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Report: \$2.6 Billion Spent on Cleaning Up DC Rivers Must Address Local Job Creation

Washington, DC — Over the next decade, DC Water will use a regressive Impervious Area Charge (IAC) to fund \$2.6 billion in needed water infrastructure investments. Middle- and low-income residents and neighborhoods will carry the highest burden of the DC Water fee increase that will pay for these improvements.

Despite the fact that the funding burden of these projects falls heavily on the most vulnerable residents, DC Water has not implemented a local hiring agreement, even though putting residents to work on the project may be the best way to reduce the harm of a regressive fee. These are among the findings of *Sink or Swim? Who will pay and who will benefit from DC Water’s \$2.6 billion Clean Rivers Project?*, a study published today by Good Jobs First, a non-profit, non-partisan research center based in Washington, DC.

The study is available online at “www.goodjobsfirst.org/SinkorSwim.”

“Cities rarely spend so much -- \$2.6 billion -- on infrastructure projects,” said Thomas Cafcas, researcher at Good Jobs First and author of the report. “A strong Community Benefits Agreement could make this public infrastructure investment provide a jobs stimulus benefit to District residents without spending an additional dollar.” A proposed Community Benefits Agreement (CBA), like the District’s amended First Source Law, would establish a minimum percentage of work hours that must be performed by District residents, increasing to 50% over the next decade.

The report was commissioned by the Washington Interfaith Network (WIN) and The Laborers’ International Union of North America (LIUNA).

Among the major findings:

- The impact of the IAC – measured as a share of 2013 property taxes – will be four- to five times greater for homeowners in poor neighborhoods than for those in affluent neighborhoods.

- Small businesses, especially those east of the river, will feel a heavy burden from IAC fees. Office buildings on K Street will feel little impact.
- There is no indication that District residents will benefit in proportion to their burden. Contractors on major DC Water projects currently employ more North Carolinians than residents from Wards 7 & 8 combined. Over half the contractor workforce lives outside Washington, D.C. and its immediate surroundings.
- Continued failure to hire local residents will result in a massive transfer of wealth out of the District. We estimate that over the next thirty years, D.C. ratepayers will be billed \$4.2 billion in IACs, including \$1.1 billion from Wards 7 and 8 alone.

“District residents will pay for these infrastructure investments through a regressive fee for the next thirty years. Low- and middle-income residents will be hit the hardest,” Cafcas added. “These are neighborhoods that have historically been excluded from opportunities in construction careers; to not leverage \$2.6 billion in public spending for District construction careers would represent a tremendous missed opportunity.”

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