations. Chicago Mayor Richard M. Daley and the 270 municipalities that make up the greater Chicago land area had to petition the state for Congestion Mitigation Air Quality or CMAQ funds to build fueling stations throughout the Chicago land area. It took a coordinated effort by all of them to make this a reality.

We can not expect cities or citizens to decrease our dependence on foreign oil if we don't have the infrastructure in place to give them any alternatives. We also need to be smart about what fuel choices we use and what direction we take our country and with that comes coordination and planning.

### **Conclusion**

I know I could have made your jobs easier if I came here today and identified the programs at EPA that could be cut in order to meet our environmental priorities. However, I hope you recognize that the needs for this nation are great and if we are to remain a competitive nation, we need to invest in our communities and make them better. I know that budgets are

strained but I think it is a mistake to simply look at just one agency to look at where money can be shifted.

Congress needs to examine where the nation's priorities should be and to find ways to creatively invest in those priorities to get the biggest return on their investment. I've outlined the priorities for the nations' mayors and the programs we rely on to get our jobs done. Most, if not all, of these programs, we believe are good investments for the long-term health of this country.

Solving our environmental problems does not usually fall on just one level of government and we do not expect the federal government to solve all of our environmental problems. However, we are all in this together and we need to be creative at all levels of government to handle these issues and create innovative solutions without costly unfunded mandates. Together, I believe we can make a real difference for not only the environmental health of our citizens but to protect the world as well.

I hope you will take the nation's mayors up on their offer to work with you and I look forward to working with this committee. Thank you again for this opportunity.