



By Benjamin H. Grumbles

Look beyond tired logic
for funding solutions

Moneybags & Water Pipes

There is a lot of serious talk about America's overstressed, underfunded and unappreciated water and wastewater infrastructure systems, but what are we doing about it? Are there some guiding principles for innovative, sustainable financing? Here are five "easy pieces" to solving the trillion-dollar dilemma:

1. Valuing Water to Support People & Systems

The price of water lies at the heart of the problem, and the solution lies in building greater awareness of the true value of water. Check out the 2010 report, "What's Water Worth?" at www.cwaa.us. The Clean Water America Alliance (CWAA), which employs me, held a national dialogue on the topic to help frame our larger efforts toward more integrated and holistic policies on water. Also check out the Water Environment Federation's newly launched "Water's Worth It" campaign at www.wef.org. Both help the public understand the difference between price and value and the growing cost of taking water for granted.

Water pricing is both science and art. There is a lot we can do to help communities and agencies develop sustainable ratemaking strategies that move in the direction of "full cost" or "true value" pricing (i.e., rates more closely reflecting the value of the service provided), without abandoning the social safety net for those who cannot afford to pay. We need a full court press on the science of ecosystem services and infrastructure life-cycle analyses and the art of building public support for reasonable and necessary rate, fee, and/or local tax increases.

2. Partnering Between Public & Private Entities

Policymakers need to continue to probe the barriers and boundaries to public-private partnerships and look for ways to increase collaboration and community choices for designing, building, operating and financing public water and wastewater systems. Private sector technologies, ranging from nutrient recovery to biogas generation, to real-time monitoring and data management systems, continue to provide solutions on which public entities depend. There must be a willingness to consider appropriate private sector involvement, particularly with declining public funds and increasing rates. Otherwise, community systems run the risk of suffering from what I call the "Public Rust Doctrine"—refusing to explore private-public partnerships to prevent public-purpose systems from rusting and decaying.

Many national and local leaders are looking to infuse public service with private enterprise. There is growing support for bipartisan legislation that would remove the Internal Revenue Code's state volume cap on private activity bonds to facilitate private investment and public-private partnerships. In addition, the Natural Resources Defense Council's (NRDC) February 2012 report, "Financing Stormwater Retrofits in Philadelphia

and Beyond" (www.nrdc.org), includes a description of promising techniques to meeting the storm water challenge through market-based approaches involving fees, offsite mitigation and credit programs. NRDC estimates a potential market for third-party investments in storm water retrofits in Philadelphia on the order of \$376 million.

3. Greening Infrastructure & Recovering Resources

Communities increasingly are embracing green infrastructure strategies while recognizing the continuing and legitimate role of durable, sustainable gray infrastructure. CWAA's 2011 "Barriers and Gateways to Green Infrastructure" report reveals that a prime motivator for communities in meshing more green infrastructure with gray infrastructure is to save money and energy. We know that hard, gray infrastructure has been at the heart of much of America's progress in meeting Clean Water Act and Safe Drinking Water Act goals and requirements. We also know communities can manage storm water and prevent overflows, improve air quality, reduce the urban heat island effect, and enhance livability through innovative approaches that integrate more green infrastructure with existing grey infrastructure.

4. Connecting Infrastructure, Watersheds & Sustainability

Local and regional water and wastewater infrastructure projects should benefit from early and integrated planning efforts before funding and construction decisions are made. Integrated planning and collaborative review can help to reduce the risk that environmentally or fiscally unsustainable projects move forward. The effort takes time, but pays off in the end.

5. Thinking Nationally, Acting Locally

All water is local, except when it is not—such as when it touches on or affects regional health, economics, or ecosystems, or when it becomes an issue of such growing importance that our natural heritage, homeland security or economic competitiveness are put at risk. We need a national strategy to increase funding from users and beneficiaries in the private sector, with revenues dedicated to water infrastructure solutions tailored to local and regional conditions. Phrases like, "It's the economy, stupid!" and, "It's all about the pipes," still resonate. There is more to the picture, though, and the sooner we recognize that, the more success we will have in connecting the dots and protecting the drops. [WWD](#)

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