

STATEMENT OF

THE HONORABLE SHIRLEY FRANKLIN
MAYOR
CITY OF ATLANTA, GEORGIA

“CONDITION OF OUR NATION’S INFRASTRUCTURE: LOCAL
PERSPECTIVES FROM MAYORS”

BEFORE THE

UNITED STATES SENATE
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

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Good Morning, Chairman Dodd, Ranking Member Shelby and Members of the Committee. I appreciate the opportunity to testify before the Committee on the condition of the infrastructure in the City of Atlanta. As I am sure you are aware, the infrastructure of most, if not all, American cities is in a declining state. We mayors are on the front lines, coping daily with frequent shortfalls in our aging infrastructure while we struggle to address the staggering costs of repairs, and more often than not are unable to even consider the expense of replacement of these critical systems.

When I took office as Mayor of the City of Atlanta in January 2002, it did not take long for me to realize that the City's severely neglected infrastructure would require my immediate attention, particularly the rebuilding of our water and sewer infrastructure. We recently passed the halfway mark in our \$4 billion Clean Water Atlanta Initiative, the details of which I will share with you momentarily.

In Atlanta, there is also a pressing need for a broader and more comprehensive approach to transportation planning and funding focused on a more pedestrian and public transit-oriented system. Last year, I testified before the National Surface Transportation Policy and Revenue Commission about the City of Atlanta's transportation vision and its relationships with transportation agencies and transit providers in the Region. Our transportation infrastructure is critical to the economic well-being of Atlanta and its residents, especially given that U.S. Census figures estimate the City's population will increase to 850,000 residents by the year 2030 – a 75 percent increase above our 2005 population of 483,000. Probably nowhere is our population growth and increasing congestion more visible than on our urban streets and regional freeways.

Mr. Chairman and Members of the Committee, Atlanta's water and sewer system and transportation infrastructure system are the areas on which I will focus my testimony.

Water and Sewer Infrastructure

Clean drinking water and wastewater are local, regional and national issues. Cities must continue to do their part to address the challenges facing our water and sewer infrastructure systems. However, we cannot do it alone. We need state support and support from Washington. We need a partner in the federal government. Let me tell you about what we're doing in Atlanta.

Clean Water Atlanta Initiative

In the Fall of 2002, I announced the launch of the Clean Water Atlanta Program, a comprehensive long-term program involving a complete overhaul of the City's water and sewer infrastructure. The program includes a \$4 billion, court-ordered mandate to repair and replace the City's water and sewer infrastructure, which will ensure that our residents and businesses have clean drinking water and that our downstream neighbors have safe water supplies.

As part of the Clean Water Program, we have drastically reduced sanitary and combined sewer overflows; separated the sewers, leaving only the downtown area with combined sewers; built more than 120 miles of new water mains; inspected more than 1,000 miles of sewers; and rehabbed about 250 miles of sewers. As a result of these efforts, one of our primary waterways – the Chattahoochee River – is cleaner than it was 10 years ago.

Although we have secured \$500 million in low-interest state loans and approximately \$6 million in grants from the EPA, we have undertaken this major project largely on the backs of the City's residents, some 25 percent of whom live at or below the poverty line. Atlanta's customers are already paying some of the country's highest water and sewer rates. When you add the challenges associated with our drought to these infrastructure costs, the problem becomes even larger.

The condition of Atlanta's water and sewer infrastructure has a profound effect not just on the City, but on the entire Metropolitan region. Atlanta is the economic engine of the State of Georgia and the City's continuing prosperity has impacts well beyond its geographical boundaries throughout the entire Southeast. Atlanta cannot grow in an economically sound and sustainable way without reliable water and sewer systems. And if Atlanta's growth stalls, Georgia and the Southeast will suffer.

National Scope of Water and Sewer Problems

Atlanta's situation is not unique. Most American cities either are now or will soon be facing the problems Atlanta is facing. The American Society of Civil Engineers estimates that there is a \$534 billion funding gap between what is available and what the needs are nationwide for water projects. The nation's 54,000 drinking water systems face staggering public investment needs over the next 20 years. Although America spends billions on infrastructure each year, drinking water faces an annual shortfall of at least \$11 billion to replace aging facilities that are near the end of their useful life and to comply with existing and future federal water regulations. The shortfall does not account for any growth in the demand for drinking water over the next 20 years.

