



# **U.S Conference of Mayors Mayors Water Council**



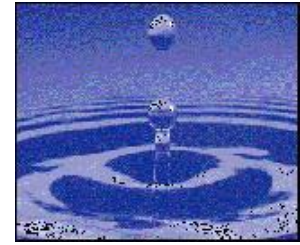
## **USCM STAFF REPORT ON WATER AND WASTEWATER AFFORDABILITY**

**November 16, 2012**

**Washington, DC**



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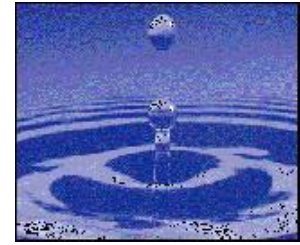


### **USCM - US EPA “Flexibility” dialogue:**

- **achieving clean water goals**
- **seeking flexibility within the existing law**
  - **The EPA Memorandum Encouraging Green Infrastructure**
  - **The EPA Memorandum on Integrated Planning**



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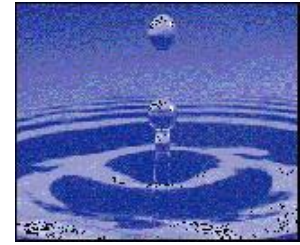


# **US EPA Integrated Planning**

- **Array all requirements related to CWA**
- **Develop a process to prioritize investments in requirements based on local priorities and achieving maximum environmental and health benefits**
- **Subject priority investments to affordability criteria**
- **Provide a permit shield to local government earnestly engaged in compliance**



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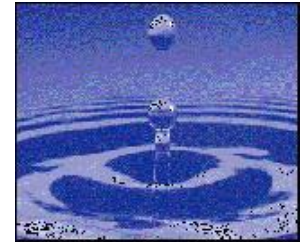


**USCM - US EPA “Affordability”  
dialogue:**

- **Integrated Planning considerations**
- **Can lower income household utility ratepayers afford to pay their utility bills?**
- **How to assess affordability**



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**A brief review of historical public spending on water and wastewater**

**The Disparate Fiscal Impact of water and wastewater compliance on low, moderate and fixed income households**

**Some characteristics of the COG local government public water expenditures and how they compare to the nation**



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# Where were we? Historical Public Spending



