

# Water is a **BIG DEAL.**

Let's treat it like one.



## **OPTIMIZING WATER INFRASTRUCTURE INVESTMENT IN THE U.S.**

America's drinking water and wastewater sector is highly fragmented with over 50,000 community drinking water systems and nearly 15,000 community wastewater systems nationwide. The overwhelming majority are small systems, serving under 10,000 people. Their small scale and fragmentation results in a number of challenges, including difficulty in accessing capital, operational and procurement inefficiencies, and challenges in meeting EPA water quality standards.

The United States spends \$30 billion per year on water infrastructure while continuing to fall behind on

maintenance and critical investment upgrades on systems that are beyond their useful life. **This is not enough to keep up with the needs of the systems.**

### **SOLUTIONS LIE IN INNOVATION**

There are ways to achieve efficiencies in the water sector. Innovative approaches including the bundling of assets and tax incentives; incentivizing low income assistance; lifting PABs volume cap; expanding CWSRF to private investment are all likely to encourage private investment for necessary infrastructure upkeep and construction.

### **IMPACT ACCORDING TO RECENT RESEARCH BY PRICEWATERHOUSECOOPERS LLP (PWC)**

Overall, if the following changes were made to federal law, it could lead to an additional **\$43 billion** incremental private water infrastructure investment; **\$15-25 billion** incremental private wastewater infrastructure investment; and generate **\$20 billion** potentially from P3s (not including any potential public sector investment).

#### **Encourage Regionalization**

**Encourage regionalization in the water sector through the SRF programs.** Incentives to award utility owners who chose to partner with another utility (public or private) should be strongly considered.

#### **Lift Caps of Private Activity Bonds (PABs)**

**Lift the cap on private activity bonds (PAB), or exempt facility bonds.** These bonds are a form of tax-exempt financing for state and municipal governments that make infrastructure repair and construction more affordable.

#### **Eliminate Defeasance Penalty**

**Eliminate the need to "defease" public bonds alongside an asset purchase.** With a simple IRS interpretation change, municipal system acquisitions would improve the net proceeds municipalities receive when their systems are purchased or consolidated at their option.

#### **Expand Eligibility of SRFs**

**Expand eligibility of the Clean Water State Revolving Fund (CWSRF) to all water service providers including investor-owned utilities.** While the Drinking Water State Revolving Fund is open to all water infrastructure utility investors, private water service providers are not eligible for the CWSRF.

#### **Incentivize Low-Income**

**Incentivize low-income water utility assistance programs,** or enact state legislation that allows for tiered pricing structures by offering grant rewards to support such programs.