



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

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July 8, 2022

The Honorable Michael F. Bennet
261 Russell Senate Office Building
Washington, DC 20510

The Honorable John W. Hickenlooper
261 Russell Senate Office Building
Washington, DC 20510

Dear Senator Bennet and Senator Hickenlooper:

Foremost, we would like to thank you for your support and passage of the Bipartisan Infrastructure Law (BIL)¹. This historic BIL provides unprecedented funding, including more than \$680 million over five years, to fund Colorado's most critical water infrastructure projects². BIL funding narrows the significant gap between Colorado's water infrastructure needs and available state and federal funding. And, BIL funding assists disadvantaged communities, who are disproportionately impacted by inflationary project costs and increasing regulatory requirements.

The BIL funding is prioritized and distributed through Colorado's State Revolving Fund (SRF). Colorado's SRFs, managed by the Colorado Water Resources and Power Development Authority (CWRPDA), the Department of Local Affairs (DOLA), and the Colorado Department of Public Health and Environment (CDPHE), have been an essential source of financing for drinking water and wastewater infrastructure projects in Colorado, and have funded over 690 loans for nearly \$2.25 billion, to date.

The SRFs are funded by Congressional appropriations to the U.S. EPA under the Clean Water Act and Safe Drinking Water Act. EPA then grants the appropriations to the State SRFs (called "EPA capitalization grants"). Many of the small water and wastewater systems in Colorado and other states have few other options for long-term financing.

The Consolidated Appropriations Act of 2022 maintained the 2021 funding levels for the Clean Water and Drinking Water SRFs. However, Congress used a large portion of the 2022 SRF capitalization grants to fund earmarks, cutting drinking water funding by 36% and wastewater and stormwater funding by 27%. For Colorado, the 2022 earmark reduced the drinking water and wastewater cuts by \$7,889,000 and \$3,454,000, respectively. By comparison, Colorado received approximately \$7.7 million in total water and sewer congressional earmarks, so some SRF reductions have likely gone out of state.

Congressional cuts threaten the long-term perpetuity of Colorado's SRFs and may jeopardize Colorado's water quality and its ability to provide communities safe, reliable water supply.

While appropriations under the BIL mitigate the immediate impact of these funding cuts, paying for congressionally selected projects (earmarks) by cutting Colorado's SRF funding sets an alarming precedent with significant cascading consequences.

- Cutting federal funding for subsidized loans for state priorities to provide grants for congressionally selected projects undermines the successful SRF state-federal partnership. In addition, using the SRF capitalization grants to fund earmarks side-steps the states' proven process for prioritizing limited funding for water infrastructure. As a result, the construction of state priority projects will be delayed, potentially increasing the risk to public health and the environment.

- Cutting federal funding for the SRFs also cuts funding for additional subsidies (grants and principal forgiveness), which helps build water infrastructure for communities that couldn't otherwise afford it. In some cases, cuts to state funding may pay for earmarks for water systems that didn't meet state criteria for affordability or disadvantaged communities to qualify for additional subsidy.
- Cutting federal funding for subsidized loans through the SRFs reduces water infrastructure funding now and in the future. In addition, using the capitalization grants to pay for earmarks reduces state match and diminishes the leveraging power of the SRFs to issue bonds to increase funding for water infrastructure.
- Today's funding cuts permanently eliminate revolving funds to meet future water infrastructure needs. Colorado's SRFs provide low-interest loans that are re-paid. Repayments are used to make additional future loans. The revolving nature of the SRFs ensures a perpetual funding source. By contrast, earmarks are provided as grants.

In closing, we urge you to fully fund the SRFs to levels authorized by federal law for 2023 and cease SRF reductions through congressional earmarks.

We want to thank you for serving Colorado in the U.S. Senate, and we appreciate your commitment and dedication to the residents of Colorado. CWRPDA staff and I are available to meet to discuss our request further and to provide additional details as necessary.

Sincerely,



Robert Wolff

Board Chair

Colorado Water Resources and Power Development Authority

CC: CWRPDA - Board of Directors
 Keith McLaughlin – CWRPDA Executive Director
 Jill Hunsaker Ryan- CDPHE- Executive Director
 Nicole Rowan- CDPHE
 Ron Falco- CDPHE
 Richard Garcia- Co. DOLA- Executive Director
 Dave Bowman- Co. DOLA

Footnotes:

1. The Bipartisan Infrastructure Law was signed into law on November 15, 2021, and provided over \$6b to Colorado, including approximately; \$3.7 billion for highway projects, \$225 million for bridge replacement and repairs, \$917 million for public transportation, \$688 million for water infrastructure, \$432 million for airports, \$35 million for wildfire recovery, \$57 million for EV charging network and \$100 million for broadband coverage. Colorado's water infrastructure BIL funding is provided over five years and is allocated between the following five tranches: Drinking Water supplemental funding, Lead Service Line replacement, Drinking Water Emerging Contaminants, Clean Water supplemental funding, and Clean Water Emerging Contaminants.
2. Water Infrastructure projects include, but are not limited to, traditional water treatment/upgrades, consolidation, water supply facilities, transmission, storage, distribution, meters, sewer treatment/upgrades, stormwater, collection, interceptors, reuse, green infrastructure, non-point source, watershed protection and other eligible projects as defined by the Safe Drinking Water Act and the Clean Water Act.