

This presentation premiered at WaterSmart Innovations

watersmartinnovations.com





The Financing Fix to Scale Water Efficiency Across the U.S.

WaterSmart Innovations 2019

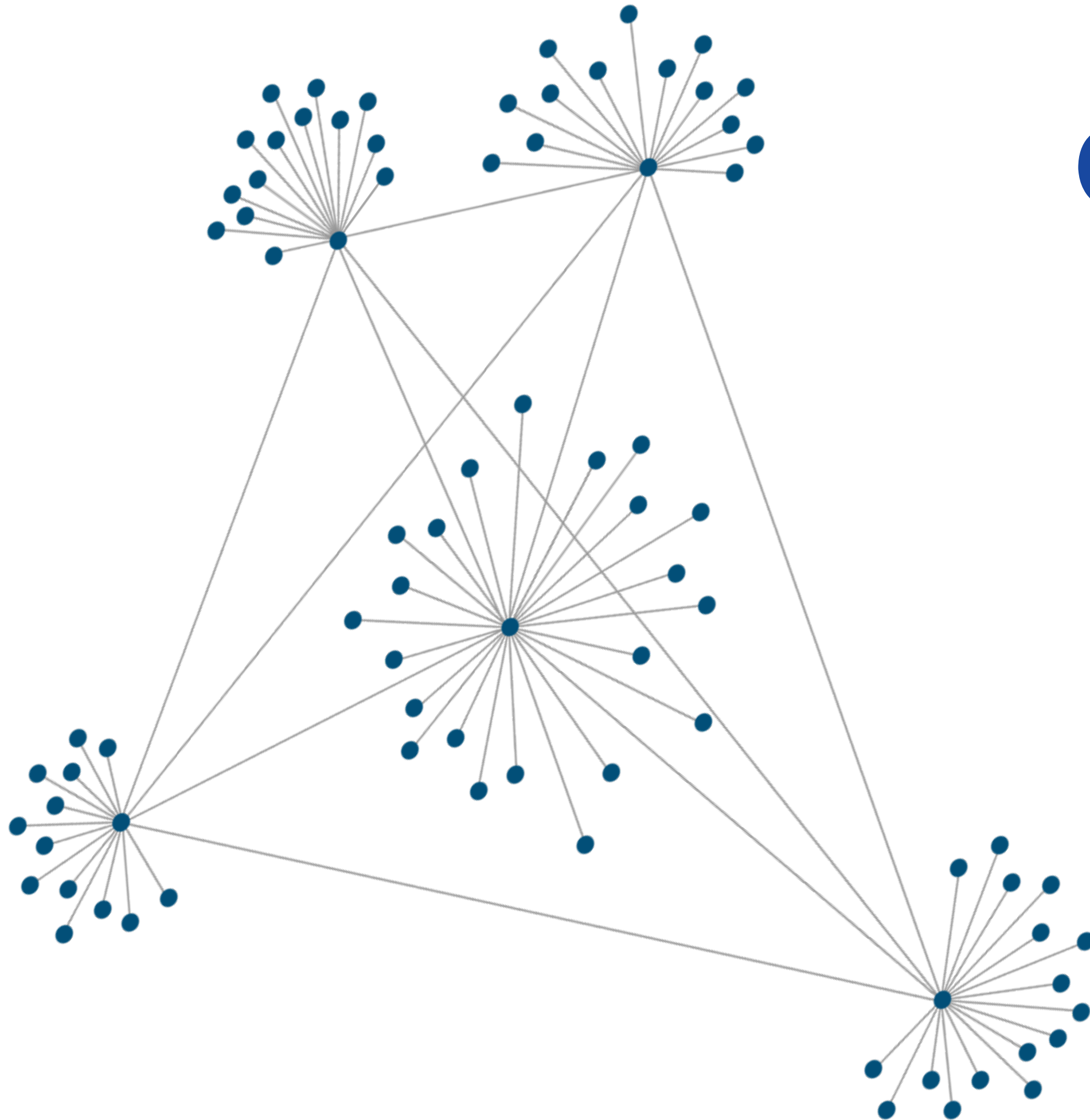
October 3rd, 2019

Lindsay Rogers, CO Basin Program Manager, WaterNow Alliance



AGENDA

- Overview of WaterNow Alliance
- Introduction to Tap into Resilience
- Financing Localized Efficiency Strategies
- Using the TiR Toolkit
- Q&A