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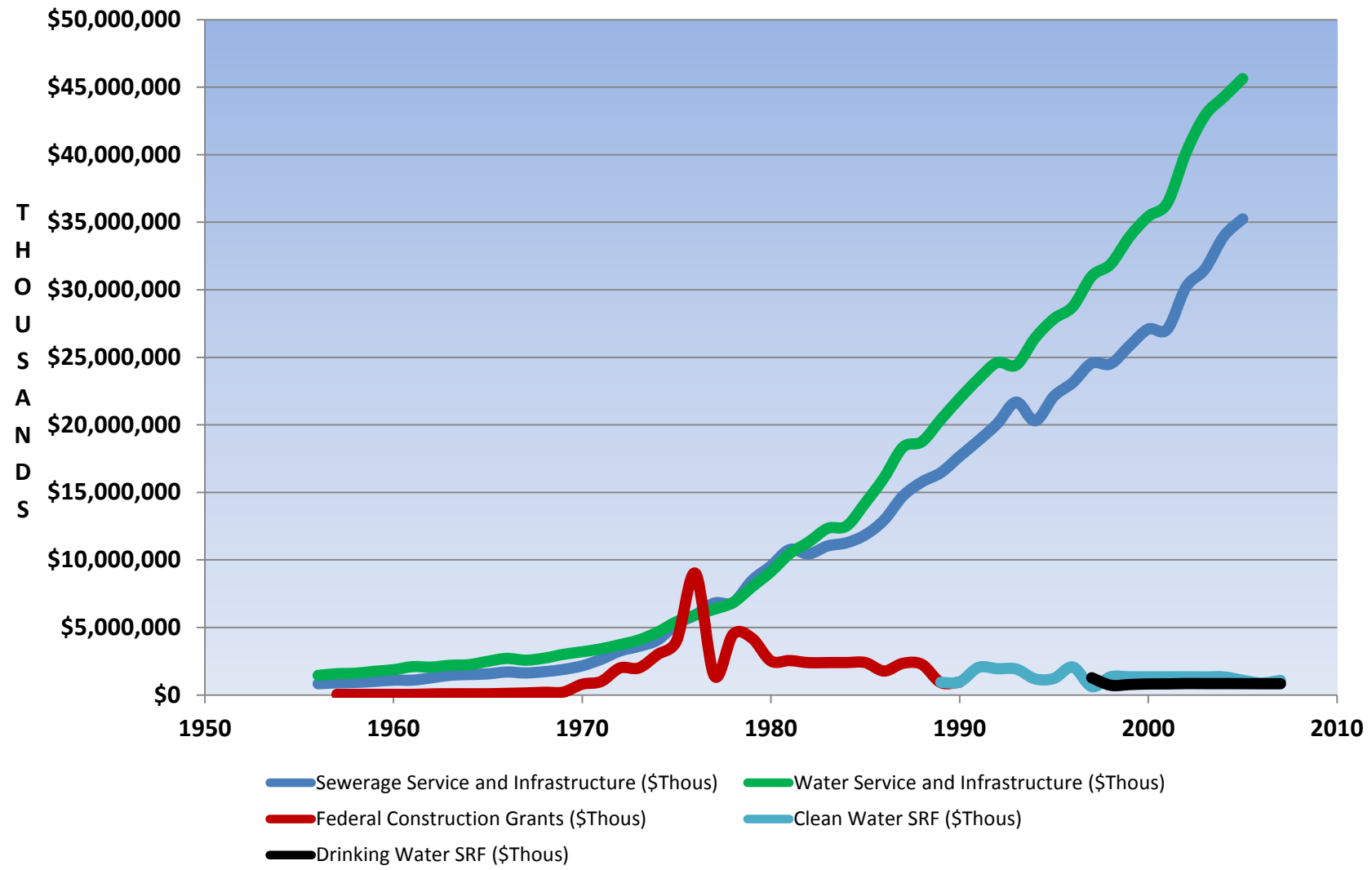


**Clean Water Act turns 40**

**Aggregate Local Government Spending  
1972 through 2010**

<b>Water Supply</b>	<b>\$981.4 Billion</b>
<b>Sewer</b>	<b>\$796.4 Billion</b>
<b>Total</b>	<b>\$1.77 Trillion</b>

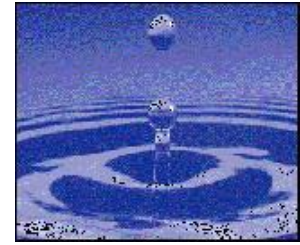
# 50 Years of Local Government Spending on Public Water and Sewer Services and Infrastructure







