

Building U.S. Water Infrastructure for the 21st Century

Draft Remarks and Thought Starters Administrator Scott Pruitt for the U.S. Water Partnership All Partners Meeting

Thank you, Jim. And thank you to the U.S. State Department and the U.S. Water Partnership for hosting this important event.

I am honored to be here with you and honored to be able to serve as Administrator of the U.S. Environmental Protection Agency. I must say, it is good to be able to move past speculation about what I might do as Administrator and to talk to you about what we are doing at EPA and invite your ideas and support. At the top of our action priorities is our water infrastructure. I hope this discussion today will be only the beginning of our collaboration with the U.S. Water Partnership and all of you on these important issues.

Let me share thoughts with you today on three topics:

1. Why water is so important to this administration and to the EPA agenda;
2. Some key principles that will shape our water infrastructure approach; and
3. The critical importance of private sector partners in funding and technology innovation for deployment, both domestically and globally.

Environmental protection is a great American success story. The quality of our environment affects every aspect of our economy, health, and quality of life. Thanks, in large measure, to the work of the U.S. Environmental Protection Agency, our environment is cleaner today than it was 45 years ago when the agency was first formed. Our system has worked because all Americans share the concept of stewardship – the productive and safe use of existing resources in a way that preserves their productivity for future generations.

Much work remains, but in performing that work we must ensure we regain focus on our statutory mission. Process matters. Giving states and local officials greater support and flexibility to develop cost-effective solutions, including the use of green infrastructure, integrated management, and market-based approaches to protect water resources and repair broken water infrastructure, will produce better and cheaper outcomes and accelerate the pace of environmental restoration. As President George H.W. Bush emphasized in 1990, “Global stewardship is our shared responsibility and our shared opportunity...that meets the needs of the present generation while expanding the opportunities for future generations.”

We have no lack of priority issues, but few are more essential than ensuring safe, affordable and reliable water infrastructure. Water is essential to ensuring America’s economic resurgence, strength and greatness, and is fundamental to every American and U.S. business.

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As President Trump has said, “Water may be the most important issue we face as a nation for the next generation.” Water not only powers the U.S. economy, but it is also a key thread that binds us all together, whether rich or poor, urban or rural. Clean, safe water ensures the health, productivity, and happiness of our citizens, provides more than 50 percent of the nation’s total renewable energy, sustains our agricultural productivity, and is critical to our economic development. America’s water security – and that means every American town – rests on the reliable delivery of safe, clean water. And that begins with reliable water infrastructure – water infrastructure that powers America, employs America, and drives American economic growth.

The comments of the everyday Americans I meet underscore that water is a national priority because it involves two of the most important issues to all Americans – our health and prosperity. For example, the U.S. drinking water system – supported by the work of federal, tribal, state, and local governments and utilities – is one of our greatest public health achievements. While our drinking water is among the safest in the world, we still confront water challenges that, if unchecked, could pose serious risks to health and local economies.

Many communities struggle to maintain and operate water and wastewater systems. They face growing threats to drinking water quality due to pollution, aging infrastructure, and extreme weather impacts, even as water authorities try to cope with limited and often declining resources. Over 300 million Americans rely on 150,000 public water systems nationwide. The number and scale is an enormous technical, managerial, and financial challenge. Unfortunately, challenges related to old infrastructure, such as lead plumbing systems, can cause water quality and public health issues as displayed in Flint, Michigan. Across the U.S., more than 6.1 million homes are serviced by lead service lines. Previous generations bestowed a great gift upon us when they made an investment in systems that have lasted as long as 150 years.

As we now enter the replacement era, we must ensure that we also make wise investments for future generations by using the most effective technologies, including safe, durable, energy efficient, and sustainable materials. And in designing these new systems, we should ensure that choices are made at the local level, where local managers and engineers are best able to determine their needs and the appropriate solutions, and can be held accountable by their constituents. One-size-fits-all approaches dictated by distant and unaccountable people in Washington or other remote places diminishes that effectiveness and accountability.

As well, many of our waters, such as the Chesapeake Bay, the Great Lakes, and Gulf of Mexico continue to be impaired due to excess pollution from various sources, imposing enormous treatment costs on downstream communities and businesses. Source water protection is often

a better, cheaper, and smarter way of protecting drinking water sources and coastal estuaries and restoring degraded ecosystems.

Unfortunately, our water financing needs, which exceed \$1 trillion over the next 25 years, can never be met with federal resources alone. We must effectively deploy public resources and maximize incentives for private capital and participation. Encouraging more public-private partnerships can leverage more resources and mobilize innovative technologies and finance. We have excellent examples of public-private partnerships that work. For instance, The Coca-Cola Company has invested nearly one billion dollars in people, communities, and watersheds around the world and has leveraged that investment through partnerships to do even more. EPA's Environmental Finance Centers in the various regions and its newly created Water Infrastructure and Resiliency Finance Center at headquarters also demonstrate how EPA partnerships lead on smart-tech innovation, better enabling us to have 21st century water systems that meet the demands of all Americans.

The EPA can and must continue to lead based on sound science, adequate funding, and innovation. Investment in water infrastructure means more jobs: every \$1 billion invested in infrastructure creates or supports 28,500 jobs, and every dollar invested in water and wastewater infrastructure adds \$6.35 to the national economy.

The status quo is not acceptable: it's time to act. Toward that end, I will be working closely with states, tribes, and local governments to review current EPA regulations and policies, including the affordability of federal mandates, and adopt a better set of regulatory "carrots and sticks" to help drive the sustainable change we need.

We will do everything we can to mobilize private and public resources. We must recognize that some of the major challenges are institutional and the federal government is not the source of all the answers. We need to define the proper roles of the private sector, local communities, states, tribal governments and federal agencies, and institutionalize long-term approaches to funding and improving our water resources and addressing water as a global security and trade issue.