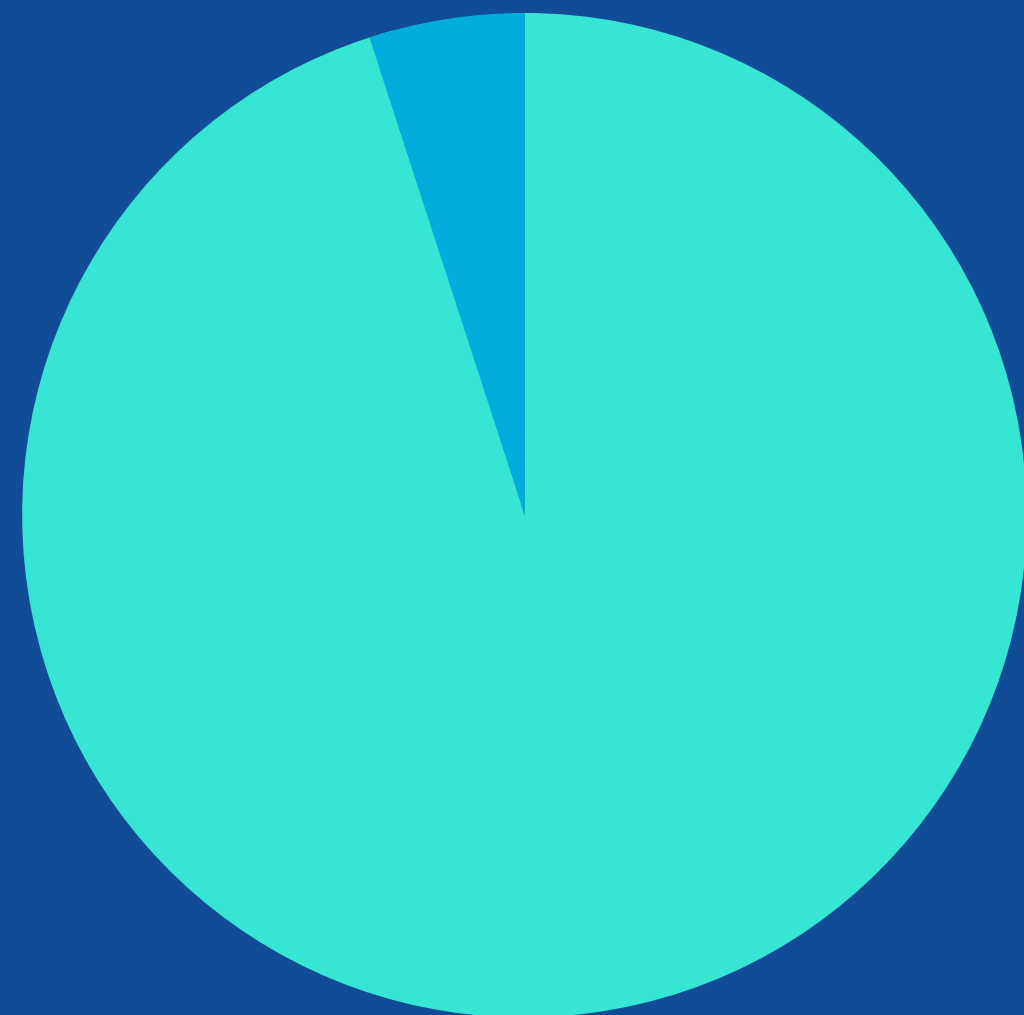
OUR MISSION

WaterNow is a nonprofit network of local water leaders supporting sustainable, equitable, affordable, and innovative water solutions in their communities



WHY LOCAL LEADERS?

