



**Arkansas Rural Water Association**



**NATIONAL  
RURAL WATER  
ASSOCIATION**

*America's Largest Utility Membership*

TESTIMONY OF

**DENNIS STERNBERG**

**EXECUTIVE DIRECTOR**

**ARKANSAS RURAL WATER ASSOCIATION**

BEFORE THE

**SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY**

**JONESBORO, ARKANSAS**

**JUNE 17, 2022**

Madam Chairwoman Stabenow and Ranking Member Boozman - it is an honor to testify before you on the Department of Agriculture's Rural Water and Wastewater funding programs and the associated technical assistance initiatives that directly benefit small and rural communities with safe and affordable drinking water and sanitation services. As you are well aware, these programs are important to the health and safety of Rural Americans, and the economic vitality of their communities.

Senator Boozman, on a personal note, , I am proud and honored that you are a fifth generation Arkansan. Your position as the Ranking Member of this important Committee combined with your humble rural roots- make you an effective and knowledgeable advocate for our small and rural communities. I thank you for your leadership and support.

Madam Chairwoman Stabenow and Ranking Member Boozman, if you will indulge me for just a moment, I would be remiss if I didn't recognize the unsung heroes within our industry.

When the pandemic was hitting hard, water and wastewater utility operators were designated as "essential emergency personnel" by the federal government required to be on the front lines to combat the pandemic and maintain the health and economic vitality of their communities. People could not wash their hands if the water did not flow- businesses would have suffered even more, overburdened hospitals would have been hit harder if these essential services were interrupted.

This designation came to no surprise to any of us because that is what this industry has been doing every day for decades. During every natural disaster, ice storms, hurricanes, tornados, the Rural Water staff is on the front line. In Arkansas on Friday night December 10, 2021, tornadoes ripped through the northeast part of the state hitting the cities of Trumann, Monette and Leachville, Arkansas destroying areas of their communities and Arkansas Rural Water Association staff living in the area Tim Carey, USDA Circuit Rider made his way through the damaged areas checking on the city's water utilities and requesting assistance with ARWA's mobile generators and staff. Through the next morning ARWA deployed more USDA Circuit Riders, Shane Sellers, Blake Allen, and Chris Harris, ARWA Deputy Director and me with 2 – mobile generators for the city of Leachville, Arkansas. If there is a critical need, our staff is deployed and stay until the job is completed and the water services are restored.

It took a national health pandemic for some people to recognize the vital role these workers provide, protecting and enhancing their physical health and economic vitality. I know you will join me in the giving them the recognition that have earned and deserve.

Arkansas Rural Water Association is an affiliate of the National Rural Water Association (NRWA) NRWA, and State Rural Water Associations were created to address two critical needs:

1. To get rural Americans away from drinking from contaminated wells and unsafe surface water sources by building water systems modest in design, size, and cost with funding from the Farmer's Home Administration, and
2. To help rural communities address new contaminants and overcome regulatory hurdles as a result of the passage of the Safe Drinking Water Act in 1974.

As you are aware, USDA Rural Development is the only federal agency created by Congress to specifically serve Rural America. Currently, 91% of the country's drinking water systems<sup>1</sup> serve communities with fewer than 10,000 persons, and 54% of U.S. drinking water systems<sup>2</sup> serve less than five hundred people, which is about two hundred customer accounts. In Arkansas 93% serve communities in with fewer than 10,000 persons, 27% of Arkansas water systems serve less than five hundred people.

A lot has changed in rural America since those days, especially in recent years. Our members face more challenges than ever before, and need access to USDA Rural Development funding programs that are more affordable, flexible, streamlined, and responsive. Rural communities must have the ability to modernize their water infrastructure, much of which is approaching or past its design life.

Many of our systems here in Arkansas and around the nation started with Rural Development's predecessor, the Farmers Home Administration. Rural Development continues to play a vital role here in Arkansas with a current portfolio of 271 borrowers with a \$388.5 million combined level in loans.

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<sup>1</sup> 45,005 water systems serve less than 10,000 population

<sup>2</sup> 26,742 water systems serve less than 500 population

Since inception, Arkansas Rural Water Association (ARWA) has been a trusted partner with literally every community within Arkansas as members. NRWA and State Rural Water Associations are governed by over 350 volunteer directors elected from these very water systems across the nation. Rural Water has a cadre of more than 750 technical assistance experts working in the field. We have boots on the ground, working 24 hours a day, 365 days a year, reaching across the nation including tribes and U.S. territories. The health and protection of all water system customers is of critical importance to our leadership, and to each of our members.

### **Partnership with Agriculture**

This Committee is very important to Rural Water; every federal dollar that has been granted to build, expand, and maintain their drinking water and wastewater infrastructure through the USDA Water & Environmental Programs was authorized by this Committee. These programs have been the proven solution and are responsible for the success story of providing safe drinking water and sanitation to every corner of rural America.

Over the last 70 years, through billions of dollars in financial assistance through USDA Rural Development, our nation has made great advancements in the standard of living in rural America. Millions of rural Americans now have access to safe drinking water that their parents did not have. Thousands of rural communities now have wastewater systems that have eliminated millions of failing septic tanks, cesspools, straight pipes into rivers and streams, and worse.

The investment that Congress and USDA have made in rural water infrastructure built an engine of economic development for rural communities, and provided dramatic improvements to the environment and public health.

