



**TRUTH FROM  
THE TAP**

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## PROTECTING THE FAILING STATUS QUO

### DISCOVER THE TRUTH ABOUT CRITICS “SOLUTIONS” TO LOCAL INFRASTRUCTURE NEEDS

Across the US, communities face real challenges as a result of aging water infrastructure. Too much of our country’s infrastructure is outdated, overused and underserved.<sup>1</sup> In America, there are 240,000 water main breaks each year, and we lose 16% of our treated water before it even reaches the customer.<sup>2</sup> The EPA estimates that water and wastewater systems will require \$600 billion in infrastructure upgrades over the next 20 years.<sup>3</sup>

This is a serious issue, and we need serious solutions.

Water companies offer critical solutions for meeting our infrastructure challenges – something that has been recognized by everyone from the US Conference of Mayors<sup>4</sup> and the Brookings Institute<sup>5</sup> to the White House and EPA. Unfortunately, there are ideological activist groups that simply oppose private sector support for water systems, and their misinformation campaigns deny cities and towns practical options for meeting water and wastewater needs.

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### WATER ACTIVIST GROUPS OPPOSE COMMON SENSE, BIPARTISAN SOLUTIONS WITHOUT OFFERING REALISTIC ALTERNATIVES.

- **Activists believe increased federal government spending is the only solution.**<sup>6</sup> These groups often argue that all municipal water needs can and should be met solely through increased federal spending, despite the fact that US drinking water systems face a massive \$600 billion investment gap over the next 20 years.<sup>7</sup> Meeting this investment need through the federal government alone would require an enormous 1,100% increase in federal spending on water infrastructure.<sup>8</sup>
- **Activist groups blindly support condemnation or remunicipalization efforts even when they may do more harm than good for local communities.** For example, in Felton, CA, water rates have effectively doubled since the city took back operation of the system from a private company. That’s in addition to the \$535 bond tax Felton each household will pay annually for 30 years to finance the water system purchase.<sup>9</sup> In Edison, NJ, an activist misinformation campaign convinced voters to force government operation of the water utility, leading to massive rate increases, utility staffing shortages, and deferred infrastructure upgrades.
- **Activist groups oppose private water solutions even when a community is not interested in owning or operating its water systems.** These activists believe drinking water and wastewater services should be provided by the government, in all cases and without exception – even when a local government does not want to be responsible for providing those services or has proven incapable of providing those services.

**Groups opposing private water solutions do not consider the facts or the specific water infrastructure needs of a community. Rather, they are simply ideologically opposed to private involvement in the water sector, blocking communities from considering common sense solutions. Communities need real solutions, not blind opposition to proven solutions.**

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**Instead of limiting options available to municipalities facing serious and urgent water system challenges, the following policy proposals would actually help address our nation's infrastructure crisis:**

- **Consolidation through Partnerships.** There are currently more than 52,000 water systems in the United States, and more than half of these systems serve fewer than 500 people. These small systems struggle with shrinking budgets, a lack of technical and managerial expertise, and aging infrastructure. Supporting and incentivizing partnerships or regional consolidations among water systems can expand small utilities' operational efficiencies, provide access to capital for infrastructure upgrades, bring much needed technical expertise to the system, better compliance with complex state and federal regulation, and improve customer satisfaction. Congress is considering legislation which would enable struggling water systems to voluntarily merge or contract utility operations with a nearby healthy system to help improve water quality compliance.<sup>10</sup>
- **Affordability.** For 40 years now, there has been a federal program in place to aid low-income Americans who are unable to pay their home energy utility bills. NAWC supports a similar federal program to help those who struggle to pay their water bills. NAWC member companies have long offered customer assistance programs and options to help low-income customers pay water bills and avoid water shutoffs. The creation of a federal customer support program for basic water needs would provide a strategic safety net to ensure water keeps flowing to all households in America.
- **Private Activity Bonds and Revolving Funds.** Encouraging regionalization in the water sector through the clean water and drinking water state revolving fund programs, lifting the cap on private activity bonds, and expanding eligibility of the Clean Water State Revolving Fund to all water service providers, could all stimulate private sector investment in infrastructure, according research conducted by PwC. Their study found that these changes could lead to an additional \$58-\$68 billion in incremental private water and wastewater infrastructure investments.<sup>11</sup>

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1 EPA, "Aging Water Infrastructure," Oct. 2010.

2 Urban Land Institute, "Confronting America's Water Challenge," 6/1/10.

3 Water Infrastructure and Resiliency Finance Center, EPA, Accessed 6/30/16.

4 U.S. Conference of Mayors Urban Water Council, "Mayor's Guide to Water and Wastewater Partnership Service Agreements," Apr. 2005.

5 Brookings Institute and Rockefeller Foundation, Project on State and Metropolitan Innovation "Moving Forward on Public Private Partnerships," Dec. 2011; Brookings Institute, "Public-Private Partnerships to Revamp U.S. Infrastructure," Feb. 2011.

6 FWW, "Protecting America's Waters: Clean and Safe Water Needs a Trust Fund," Jun. 2009.

7 Water Infrastructure and Resiliency Finance Center, EPA, Accessed 6/30/16.

8 Clean Water and Drinking Water State Revolving Fund (SRF) programs total approximately \$2.8 billion annually; \$30 billion needed per year for 20 years to meet \$600 billion need for drinking water and wastewater.

9 Jim Mueller, SLVWD General Manager, Testimony, Monterey Water Forum, 2/28/11; Analysis Group, "The Economic Consequences of Contested Government Takeovers of Investor-Owned Water Utilities," Jan. 2017

10 Sen. Tammy Duckworth, "Duckworth, Braun Introduce Bipartisan Bill To Enhance Drinking Water Infrastructure In Distressed Communities" 15 October 2019.

11 Water World, "Report Sees \$60 Billion in Savings from Water Sector Regulatory Reform" 1 November 2017.