95%



Local Leaders
95%

**LOCAL AGENCIES ACCOUNT FOR
95% OF WATER SPENDING ON
DRINKING, WASTEWATER,
STORMWATER – NATIONWIDE**

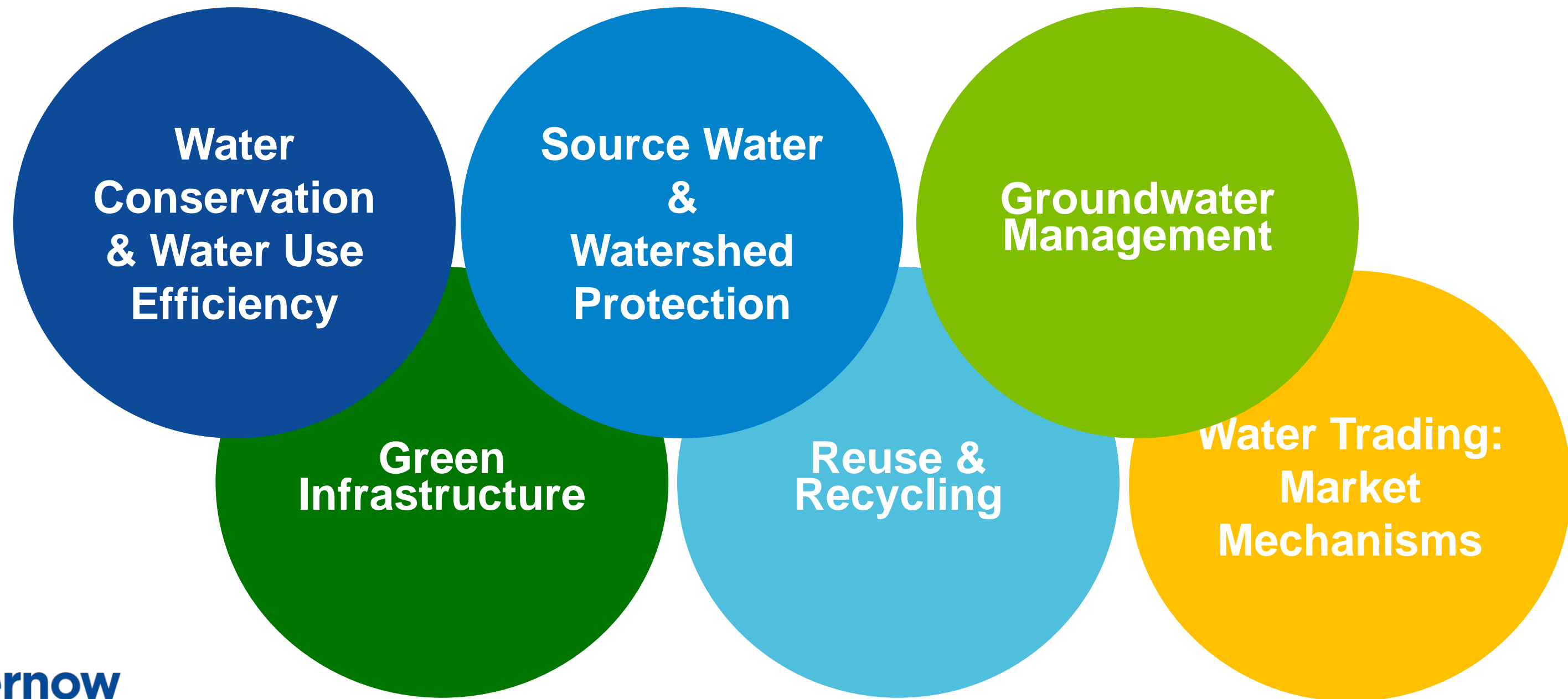
*Rand, Not Everything Is Broken The Future of U.S. Transportation and Water
Infrastructure Funding and Finance, 2017*

What do we mean by sustainable?



Providing **safe, healthy, and affordable** water services for people while **preserving the integrity** of water resources and the environment for **future generations**

Sustainable Water Solutions



INTRODUCING TAP INTO RESILIENCE



WaterNow's new initiative to
advance investment in
localized, onsite and
distributed water strategies

tapin.waternow.org



Do you know enough about decentralized strategies, and their associated benefits, to invest in these options in your community?



Has your utility/city already made a *significant* investment to scale up a localized infrastructure program?



WHAT IS LOCALIZED WATER INFRASTRUCTURE?

- Decentralized water management strategies and technologies distributed over many properties
- Not owned and operated by city/utility/water agency
- Operate in concert with built infrastructure
- Often paid for, or incentivized, by the utility

NATIVE LANDSCAPING & TURF REPLACEMENT



HIGH EFFICIENCY APPLIANCES & FIXTURES



SMART IRRIGATION CONTROLLERS



LEAK DETECTION DEVICES



ON-SITE, NON-POTABLE REUSE SYSTEMS



BUT ARE THESE STRATEGIES... INFRASTRUCTURE?