Our goal is nothing less than to ensure that inadequate water resources will never again be a source of health problems or an impediment to any economic growth in any of our communities. We want the best minds working to implement and deploy the best ideas, technologies and practices in ways that meet the needs of each community.

Then we went to share these ideas and technologies with our friends and allies around the world to make water a bridge of friendship and commerce that can help countries around the

world achieve the full potential of their economies and their people – while building markets for our own innovations, products and services.

IMMEDIATE ACTIONS

To accomplish these objectives, there are number of ideas and actions we must pursue:

- Leveraging more federal investment with private capital using the State Revolving Funds. Other actions to attract private capital can include, for example, funding of EPA's Water Infrastructure Finance and Innovation Act (WIFIA) and asking Congress to lift the cap on Private Activity Bonds.
- Removing barriers and support more public-private partnerships where private sector participation can attract more capital, operational expertise, and deploy state-of-the art technologies.
- Building greater financial, technical and operational capacity through principles of effective utility management – and supporting states and communities who voluntarily opt for consolidating distressed and failing systems. Encouraging full-cost recovery and life-cycle cost analysis to reflect the real value of water and the full costs and benefits of different design choices, while assessing the affordability of federal mandates on those unable to pay.

America is at its best when we recognize and attack common challenges. A safe and reliable water infrastructure that cost-effectively delivers clean water and efficiently reuses waste water is an essential foundation of our economy. Tackling the water challenges we face will have tangible positive impacts and present opportunities to enhance our economic strength and quality of life.

We must unleash American ingenuity, resources, and expertise to restore confidence in our water and wastewater infrastructure, so that our schools, hospitals, churches, farms, and businesses can thrive and our communities can grow. The physical and management infrastructure for water in our country has major gaps. We have great innovations and solutions to these problems that can create jobs, stimulate the economy and develop a safer and reliable water system, but they require immediate and decisive action.

I look forward to listening to you and working together with the U.S. Water Partnership and you, its partners, to create a new era of public-private collaboration to protect and effectively manage a critical resource – our water. Thank you.

DRAFT PRESIDENTIAL POLICY DIRECTIVE

Introduction

Water powers the U.S. economy. Clean, safe water ensures the health, productivity, and happiness of our citizens, provides more than 50 percent of the nation's total renewable energy, sustains our agricultural productivity, and is critical to our economic development. America's water security rests on its infrastructure – water infrastructure that powers America, employs America, and drives American economic growth.

Today, much of our water-related infrastructure is at risk. Many water supply systems are in desperate need of replacement. The physical and management infrastructure for water in the U.S. has major gaps, and the structure of the nation's public policy sometimes creates barriers to filling these gaps. The federal level of responsibility for water management is currently shared across approximately dozens of agencies, departments, and independent commissions, councils, and offices. Although several informal interagency coordination mechanisms have attempted to rationalize this tangled system, they have had limited success.

This Presidential Policy Directive will establish reliability, safety and security of our nation's water infrastructure as national priorities, and will create a mechanism to drive the achievement of those objectives.

Policy

It is the policy of the United States to make water availability, safety, and security a domestic and international priority. People should have access to the water they need, when they need it, where they need it, from a reliable, safe, and secure water and wastewater infrastructure. The delivery of water should also be free from conflict. This effort includes, but is not limited to, ensuring the delivery of water for drinking and domestic use, water for agriculture, water for energy, water for industry, water for navigation, and water for health.

Key U.S. Water Principles

This Presidential Policy Directive will follow certain key principles:

- **Support for local communities** – The federal government will be a source of reliable support to states and local communities. Federal water programs and regulations will be reorganized and revised to make them more coherent, coordinated, rational, effective, and economical, and so that they better meet local needs.
- **Invest in our water infrastructure** – We must adequately fund and support our existing federal programs to ensure communities and utilities have the resources necessary to operate and maintain their systems.

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- **Leverage and promote access to private capital** – Because public funds alone cannot solve these challenges, the nation’s water policy should actively encourage more private sector investment in water infrastructure.
- **Ensure safe, reliable, and affordable service** – American water systems must be safe, reliable, and affordable so that no one is left without reliable water services simply because they cannot afford it.
- **Support for American workers and manufacturing** – As we build and rebuild our water infrastructure, we should ensure that American tax dollars support American jobs and industry by *Buying and Hiring American*.
- **Catalyze technology innovation** – Federal agencies will support the accelerated deployment of the best innovative technologies and support small community access to the most appropriate technologies to meet their needs.
- **Data collection and dissemination for sound water management** – Collect, strengthen, and ensure access to timely forecasting data and information on the state of the nation’s water resources.
- **Utilize global water security to drive U.S. economic growth and national security** – Water security shall be a foreign policy and foreign assistance priority that increases the export of American technologies and approaches, and promotes peace in the world.

Immediate Actions, Roles, and Responsibilities

- I. Within 90 days of the date hereof each department and agency shall submit to the White House Director of National Economic Policy (NEC) a plan for the near and long-term implementation of the principles outlined herein.
- II. All Executive Branch departments and agencies shall thereafter implement this policy as soon as practicable.
- III. Within 30 days of the end of each fiscal year, all departments and agencies shall report to the NEC the progress achieved toward such implementation.
- IV. As required by law, the administration must develop, by October 2017, a U.S. Government Global Water Strategy to improve water security internationally by increasing access to safe drinking water and sanitation, improving water resources management, and promoting cooperation on shared waters. The Department of State shall take the lead on the development of the Global Water Security Strategy, in close coordination with the U.S. Agency for International Development and all relevant agencies.

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