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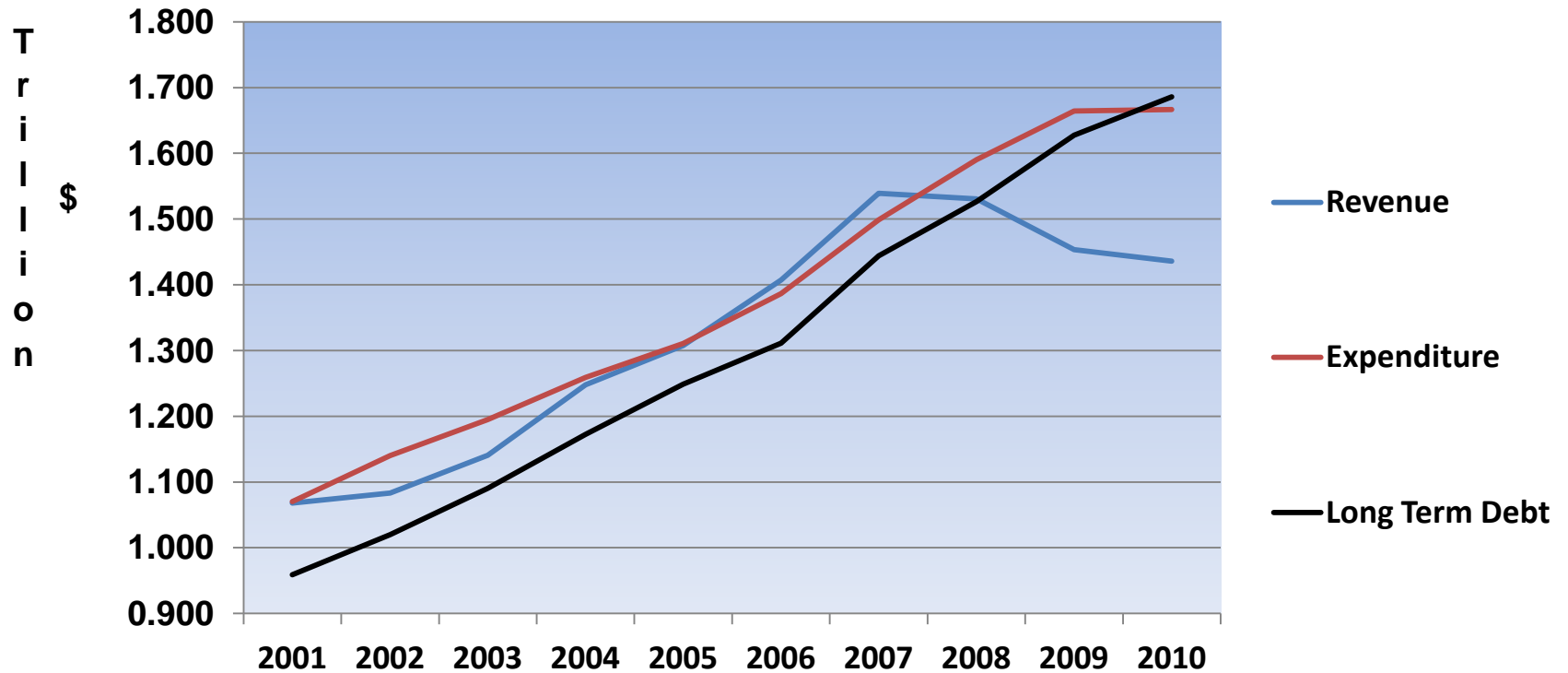
## Where Are We?



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**Local Government Revenues, Expenditures  
and Long-Term Debt: 2001-2010**





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**Clean Water Act turns 40**

**Aggregate Local Government Spending  
2010**

<b>Water Supply</b>	<b>\$60.6 <i>Billion</i></b>
<b>Sewer</b>	<b>\$50.8 <i>Billion</i></b>
<b>Total</b>	<b>\$111.4 <i>Billion</i></b>



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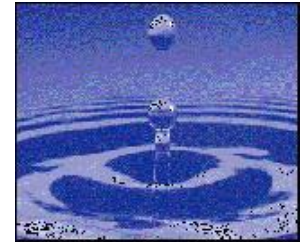
**Clean Water Act turns 40**

**Aggregate Local Government Spending  
2001 - 2010**

<b>Water Supply</b>	<b>\$482.9 Billion</b>
<b>Sewer</b>	<b>\$381.4 Billion</b>
<b>Total</b>	<b>\$864.1 Billion</b>



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## Aggregate Local Government Spending 2001 – 2010

- **Accounts for 48% of historical spending**
- **A 5.99% annual growth rate**
- **Local Investment Grew 60% over the decade while GDP grew by 37%**
- **Investment Headwinds include:**
  - **Population growth**
  - **Inflation**
  - **Rehabilitation of existing inventory**
  - **Capital size and pace of regulatory requirements: current and future**