→ **Yes.**

Decentralized onsite systems can serve the same functions as traditional infrastructure:

- Reliable water supply
- Manage stormwater runoff
- Water treatment

Represents long term investments in system functionality and resilience

Big picture benefits of localized strategies



More affordable than rebuilding or repairing centralized infrastructure



Less time-intensive to install than centralized infrastructure



Work with the natural environment to enhance water supply resilience and health



Provide visibility, access, and direct economic benefits to ratepayers

SCALING INVESTMENT IN LOCALIZED INFRASTRUCTURE

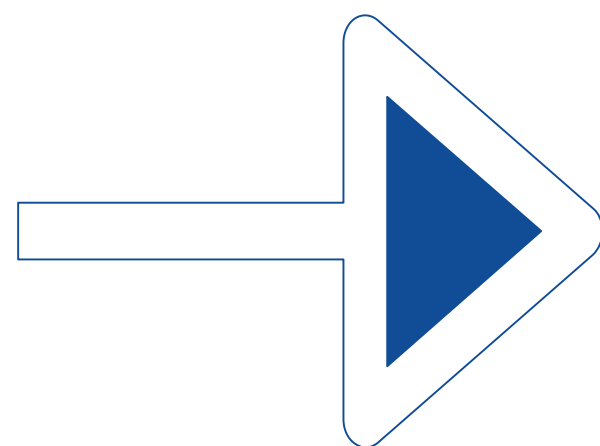
Conventional thinking is that
you can **only pay for these
things out of annual
operating cash**



But annual rate revenue is
not sufficient to cover large
scale investments

SCALING INVESTMENT IN LOCALIZED INFRASTRUCTURE

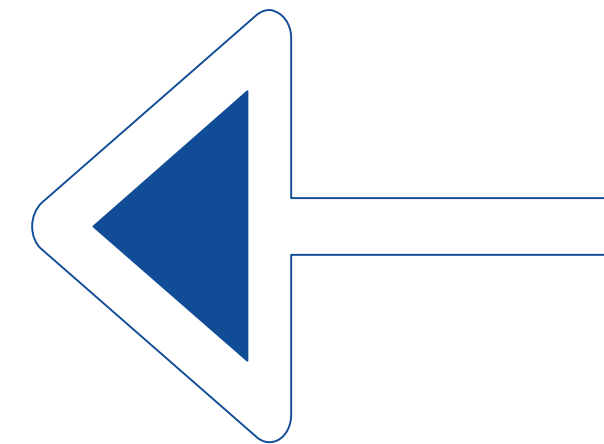
GOOD NEWS!



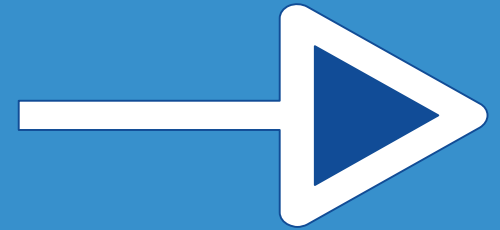
New GASB guidance clarifies that public water resource agencies can now access municipal bond proceeds to finance consumer rebates and direct installations for onsite water systems.

USING MUNI BONDS TO FINANCE LOCALIZED INFRASTRUCTURE

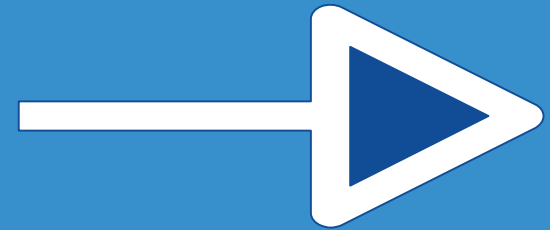
GASB 62 says an entity with rate setting ability can capitalize 'business-type activity costs' that could otherwise be expensed



3 CRITERIA FOR REGULATED ASSETS APPROACH



The utility is governed by a board empowered to establish customer rates



Rates are designed to recover the costs of the activity, e.g., consumer rebates



The rates are reasonably likely to cover the costs of the program

HOW WOULD THIS WORK IN PRACTICE?

Example: Your utility has a \$70 million budget. They'd like to invest in a major turf rebate program that will cost \$10 million.

