

February 5, 2009

The Honorable Dianne Feinstein, Chair
Interior-Environment Appropriations Subcommittee
United States Senate
Washington, DC 20510

Dear Senator Feinstein,

On behalf of the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties and the National Association of Regional Councils, we wish to applaud your efforts to seek additional funding for water infrastructure projects under the Clean Water and Drinking Water State Revolving Funds.

As the American Recovery and Reinvestment Act of 2009 moves toward final passage, we encourage you to consider language that would specifically designate the water infrastructure funding as grants for local governments. This would be consistent with other infrastructure funding in the economic stimulus proposal and would ensure that local governments are not required to take on more debt.

Current language in the bill gives the States wide discretion and authority to determine how to give the money out, with options including loans, negative interest loans or principal forgiveness. Unless the language in the bill is clear that the money shall go out as grants, it is unlikely that the states will choose that option, but rather they are likely to provide minimal or less than full subsidization in recognition that federal funds should revolve for future use.

As you are aware, because of the faltering bond market and fiscal conditions, local governments cannot easily borrow loans at an affordable rate. Moreover, because so many constraints are attached to loans, it is questionable whether local governments would be able to access this money at this time.

The majority of America's infrastructure is built and maintained by cities and counties. Therefore, the quickest, most effective way to achieve the intended results of a federal stimulus package is to require States to provide grants to local governments. We look forward to working with you on this issue to ensure that in this time of economic crisis local governments can meet the urgent need to bolster the economy by improving our water infrastructure systems.

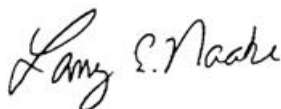
Sincerely,



Donald J. Borut
Executive Director
National League of Cities



Tom Cochran
Executive Director
U.S. Conference of Mayors



Larry E. Naake
Executive Director
National Association of Counties



Fred Abousleman
Executive Director
National Association of Regional Councils

CC: Members of the Senate Interior-Environment Appropriations Subcommittee