TASK FORCE FINDINGS

1. Clean water is essential to the health and vibrancy of Delaware's population, economy, and environment.

2. Delaware utilizes a number of programs to evaluate and deliver projects, funding, and services to protect and enhance water quality. These programs, coordinated through federal, state and local governments, along with non-governmental organizations, have proved effective in reaching a variety of constituents and implementing programs and projects to serve a variety of sector interests including the agriculture and business community, municipal and county governments and private utilities. The processes and criteria used by these agencies to identify priorities for funding should be continued without the addition of new bureaucracy or programs. Additional planning that integrates existing initiatives could result in more strategic investment and better coordination across programs.

3. As of 2016, Delaware faces significant challenges with regards to statewide water quality. More than 90 percent of Delaware's waterways are impaired. This impairment is due largely to nutrient pollution but also due to toxic pollutants. Although point-source pollution should be minimized and laws enforced as much as possible, nonpoint source pollution poses a clear, present, and driving threat to water quality in Delaware.

4. Legacy issues are a significant source of impairment in Delaware's waterways, though ongoing activities and nonpoint source pollution continue to pose challenges. In total, barriers to clean water threaten segments of Delaware's economy that: (1) comprise $6 to $7 billion in annual economic activity in water supply, tourism/recreation, agriculture, ports, and ecosystems, (2) support over 70,000 jobs with $2 billion in wages, and (3) account for over $200 million in annual revenues to the State.

5. In addition to the direct, long-term economic, environmental, and health benefits of clean water in Delaware, projects to enhance water quality will have a stimulating effect on the Delaware economy through the employment of community members involved in the design, construction, and monitoring of water quality projects.

6. Delaware's agricultural community has adopted many voluntary Best Management Practices (BMP's) as well as regulatory practices through the Nutrient Management Law in order to minimize non-point source pollution. A large portion of the voluntary BMP efforts are known to Delaware agricultural leaders and environmental regulators through cost-share programs, but there are many others that farmers have implemented that may not be accounted for.

7. Statewide, Delaware has made significant progress in adopting better pollution controls in recent years. The impairment of Delaware's waterways did not occur quickly, however, and even with recent adoption of better practices it will take time to return our waterways to a healthy state.

8. There is a consistent lack of public awareness and understanding of water quality issues and the drivers of Delaware's impaired waterways. A sustained campaign promoting public education on these issues would be of broad public benefit, including efforts that distinguish between the water pollution that is occurring upstream from Delaware and the water pollution that is occurring right here within our own borders.

9. Delaware has the scientific knowledge and engineering know-how to resolve its water quality challenges. It currently lacks sufficient funding to do so. Yet in a survey, nearly 75 percent of Delawareans indicated they would be willing to pay $3.75 per month (which amounts to $45 per year) for clean water projects.

10. Over time, total funding for water quality has not kept pace with funding needs and with increasingly rigorous standards for what is

considered to be clean, unimpaired water. Federal funding has not increased over time, and state-level funding has been inconsistent, even in the face of regulatory drivers that ultimately have consumed so much of any available funding. Inconsistent state-level funding includes the recent underfunding of Delaware's Twenty-First Century Fund to address stormwater and flood control. In total, this has resulted in insufficient funding to meet Delaware's water quality challenges. There currently is a shortage of $100 million annually in the amount of funding needed for water quality programs in Delaware.

11. At times, local governments have been unwilling (e.g., refusing to go to referendum) or unable (e.g., failing to pass a referendum) to secure partial funding from their own local tax bases to provide critical partial matching of the Council's resources. This has resulted in pressures and requests for grant money, rather than in local governments entering into long-term loan arrangements.

12. The current model and amount of resources are not meeting Delaware's water quality needs. More funding is needed, and a sustained, predictable source of funding that can be leveraged is a model that could have a tremendously positive impact on water quality in Delaware, particularly if the model also accounted for public-private partnerships that might form around clean water initiatives.