Using Annual Operating Cash

- Raise rates in Year 1 by ~ 14%
- Implement program in Year 1
- Benefits over 20 years

Using Debt

- Raise rates in Year 1 by ~1%
- Pay back over 20 years
- Implement program in Year 1
- Benefits over 20 years

Communities using municipal bonds to pay for localized infrastructure:

- **Central Arkansas Water** – Conservation easements for source water protection
- **Seattle Public Utilities** – Water efficiency & green stormwater infrastructure programs
- **Los Angeles Dept. of Water & Power** – Water efficiency & green stormwater infrastructure programs

Central Arkansas Water

- Drinking water supply from Lake Maumelle and Winona
- Purchase conservation easements for source water protection
- **~\$500,000 per year** on property acquisition
- Bond repaid through a watershed protection fee



Seattle Public Utilities

- Water conservation rebates & direct installations for low-income customers have **reduced GPCD by 44%**
- RainWise Program for greenstormwater infrastructure rebates control **23 million gallons** of stormwater per year
- **\$2.2 million** spent on water efficiency & **\$1.2 million** on RainWise Program in 2018
- Program costs incorporated into rate setting process



Los Angeles Department of Water & Power

- Conservation-focused programs: appliances, fixtures, and turf replacement rebates
- Green stormwater infrastructure for groundwater recharge
- **>\$140 million** in distributed water conservation and stormwater assets on balance sheet
- Rates include water conservation and stormwater capture program charges



TAP INTO RESILIENCE TOOLKIT

Do you have a
sustainability
vision for your city?

Our toolkit is
here to help.



Visit tapin.waternow.org/toolkit to view full toolkit

TOOLKIT CONTENT



ONLINE
MODULES



SUCCESS
STORIES



DOWNLOADS



VIDEOS



RESOURCE
LIBRARY



EXPERT
PANEL

ONLINE MODULES



What are my **financing** options?



Localized water infrastructure
implementation strategies



Utility Costs & Revenue Sources



Debt Financing Localized Infrastructure



Accessing State, Federal, and Philanthropic Funding



Public Non-Utility Property Localized Infrastructure



Private Property Localized Infrastructure



SUCCESS STORIES



Case studies

Spanish Fork

Innovative water conservation program to install free smart irrigation controllers for residential customers already reducing outdoor irrigation by 17%.

[Read more](#)



Case studies

San Antonio Water System

By treating conservation as a source of supply San Antonio Water System reduced water consumption in its service area by 50%.

[Read more](#)



