

State Water Infrastructure Commission

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Presentation to

Joint Appropriations Subcommittee

on Natural & Economic Resources

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Water Services in NC

- \$2 billion+/year business
- Capital intensive
- Local & decentralized: water utilities, local governments & electric utilities lead
- Traditional State role:
 - technical & financial assistance;
 - financial oversight of public utilities by Treasurer;
 - financial oversight of private utilities by Utilities Commission;
 - environmental regulation by DENR

Water Challenges & Opportunities

- Future scarcity in Research Triangle, Charlotte and other regions require regional solutions
- Aging infrastructure needs renewal
- Declining per capita demand for water services but increasing population
- Water rates increasing faster than inflation
- Too many public & private water systems
 - Scale, access to talent & capital matter

Water Challenges & Opportunities

- New reclaimed water and stormwater reuse technologies
 - No wastewater only wasted water
- Nutrient and energy recovery
- Public-private partnerships
- Decreasing federal and state funding
- Water – an economic & environmental asset and advantage for NC
- \$16.6 billion needed for investment by 2030
- New business models/rate structures needed

Background on SWIC

- Established by 2005 General Assembly (GS 159G-65)
- Advisor to Governor & General Assembly on State Role in water infrastructure
- Common criteria and high-unit cost requirement set for grants
- Increase coordination and cooperation by water funding agencies

Who serves on SWIC?

* Commerce, DENR, Rural Center, State Treasurer, Water Resources Research Institute, NC State University School of Engineering, NC League of Municipalities, NC Association of County Commissioners, NC Chapter of American Council of Engineering Companies, Governor, NC Senate, & NC House of Representatives

* Private utilities, NC Utilities Commission, USDA Rural Development, and UNC-CH Environmental Finance Center also participate

SWIC's Work

- Participation is voluntary
- Forum for water finance issues
 - Water 2030 -- \$16.6 billion needed
 - State and federal appropriations
- Forum for Funders to coordinate
 - Common application form
- Financial health of water utilities
 - Water audits
 - Water rates
 - Asset management
 - Capital planning

2009 Program Evaluation Report

- SWIC has fallen short of achieving its mission
- No statewide strategic plan for water and wastewater infrastructure funding
- NC's infrastructure funding system is complex, fragmented and burdensome
- Funding skewed towards grants versus loans

2010 Legislative Study Commission

- Improve estimates of need
 - Local asset management and water supply plans
- Regionalization
- High Unit Cost threshold
- Include water supply projects
- LGC provide financial information to funders
- Establish water infrastructure database
- Fund critical needs
- VA and GA Environmental Finance Authority

Water Policy Issues for Discussion

- State Water Strategy?
 - Policy and funding?
 - Public-private partnerships?
 - Who implements?
- Is SWIC needed?
- Should SWIC be broadened?
 - Private water utilities & Public Staff?
 - Public health agencies?
 - USDA Rural Development?

Water Finance Issues for Discussion

- How many \$ for loans? How many for grants?
- High unit cost threshold for grants?
 - What's affordable water service?
- State role in regional water, wastewater and stormwater investments
- Dedicated revenue source for water?

2013 SWIC Recommendations

- Review SWIC; reaffirm, modify or replace as appropriate
- Appropriate funds for water infrastructure
 - DENR Clean Water SRF -- \$1:\$5 match
 - DENR Drinking Water SRF -- \$1:\$5 match
 - CWMTF
 - Rural Economic Development Center

More information

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