Financing Urban Water Infrastructure

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Enhancing the ability of governments and other organizations to provide environmental programs in fair, effective, and financially sustainable ways through:

- Applied Research
- Education and Outreach
- Program Design and Evaluation
Crafting a Finance Strategy

- Capital providers
- Revenue tools and mechanisms
- Aggregation and pooling
- Financial incentives
Capital Providers and Representative Terms

- Municipal Bond Investors (4%, 30 years)
- “Green” Bond Investors (?, 30 years)
- Subsidized Government Funding Agencies (limited grants and/or 0-3%, 20 years)
- Private Investment Equity (8%, 20 years)
- US Treasury Investors/China (2.5%, 20 years)
- Property Owners
- Developers
The Goliath of Capital Providers: Municipal Bond Investors

- Green vs. Grey pricing
- Extended terms
- Impacts of tax exemption
- Reducing risk by pooling
- Alternative revenue streams
  - Stormwater fees
  - Existing SRF debt service ("leveraging")
  - Statewide fees (Maryland, Delaware?)
  - Assessments
The funding package that you have specified is economically the equivalent of being given $1182328 and then financing the remaining

The funding package that you have specified is the equivalent of receiving a loan from a bank at an interest rate of 2.4%. This interest rate is lower
Common Revenue Tools

- Water and wastewater charges
- Sales tax (Atlanta)
- Property tax (Chicago)
- Water quality or water resource fees (Maryland, Delaware)
- Stormwater fees (Philadelphia)
Stormwater Fees

- $3 to $20 per month single family residence
- $500 to $10,000 per month for commercial properties
- Legality
- Credits
- An under-utilized source for backing debt?
Common Financial Incentives

- Reducing volume of use saves money
- Reducing run-off through on-site improvements
- Development/density benefits
- Off-set programs
Pooling Mechanisms

- Green Bonds/Social Impact Bonds
- Stormwater utilities
- Water and wastewater utilities
- State/regional restoration/water funds (Bay Restoration Fund)
- Green banks (Connecticut)
- Pooled loan programs
- Off sets and trading programs
TRENDS AND DEVELOPMENTS
Falling Sales

Source: Orange Water and Sewer Authority
Industry Revenue Growth Roller Coaster

Annual change in total operating revenues among the same 485 utilities nationwide

Data analyzed by the Environmental Finance Center at the University of North Carolina, Chapel Hill and Raftelis Financial Consultants, Inc. Data Source: Moody's Water and Sewer Municipal Financial Ratio Analysis. The cohort of 485 utilities is consistent across all years.
Revenue vs. rate adjustments (2004 to 2010)

Data analysis by the Environmental Finance Center at the University of North Carolina. Data sources: 2010 and 2004 RFC/AWWA Water and Wastewater Rates Survey Data for 82 Utilities

% Water Revenue Increase (from 2004 to 2010)
% Water Bill Increase for 10 ccf/month (from 2004 to 2010; wintertime rates)
Committee Releases Water Resources Reform and Development Act Conference Report

The Conference Report to H.R. 3080, the Water Resources Reform and Development Act (WRRDA), was filed in the House of Representatives today. WRRDA was introduced in the House by Committee Chairman Bill Shuster (R-PA), Committee Ranking Member Nick J. Rahall, II (D-WV), Water Resources and Environment Subcommittees Chairman Bob Gibbs (R-OH), and Subcommittee Ranking Member Tim Bishop (D-NY).

H.R. 3080 passed the House by a vote of 417 to 3 on October 23, 2013. House and Senate conferees reached agreement on a final measure last week, and now both Houses of Congress must approve the Conference Report in
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