DOWNLOADS



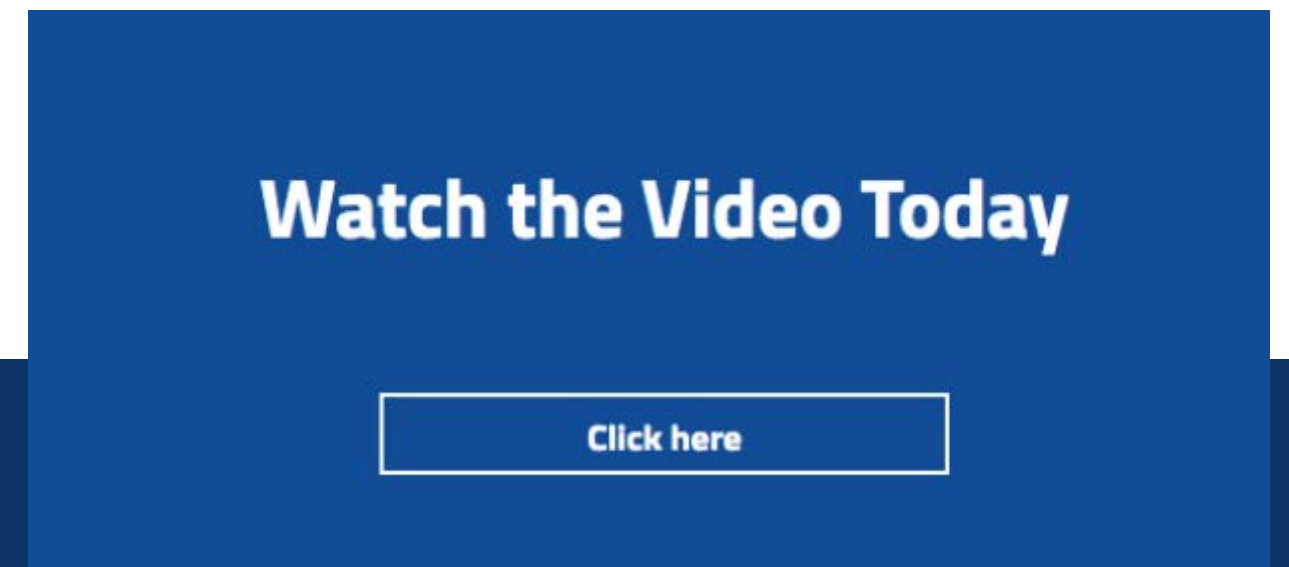
Example



Download the Report Today

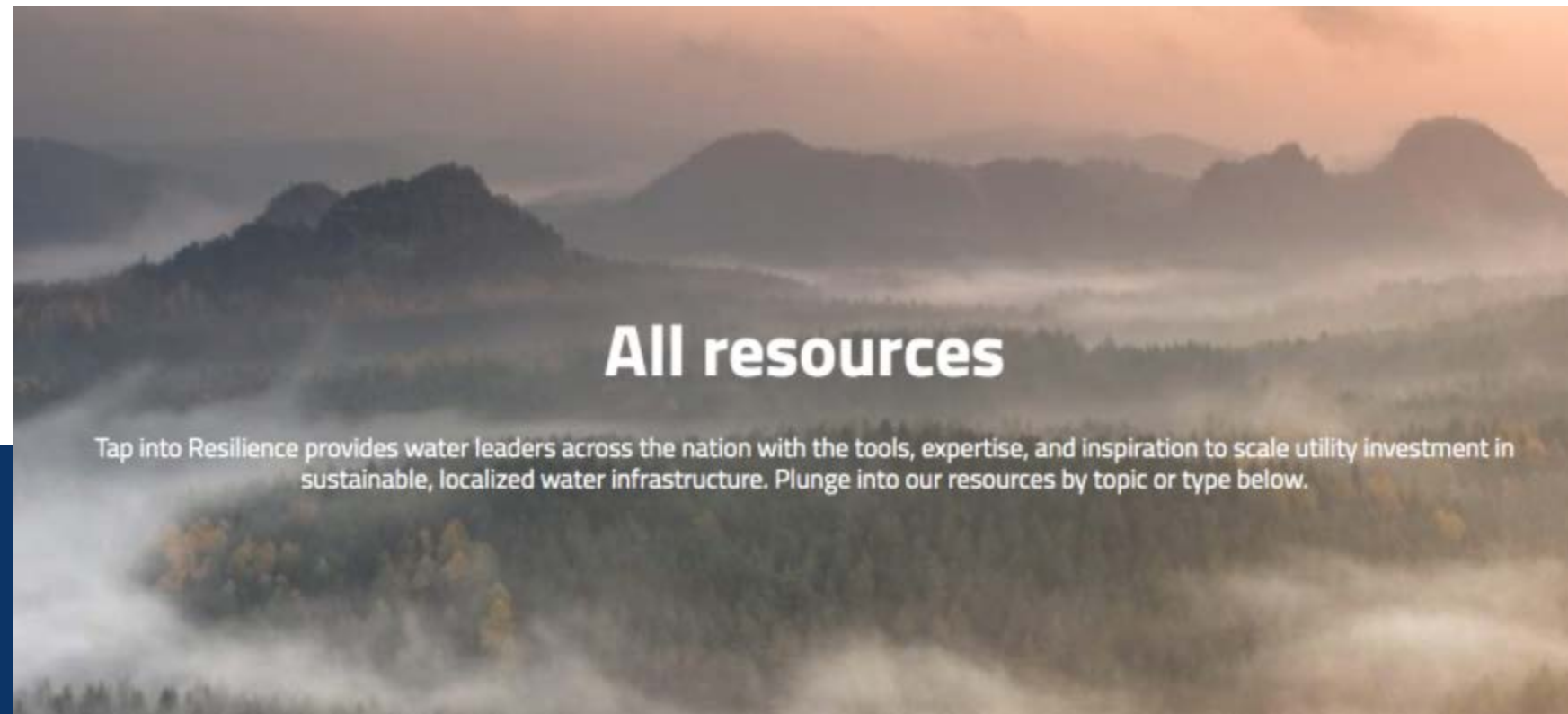
[Click here](#)

VIDEOS



**Video with Quantified Venture's Eric Letsinger
explain how EIBs work available online**

RESOURCE LIBRARY




Explore resources by **topic**, **region**, or **type**

All Topics

All Regions

All Types




Case studies

Philadelphia Water Department

Participation in PWD's grants program to install green infrastructure on private property and bring multiple benefits to vulnerable communities.

