

The Sustainable Water Infrastructure Investment Coalition

January 27, 2010

The Honorable Harry Reid
522 Hart Senate Office Building
Washington, DC 20510

Dear Senator Reid,

During the Jobs Summit in December, President Obama stressed the importance of leveraging private sector dollars "now sitting on the sidelines" to invest in new infrastructure projects and create much-needed jobs throughout the country. The Sustainable Water Infrastructure Investment Coalition supports H.R. 537 which would create jobs by leveraging private sector dollars to support our most essential needs: water and wastewater. H.R. 537 provides an exception to the private activity bond (PAB) volume cap currently in place for water and wastewater projects. This proposal will support jobs, leverage private sector dollars, and improve the nation's water infrastructure. **We urge you to support the inclusion of this proposal in any job creation legislation currently being formulated in the Senate.**

The Sustainable Water Infrastructure Investment Coalition has identified the following immediate benefits to a private activity bond volume cap exception for water and wastewater:

Ready to Go in 2010

- ✓ PAB issuance is one of the **surest and swiftest** forms of federal assistance to water projects. A PAB issuance only requires a willing issuer – **no time consuming applications**. The entire process; approval to sale would take approximately 90-120 days for a ready-to-go project.

Supporting 57,000 Jobs in 2010

- ✓ The U.S. Conference of Mayors and the Associated General Contractors of America have both estimated that \$1 billion in water infrastructure investment can support 28,500 jobs:
 - According to the US Conference of Mayors, every \$1 million invested in water infrastructure directly creates 8.7 jobs, and each of these jobs leads to an additional 3.68 jobs elsewhere in the national economy. ($8.7 \times 1000 \times 3.68 = 28,500$ jobs per \$1 billion)
 - According to the Associated General Contractors, when there are sufficient unused labor, capital, and materials, an additional \$1 billion of investment in nonresidential construction supports or creates 28,500 jobs and adds \$3.4 billion to GDP.
 - According to a recent study conducted by the Clean Water Council, every \$1 billion invested in water and wastewater infrastructure also results in total national output (i.e., demand for products and services in all industries) of up to \$3.46 billion, **and approximately \$82.4 million in state and local tax revenue**. Additionally, the CWC study found that a \$1 billion investment generates measurable national employment in 325 other standard industry classifications.

\$ 2 Billion for Water and Wastewater (or more) in 2010

- ✓ Based on the water industry's estimate of *at least* \$2 billion worth of private water investment slated for 2010, **57,000 jobs could be supported by creating a private activity bond volume cap exception for water and wastewater projects.** As the market matures in the years to follow estimates show that volume could increase to \$5 billion annually, supporting up to 142,500 jobs.
- ✓ Standard & Poor's estimates that about **\$180 billion** in new money for infrastructure funds is available for investment. More of this capital can be **deployed towards water investment** when a PAB volume cap exception is created.

Low Cost to the Federal Government

- ✓ This is a relatively **inexpensive job creation proposal.** The cost to the Federal Government of supporting 57,000 jobs in 2010 (and at increasing levels each year thereafter) through a PAB volume cap exception is a mere \$214 million over 10 years.

Spurring Market Activity

- ✓ With credit markets in turmoil, providing broader access to the tax-exempt market will allow for more market activity from municipalities and infrastructure providers who might have otherwise deferred investment in FY2010.

Again, please support the inclusion of this proposal to make more tax-exempt private activity bond financing available for water and wastewater projects in a job creation bill. Thank you for your support.

Sincerely,

The Sustainable Water Infrastructure Investment Coalition:

American Concrete Pressure Pipe Association
American Council of Engineering Companies
American Public Works Association
American Society of Civil Engineers
American Water
American Water Works Association
Associated Equipment Distributors
Associated General Contractors of America
California Association of Sanitation Agencies
California Water Association
Carlyle Infrastructure Partners
Ductile Iron Pipe Research Association

The Sustainable Water Infrastructure Investment Coalition

General Electric Water Process & Technologies
International Private Water Association
ITT Industries
John Deere
Laborers-Employers Corporation and Education Trust
McWane, Inc.
Mueller Water Products
National Association of Regulatory Utility Commissioners
National Association of Sewer Service Companies
National Association of Water Companies
National Precast Concrete Association
National Ready Mixed Concrete Association
National Utility Contractors Association
Plastics Pipe Institute
Portland Cement Association
The Vinyl Institute
Unit-Bell PVC Pipe Association
United Water
US Conference of Mayors
Veolia Water North America
Water and Sewer Distributors of America
Water and Wastewater Equipment Manufacturers Association
WateReuse Association

Cc: The Honorable Harry Reid
Chairman Max Baucus, Democratic Members of the Senate Committee on Finance
Ranking Member Charles Grassley, Republican Members of the Senate Committee on Finance