13. Through its Water Infrastructure Advisory Council (WIAC), over time Delaware has addressed many important water quality projects. The funding for these projects has come in the form of both loans and grants, and the awarding of funds has involved a transparent, data-driven review and implementation process. The Clean Water and Drinking Water State Revolving Funds, under WIAC oversight, currently have issued loans for water quality projects in Delaware totaling approximately $338 million and $172 million, respectively. Funding in terms of loans and grants varies from year to year depending upon demand and availability of funds, but has ranged from $7 million to $86

million annually, with an annual average of $34 million over the last 6 years.

14. There is no perfect collection process for any statewide fee that might be implemented to raise resources for clean water and flood abatement projects. Any system would inevitably involve administrative costs, and tying collections to existing forms of billing or collections for other water-related activities would risk confusing the reasons for the additional fees as well as the parties responsible for levying and directing the fees.

15. The composition of WIAC, as well as the length of its members' terms, can be updated to include Delaware's agricultural community and to encourage more frequent appointments or reappointments to WIAC.

TASK FORCE RECOMMENDATIONS

1. The Delaware General Assembly should ***significantly*** increase the annual investments in upgrading and maintaining Delaware's water infrastructure, promoting water quality, alleviating flooding and providing flood control, and preventing or responding to stormwater damage.

2. Annual investments in water infrastructure should be funded via a statewide per-household and per-business fee ("Clean Water Fee") that enables sustained, reliable funding as well as the leveraging of these resources to obtain additional funding from federal and private sources.

3. The Clean Water Fee should be collected in an administratively practical way, to the most effective and efficient extent possible. The revenues from the Fee should be pooled in a fund whose use – absent a supermajority vote of the General Assembly – is focused exclusively on water quality projects and on the scientific monitoring and measurement necessary to gauge accurately the impacts of the projects and the overall quality of water in Delaware.

4. Increased annual investments in water infrastructure should be made in the form of loans and grants, with loan and grant decisions made in a manner similar to the established policies and practices of Delaware's Water Infrastructure Advisory Council (WIAC), a diverse group of informed individuals. The membership of WIAC should continue to include a mix of public sector and private sector appointees who represent a variety of perspectives that come to bear on the measurement, design, construction, implementation, and maintenance of systems relating to water quality and flood control. Delaware's agricultural community and conservation districts should be represented within this diverse group, especially in light of the continued opportunities to enhance water quality in Delaware via coordination with these groups.

5. WIAC's investment decisions should be made in accordance with a transparent, data-driven application process, on the basis of the merits underlying each application for funding and generally in accordance with an updated long-term clean water plan for Delaware. Appropriate consideration should be given not only to projected efficiencies (such as consideration of a project's proposed cost-per-pound of reduced nutrient runoff) and utilization of green infrastructure techniques, but also to environmental justice. Here, environmental justice refers to the ideal that people of more limited economic means should not consequently have to live in environmental conditions hazardous to their health. This ideal can be realized by consideration specifically being given to grant applications or grant expenditures that would alleviate water quality challenges or flood control challenges for communities of limited economic means.

6. Collection of the Clean Water Fee should be facilitated via the Delaware Department of Finance, as a surcharge to personal income tax liability and as an increase in business license fees. This Task Force considered several alternatives to this proposal, including via property taxes, surcharges on water bills, increases to the personal accommodation tax, charges on septic system and well permits, and other methods. Ultimately the Task Force deemed this proposal to be the one most likely to lead to a successful collection of the Clean Water Fee, including administrative practicality and clarity, as well as equity more broadly.

7. As public education is a critical element of building and sustaining public awareness of water quality and flood issues, as well as the public's faith in the merits of the Clean Water Fee and the WIAC, a sustained public education and outreach campaign should be developed and appropriately funded. This development and funding should be in addition to the scientific measurement of water quality and flooding in Delaware, as well as the construction, operation, and maintenance of physical projects that will address water quality and flooding in Delaware.