



Smart Stimulus Spending

An analysis of the American Recovery & Reinvestment Act's (ARRA) water and wastewater infrastructure components

WWD Editorial Director Neda Simeonova, spoke with Eric Meliton, research analyst, environmental technologies, Frost & Sullivan, about the effects of the stimulus package on water and wastewater infrastructure.

Neda Simeonova: Why was it important to include funding for water infrastructure in the stimulus bill?

Eric Meliton: Water infrastructure investment is needed to address the gaps identified by the U.S. EPA Needs surveys of 2002 and 2004 for drinking water and water treatment requirements. Also, with the goal to improve economy and employment, immediate projects (shovel-ready, within 12 to 15 months) would create an influx of short and long-term jobs from construction, engineering and operation.

The ARRA included funding for water infrastructure as part of a recommendation called the "National Agenda for Drinking Water." This document covered a variety of issues affecting the water and wastewater infrastructure industry: water security, impact of climate change, protection of source water, improvements to drinking water standards and infrastructure investment.

Simeonova: As the funding gap for continues to grow, is the stimulus expected to make notable improvements to water infrastructure in the immediate future? If not immediately, when?

Meliton: The funding gap is expected to continue over the next 20 years. Gap estimates range from \$250 to \$400 billion over this time period—encompassing issues such as maintenance, equipment life cycle, facility upgrades and buried infrastructure. Although states rely heavily on the Clean Water and Drinking Water State Revolving Funds, the allocation is not enough to meet the demand.

Immediate funding into the CWSRF is \$4 billion and DWSRF is \$2 billion. This will address short-term needs; however, the upcoming fiscal 2010 budget should provide extended relief to the funds. The Obama administration is proposing a \$3.9-billion total investment into the CWSRF and DWSRF. In addition, the budget will begin an annual \$5-billion investment into a National Infrastructure Bank, which will serve as a fund for major infrastructure projects (including water) that fall outside the realm of SRF allocation.

Simeonova: What type of projects would be considered "smart" stimulus spending? What should be prioritized?

Meliton: This administration is focusing on green initiatives that affect energy, climate change and government policies.

Green infrastructure stipulations for project spending are safe investments at this point. Regional demands are of immediate concern as well. Buried infrastructure is a national issue, while shortages of freshwater are a major concern for industrial users in specific states. The issue of full-cost pricing of water and wastewater services must be addressed and implemented across the majority of U.S. towns and cities and can no longer be ignored. Many of the financial revenue shortcomings can be attributed to the antiquated pricing of water services.

Simeonova: Public infrastructure investments generally yield positive returns. How do water infrastructure returns compare to other types of public infrastructure, and why?

Meliton: Public infrastructure investments are being viewed as safe and conservative in comparison to other commodities that used to be more attractive. With the large influx of stimulus money, a focus on economic recovery and a large funding required, private investors are in a prime position to make major public infrastructure investments into the water sector. If firms look at opportunities from a macro or micro scale, they can identify a number of key projects that are grossly underfunded or require immediate investments to get them started.

Simeonova: What is a good place for municipalities to start?

Meliton: Opportunities arise from the various state-by-state intended use plans. The ARRA requires full transparency of project approvals and project spending benchmarks, making it public knowledge of various opportunities that are available. Investors can make use of this knowledge and companies that supply technology, engineering and procurement services can benefit from this influx of immediate-action projects. A good place to start on a municipal, state or regional assessment of opportunities is with these plans. [www](#)

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Stimulus Package Boosts Water Funding

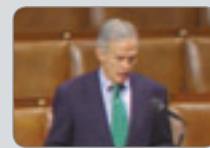


President Obama signed the American Economic Recovery and Reinvestment

Act on Feb. 17. The total cost of the bill is approximately \$787 billion.

Water-related funding in the bill includes: \$2 billion for drinking water infrastructure; \$4 billion for wastewater utilities; \$1.4 billion for rural drinking water, wastewater and waste disposal projects; \$1 billion for the U.S. Bureau of Reclamation water projects; and \$4.6 billion for U.S. Army Corps of Engineers water projects.

Tennessee Congressman Introduces Water Research Legislation



Rep. Bart Gordon (D-Tenn.), House science and technology chairman, recently

introduced the National Water Research and Development Initiative Act of 2009, designed to improve and coordinate federal water research programs.

The bill would authorize and codify funds for an existing interagency Water Availability and Quality Subcommittee.

California Drought Prompts State of Emergency



To combat California's third consecutive year of drought, Gov. Arnold Schwarzenegger proclaimed a

state of emergency Feb. 27 and ordered immediate action to manage the crisis. Schwarzenegger directed all state government agencies to utilize their resources, implement a state emergency plan and provide assistance for people, communities and businesses impacted by the drought.

Charles City, Iowa, Honored for Water Projects

Charles City, Iowa, is receiving the PISCES Award, an acronym for "Performance in



Innovation in the State Revolving Fund Creating Environmental Success," from the U.S. EPA for its efforts to improve its

municipal water pollution control plant.

The award is for a \$3.2-million series of water pollution control plant improvements designed to address the city's continuing growth. The projects were completed nearly \$400,000 below the engineers' estimate and ahead of the targeted finishing date.

Wisconsin City Prepares for First Diversion Under Great Lakes Compact

New Berlin, Wis., will take water from the Great Lakes and ship it out of the watershed,



the first diversion since the approval of the Great Lakes compact in October 2008.

The city hopes to begin deliveries by July, pending the approval of Wisconsin Gov. Jim

Doyle. Officials are waiting for the approval of the Department of Natural Resources and promise to return as much or more water to the Great Lakes as they take out.

Carcinogen Found in Drinking Water



A two-year animal study conducted by National Toxicology Program scientists "clearly demonstrates" that

chromium 6 is carcinogenic in drinking water, *Environmental Health News* reported. Rats and mice consumed water containing the compound and contracted malignant tumors in their small intestines and mouths.

The conclusion will likely spur more stringent standards. U.S. EPA officials are evaluating the national 100-ppb standard and plan to release their results this fall.

Deal Reached in Dow Chemical Buyout of Rohm & Haas



Dow Chemical Co. has reached a tentative deal to complete its \$15-billion buyout of Rohm & Haas Co., the *Chicago Tribune*

reported. The chemical firms were involved in a dispute regarding a \$15.3-billion merger that Dow backed out of in January.

As per the original terms, Rohm & Haas shareholders will receive \$78 per share in cash, but Rohm & Haas' two biggest shareholders will not receive a cash payout. The Haas family trust and Paulson & Co. will take a \$2.5-billion stake in preferred shares issued by Dow.

Report: Recent Cutback in U.S. Water Spending



Capital expenditure on crucial water infrastructure projects in the U.S. has been cut back by 12.9% over the past few months due to restraints on borrowing, shrinking tax bases and a drop in capital contributions from property developers, according to the recently released Water Market USA report by Global Water Intelligence.

The long-term market for water infrastructure upgrade and rehabilitation remains strong, the report noted, with capital expenditure expected to grow from \$25.2 billion in 2009 to \$49.7 billion in 2016. [www](#)

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