The drinking water lost from leaking pipes can range from 5 to 40 percent in some cities, which is a tremendous cost in terms of water loss. This is occurring at a time when 35 percent of cities will face water shortages by 2025, according to the U.S. Conference of Mayors' 2005 survey of cities.

According to a 2004 estimate, the Environmental Protection Agency says the nation's sewers are in such woeful shape that we are discharging 850 billion gallons of combined sewer

overflows a year into our streams and rivers, and another 10 billion gallons of sanitary sewer overflows.

Local governments are the primary investor in water and wastewater infrastructure in the U.S. According to the U.S. Conference of Mayors, the local government share of spending on sewer infrastructure and services is more than 95 percent, with the state share being less than 5 percent. For water systems infrastructure and services, the local government share is more than 99 percent. The trend is for greater spending on water and sewer infrastructure and services due to a variety of factors including population growth and land use, an aging water infrastructure requiring ongoing maintenance and rehabilitation, and the impacts of climate change.

Attached to my statement is a chart compiled by the U.S. Conference of Mayors, which reflects these trends. As you will see, local governments shoulder a significant portion of these growing infrastructure costs, at the same time that Congressional funding for water infrastructure and services remains nearly the same as funding levels from 10 to 20 years ago.

Completely overhauling the country's aging infrastructure cannot be a prospect left solely to the cities, many of which struggle daily to provide the services an aging population demands. The cities are not looking for a handout. But at some point the federal government has to make a commitment to the health of the nation's cities, and that is going to require money. Cities need a direct partner in the federal government because the country's prosperity depends on the health of its cities.

Transportation Infrastructure

For much of the 20th century, paradigms of transportation planning assumed that building new (primarily road) infrastructure was the key to fostering economic growth. The working premise was that congestion created by new land use development could be remedied

with added capacity. This pattern has indeed encouraged rapid growth in the Atlanta region. However, continuing to build such infrastructure in an effort to feed access to cheap outlying land is simply not going to be a feasible spatial or financial option moving forward. In fact, local public agencies responsible for road construction have experienced significant cost increases in recent years, causing projects to be postponed, reduced in scope or canceled altogether. In addition to the capital costs associated with highway construction funding, the growing legacy of road-building leads to higher and higher annual maintenance costs to keep the additional infrastructure safe and operational.

Challenges Facing Atlanta and the Region

Urban population growth is fueling inner-city revitalization, not only in Atlanta, but across the country. Such growth can form the basis for more environmentally-sustainable living patterns. Living and working within close proximity has many benefits. For example, by shortening distances that people travel to work and play, we can reduce our dependence on oil and combat air pollution and other adverse environmental changes that threaten our quality of life.

Unfortunately, in the last decade, we in the Metropolitan Atlanta Region have discovered that the elevated environmental and socio-economic costs of congestion threaten to limit future growth. In Atlanta, congestion is getting worse – supporting the trend of residents moving closer to the City center. This infill movement is increasing the density of the urban core, but is also placing new demands on the transportation infrastructure within the City. Five-mile trips do not require highways; they require streets, sidewalks, transit and bicycle opportunities. Our failure over the past decade to adequately expand the Metro Atlanta Rapid Transit Authority system

(MARTA), along with other transportation options leaves us unprepared to accommodate future growth within the urban core.

To address our urban core congestion, the City of Atlanta has undertaken a comprehensive transit project that is part of a wide-ranging economic development initiative, which includes rails, parks, bike routes and walking trails. When completed, the Atlanta BeltLine project will improve connectivity of our existing MARTA rail system, and will ultimately connect forty-five in-town Atlanta neighborhoods. This is an exciting and innovative project that has gained wide recognition and awards as an example of creative planning and commitment to the City's transit needs.

