



15 University Drive
Augusta, Maine 04330
207-623-9511

May 17, 2023

Sen. Margaret Rotundo, Chair
Rep. Melanie Sachs, Chair
Joint Standing Committee on Appropriations & Financial Affairs
Maine State Legislature
100 State House Station
Augusta, ME 04333

Re: *Letter of Support of the Governor's Change Package Part MMMM funding for water and wastewater infrastructure investments*

Dear Sen. Rotundo, Rep. Sachs, and Members of the Appropriations and Financial Affairs Committee:

The Maine Water Utilities Association (MWUA) appreciates the opportunity to provide the following testimony in strong support of Part MMMM of the Governor's Change Package for LD 258 which proposes to fund critical investments in drinking water and wastewater system investments throughout our State.

About MWUA. MWUA is a nonprofit association based in Augusta that provides support for water works professionals throughout the State of Maine in advocating for safe drinking water through educational and technical programming as well as advocacy on the local, state, and national level. The Association was formed in 1925 and counts approximately 109 water utilities in Maine as members.

What does Part MMMM do? As proposed by Governor Mills in the "change package," an additional \$36 million over the biennium will be available for water and wastewater infrastructure investment. Of this \$36 million, \$22 million represents one time money intended to match newly available federal funds under the federal Infrastructure and Jobs Act, and \$14 million represents a baseline appropriation to match more typical levels of federal infrastructure support for water and wastewater. Collectively, these funds will provide the necessary state match to secure federal funds from the US Environmental Protection Agency used for the replacement of aging water and wastewater infrastructure around the State.

The baseline appropriation included in Part MMMM is also important given Part K of LD 258 which repeals the current law that allocates money from the State's Liquor Operations Fund to water and wastewater infrastructure. For nearly a decade, funds from the Liquor Operations Fund provided the State match for federal money, and with the repeal of this "cascade" of funds for water and wastewater, the creation of a "baseline" appropriation for water and wastewater is critical. We see this as an essential part of Part MMMM.

What will this investment pay for? Many Maine people and businesses in every corner of the State rely on public water systems to provide safe, potable drinking water, and they rely on publicly owned treatment works to treat wastewater generated from household and business use. To maintain these systems, communities must invest millions of dollars to ensure their water remains safe and wastewater

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is properly treated. Combined, the capital replacement needs of these systems in the State of Maine run into the hundreds of millions of dollars.

To help pay for the infrastructure needs of these systems, the federal government provides states with hundreds of millions of dollars each year, subject to a very favorable state match of 5 to 1. In other words, for every \$5 in federal funds available, a state must provide \$1 in local match. Few federal grant programs are as generous.

In Maine, these funds go to the Department of Health and Human Services (DHHS) as part of the Drinking Water State Revolving Fund (DWSRF) and to the Department of Environmental Protection (DEP) as part of the Clean Water State Revolving Fund (CWSRF). The DWSRF provides funding for public water system infrastructure improvements while the CWSRF provides funding for wastewater system infrastructure improvements.

The opportunity for water and wastewater utilities to access these federal and State dollars through low interest loans and grants enables utilities to replace aging infrastructure while reducing the direct cost on water and wastewater customers.

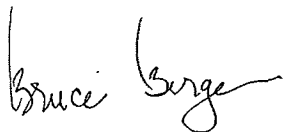
The federal funding secured by the State Match also covers the cost of many State positions at DHHS and DEP. DHHS's Drinking Water Program not only administers the DWSRF but provides regulatory oversight of almost 2,000 public water systems in Maine. Seventeen positions at the Drinking Water Program are funded through the annual federal DWSRF grant. Without access to federal funds for these seventeen positions, this critical public health program would be ineffective in fulfilling its core mission of ensuring public water systems are delivering safe drinking water.

Using the annual State Match and federal investment, as well as loan repayment funds, the DWSRF has been able to fund **more than \$350 million in public water system improvements over the past 25 years**. While the infrastructure investment over the past 25 years has been significant, the need for funding always outstrips the available funding. Typically, only about 50 percent of project requests can be funded.

Part MMMM of the Governor's Change Package will fully fund Maine's state match needs over the biennium.

Conclusion. We strongly urge the Committee to support Part MMMM of the Change Package so Maine can continue to provide the state match to secure many times more in federal funds to support water and wastewater infrastructure investments. If you have questions or need anything else, please let us know.

Yours for safe drinking water,

A handwritten signature in black ink that reads "Bruce Berger". The signature is fluid and cursive, with the first name "Bruce" and last name "Berger" clearly distinguishable.

Bruce Berger,
Executive Director

ec: James I. Cohen, Verrill Dana, LLP, Legislative Counsel