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## Total Local Government Expenditures: 2009

	<b>Combined Water and Wastewater Exp (\$ thou)</b>	<b>Rank</b>	<b>Water Exp (\$ thou)</b>	<b>Rank</b>	<b>Wastewater Exp (\$ thou)</b>	<b>Rank</b>
<b>DC</b>	<b>506,621</b>	<b>37</b>	<b>205,128</b>	<b>39</b>	<b>301,493</b>	<b>34</b>
<b>MD</b>	<b>1,145,049</b>	<b>25</b>	<b>473,598</b>	<b>32</b>	<b>671,451</b>	<b>21</b>
<b>VA</b>	<b>2,120,267</b>	<b>15</b>	<b>1,054,668</b>	<b>16</b>	<b>1,065,599</b>	<b>14</b>
<b>USA</b>	<b>103,453,483</b>		<b>57,023,222</b>		<b>46,430,261</b>	



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## Local Government Per Capita Expenditures: 2009

	<b>Combined Water and Wastewater Exp (\$ thou)</b>	<b>Rank</b>	<b>Water Exp (\$ thou)</b>	<b>Rank</b>	<b>Wastewater Exp (\$ thou)</b>	<b>Rank</b>
<b>DC</b>	<b>844.85</b>	<b>1</b>	<b>342.08</b>	<b>3</b>	<b>502.78</b>	<b>1</b>
<b>MD</b>	<b>200.90</b>	<b>48</b>	<b>83.09</b>	<b>49</b>	<b>117.81</b>	<b>33</b>
<b>VA</b>	<b>268.98</b>	<b>25</b>	<b>133.80</b>	<b>31</b>	<b>135.18</b>	<b>19</b>
<b>USA</b>	<b>336.97</b>		<b>185.74</b>		<b>151.24</b>	



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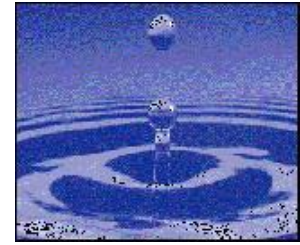
## Expenditures as Percent of Local Government Budgets: 2009

	<b>Combined Water and Wastewater Exp (\$ thou)</b>	<b>Rank</b>	<b>Water Exp (\$ thou)</b>	<b>Rank</b>	<b>Wastewater Exp (\$ thou)</b>	<b>Rank</b>
<b>DC</b>	<b>4.02</b>	<b>47</b>	<b>1.63</b>	<b>50</b>	<b>2.39</b>	<b>37</b>
<b>MD</b>	<b>4.27</b>	<b>46</b>	<b>1.76</b>	<b>48</b>	<b>2.50</b>	<b>33</b>
<b>VA</b>	<b>6.11</b>	<b>28</b>	<b>3.04</b>	<b>28</b>	<b>3.07</b>	<b>20</b>
<b>USA</b>	<b>6.30</b>		<b>3.47</b>		<b>2.83</b>	





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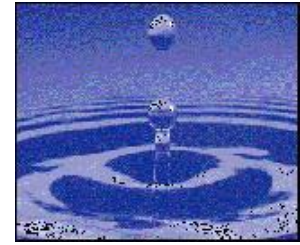
**Extraordinarily large cost CSO/SSO**

**Investments Driven by**

**Enforcement Campaign**



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## Key Cost Drivers

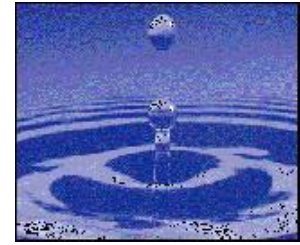
**2% MHI**

**No longer than 20 years to comply**

**4 annual overflows or less**



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# Where should we be in 2052?