Today, there are rural communities in the United States that still do not have access to safe drinking water or sanitation due to low population density, lack of economy of scale, or inability to access funding. If rural America is not specifically targeted in federal water infrastructure programs, like they are under USDA, the funding will bypass our small towns and be absorbed by large metropolitan water utilities who possess the administrative expertise, financial resources, and political power to out compete us.

### **Circuit Riders**

One of the most successful approaches for overcoming this challenge in rural America has been the “Circuit Rider” concept, created by this Committee, which provides a cadre of experienced hands-on experts to help rural water systems meet federal requirements and protect the government’s investment through USDA. The low default and delinquency rate of USDA water programs has been attributed to the training and assistance provided by the Circuit Rider program. It provides a pool of expertise that is otherwise unaffordable for our rural and small communities and is a vital resource to ensure our safe water supply.

Last year, Circuit Riders directly helped to protect the health and safety of 24,780,065 people – 41% of Rural America.

In Arkansas, our Circuit Riders provide the training, energy audits, certification, financial management, environmental compliance, governance, and on-site technical assistance necessary

to ensure that water facilities operate at the highest level possible. This assistance actually saves money and protects the community and the government's investments by ensuring efficient and sustainable practices are followed. This training and education empowers operators, board members, elected officials and communities with the support and knowledge they need to understand every aspect of their water systems and facilities. Many of these communities lack the staff, capacity, funding or expertise to address technical water and wastewater issues. I hear daily from rural communities in need of assistance, whether it is to design or construct a new water system, repair an existing water system or respond to a pending emergency, we are always there. Our mission is to restore and improve the public health, environment and sustainability of these small communities or in other words, to give them a level playing field with our urban counterparts so individuals and small communities can prosper in this global competitive environment.

### **Circuit Rider Emergency Disaster Assistance for Small & Rural Communities**

ARWA and other State Rural Water Associations have been providing on-site direct disaster recovery and prevention services to water and wastewater utilities through the USDA Circuit Rider program for decades. I take pride that ARWA is one of the leaders in this effort. We currently provide hands-on training to other State Rural Water Associations at our facility located in Lonoke, Arkansas.

Current statutory and administrative burdens limit the effective and timely response for these services. In numerous cases, State Associations, like ARWA, were forced to absorb the financial costs incurred to provide recovery and response activities. NRWA requests the consideration of a permanent authorization to enhance this critical emergency service.

### **Wastewater Technician**

Wastewater Technicians are core to ensure small and rural communities are able to provide affordable and safe sanitation services. This initiative provides on-the-ground technical assistance directly to communities for wastewater treatment facilities. Assistance includes design and upgrade recommendations, daily operation, and maintenance advice, assisting with permit renewals, and helping these systems meet compliance requirements from state and federal regulations. The wastewater side of our industry is more complex and technical, and maintaining this workforce is difficult. Several years ago, this service was disrupted in Arkansas and a few other states when the Agency shifted funding for a new initiative. We would recommend that the Committee provide priority within the Water and Waste Technical Assistance Grant account to sustain this essential service and consider a multi-year competitive cooperative agreement for stability and planning purposes.

### **Inflation and Supply Chain Impacts**

Our membership today is more concerned with the increased operational and maintenance costs as a direct result of the current economic climate. Rural utilities around the nation are experiencing financial and logistical challenges related to inflation and supply chain issues, whether it is the shortage and availability of treatment chemicals or the cost and availability of

materials and equipment. Most rural utilities are totally reliant on user rates for all costs including, maintenance, disinfection, staff, debt servicing loans, and adequate reserves to replace equipment that has outlived its useful life. These increase costs will force many utilities to pass on the increases to the rate payers in communities with high concentrations of low-income and fixed incomes will be adversely affected.

We also anticipate the potential of additional increased costs and material delays with the influx of the \$55 billion provided through EPA in the Bipartisan Infrastructure Law.

### **Modernization of Rural Development Water & Environmental Programs**

NRWA would like to recommend modernizing the Rural Development water and wastewater programs to better address current needs with additional affordable financial and servicing options. The priority should be on affordable and sustainable options and services. NRWA has supported recent Congressional efforts that included additional financing tools for economically disadvantage communities and the ability to provide debt servicing tools to utilities that are economically impacted at no fault of their own.

### **Population increase**

NRWA would like to explore the possibility of an increase in the eligible population for the Rural Utility Service Water and Wastewater programs. Many communities that currently exceed the 10,000 ceiling are rural in characteristic and lack affordable financing options. I have heard numerous situations in Arkansas where a small community is not eligible because they slightly exceeded the population or median income limit or needed to have a higher grant to loan ratio for affordability purposes. The ability to use grant dollars for the very low-income communities is critical. In some instances, communities cannot afford debt to service large loans, especially in this economic climate. We would like to ask the Committee to explore providing the Secretary with this authority.

### **Conclusion**

In conclusion, the USDA Rural Development Loan and Grant funding for water and wastewater systems is critical in maintaining affordability of user rates in many communities in rural and small town America. With a \$3.9 million dollar backlog, the demand remains high. The accompanying direct technical assistance provides the capacity, and experience to protect both the federal government's investment and the communities' mission to provide safe, sustainable, and affordable water and wastewater service. Please consider ARWA and NRWA to be at your disposal as a resource as you draft the 2023 Fam Bill.

Thank you for the opportunity to participate today and I stand ready to take any questions that you may have at this time.