The bottom line is that growth outside the urban core is reaching the limits of expansion by means of sprawl, and growth inside the urban core is threatened by insufficient investment in transit infrastructure. It is incumbent upon public officials at the local, state and federal levels to focus immediately on this problem.

A vibrant, livable urban core is the necessary cornerstone of any great metropolitan region. For the State of Georgia to thrive, the Metropolitan Atlanta Region must thrive, and for this Region to thrive, the City of Atlanta must thrive. Thus, it is critical that the federal government refocus its policies and priorities to achieve better, more integrated and environmentally sensitive transportation options to better link transportation services among residential, employment and recreational destinations. The federal government must encourage states to recognize that urban areas that grew up in the age of the automobile, now must change their focus to one that embraces and pursues a broad range of transportation options, particularly in the realm of urban mobility and public transit.

Transportation as an Investment

The role of transportation as an economic investment should also be important to each of us. Even in 1998, before the daily rise in fuel prices that we are witnessing today, the average American household spent 18 percent of its income on transportation-related expenses, an amount equal to the combined total amount spent on health care and food. The current “gas crisis” is placing an intolerable financial burden on individuals and families.

Just as we invest our money individually for financial gain, we should invest our resources nationally in public infrastructure with the intent of maximizing public benefit. If we invested differently, could we create greater tax revenue returns from development? Could we create less air pollution and more opportunities for physical activity, thus reducing healthcare costs? Could we lower our dependence on foreign oil and reduce the costs associated with our need for this resource?

Infrastructure Solutions

Mr. Chairman, it is a matter of record that the federal government has reduced its overall commitment to infrastructure investment over the last couple of decades, as measured by the share of GNP allocated to these purposes, among other measures. Importantly, though, the effects of this retrenchment on states and local governments have not been uniform, with local governments bearing a disproportionate share of these reductions. For example, federal investment in wastewater infrastructure, which, as I have indicated, is a key priority for the City of Atlanta given our challenges in this area, has declined dramatically since the 1970s. At the same time, state governments have been helped in relative terms by rising federal commitments to surface transportation infrastructure, which have doubled in the last decade. Unfortunately, that increase does not trickle down to all cities. In moving forward on the legislation before you

today, I would urge you to consider modifications to correct for reduced allocations in selected infrastructure areas, such as federal support for wastewater infrastructure.

Mr. Chairman, we are certainly at a point where we must broaden the mix of financing tools as we strive to meet our nation's infrastructure needs. Your legislation would add new federal resources, enabled by new federal financing mechanisms, to accomplish this objective.

As you go forward, there are some broader concerns about some of the key externalities that this legislation should address. Given the structure of this legislation, where current commitments will be financed well into the future, it is important that we focus our available resources in ways that address the challenges before us today and over the next couple of generations.

We know that reducing our energy use and our energy dependency are squarely before us. Related to energy usage is how we deal more aggressively with our significant and growing climate protection challenges. As we invest new resources, we should be embracing investments that give particular emphasis to such issues of the day.

Also, Mr. Chairman, there is the issue of unfunded liabilities. Local governments alone cannot be expected to shoulder the burden of improved infrastructure systems. Unlike unfunded infrastructure projects to build new sewer lines and treatment facilities to serve new development in outlying areas of our region, which are largely discretionary or new obligations, completing projects like Atlanta's massive infrastructure improvement means that we can accommodate more residents and development within the City, which leads to more efficient use of energy and fewer carbon emissions. With greater transit capacity and other energy saving opportunities, such projects accomplish multiple benefits for the nation. The process for distributing federal funds should recognize and reward projects that achieve such benefits and impact.

Finally, my City is committed to working with its willing partners, the State, and the federal government to plan and finance these solutions to the fullest extent possible. Increased federal funding for infrastructure in the urban core is an essential component of our success, and that funding should come with the recognition and the flexibility to address the infrastructure needs in a comprehensive, multi-faceted manner that will truly be responsive to the demands and challenges the City faces in the 21st century.

This concludes my testimony. Mr. Chairman, thank you for this opportunity. I am pleased to answer any questions you or other Members of the Committee may have at this time.

Trends in Water & Sewer Investment: Local Governments and Congressional Appropriations