Read more




Case studies

Metropolitan St. Louis Sewer District

Participation in MSD's grants program to install green infrastructure on private property and bring multiple benefits to vulnerable communities.

Read more




Technical guides

Municipal Handbook: Green Streets

A handbook to help local officials implement green infrastructure on public streets in their communities.


Read more



TIR Toolkit

NEORS: Green Infrastructure Grants


NEORS grant program to strategically implement and ensure the long-term maintenance of green infrastructure.



TIR Toolkit

Taxability of Rebates: Federal Tax Issues

Overview of taxability of consumer rebates and other financial incentives at the federal level.



TIR Toolkit

Stormwater Retention Credit Trading Systems: Local Tax Issues

Overview of taxability of financial incentives for localized water infrastructure at a local level.

EXPERT PANEL

Have a project that needs support? Our team of experts is here to help

 **Ask an expert**



Ask an expert

Whether you have a project that needs support or are just dipping your toe in, our team of experts is here to help.

First Name

Last Name

Email

Organization

Phone

I'm looking for (choose all that apply)

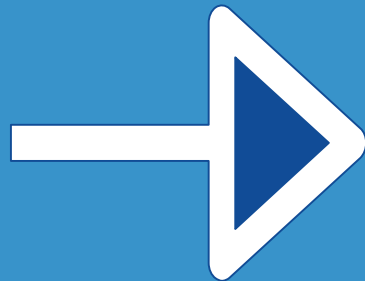
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|--|---|
| <input type="checkbox"/> General Implementation Advice | <input type="checkbox"/> Bond council |
| <input type="checkbox"/> Bond buyers | <input type="checkbox"/> CPA |
| <input type="checkbox"/> Auditors | <input type="checkbox"/> Impact Investing |
| <input type="checkbox"/> Success Stories | <input type="checkbox"/> Other |

Message

Submit



TAP INTO THE TIR TOOLKIT



Share your feedback

Tap into Resilience Toolkit Feedback

Share Feedback

Your email address (cak@waternow.org) will be recorded when you submit this form. Not you? [Switch account](#)

Do you want to learn more about Tap into Resilience implementation strategies? Please describe your areas of interest below.

Your answer

Is the Tap into Resilience Toolkit missing information you were looking for? Please describe below.

Your answer

Is the Tap into Resilience Toolkit missing a tax, accounting, or financing issue you were looking for? Please describe below.

Your answer

Do you have other comments to share with WaterNow about the Tap into Resilience Toolkit? Please describe below.

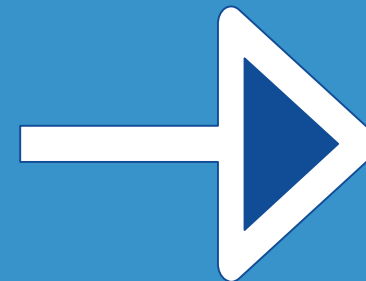
Your answer

☐ Send me a copy of my responses.

SUBMIT

Never submit passwords through Google Forms.

Share your story



Explore strategies ▾ Start implementing ▾ Meet communities ▾ Learn about us ▾ All resources

Tap into Resilience Toolkit

Share Feedback

Start Implementing

Considering a new localized infrastructure program and concerned about potential legal roadblocks? Need financial support to expand on solutions that are already in motion? Explore strategies to start implementing below.

[Learn More](#)

Share your water infrastructure story

Is your community already deploying localized infrastructure? Have experience implementing or expanding a program that'd be helpful for others to hear? Fill out the form below and share your story to be part of the water transformation.

Name and Professional Title

City or Water Agency

Email

Does your city deploy water distributed infrastructure (DI) to reach your water quantity, water quality, wastewater/stormwater management goals? Please describe the projects or programs your city or entity has deployed, for example, do you provide grant or rebate programs to property owners who replace turf, install water-efficient appliances, or manage stormwater onsite?

If your city does not have a DI program, but would like to implement one, what have been the barriers?

Is your city interested in expanding your DI Program?

☐ Yes
☐ No
☐ Other

Have there been specific tax or legal issues that have come up as your city creates or looks to expand its DI programs?

☐ Yes, my city has encountered tax issues
☐ Yes, my city has encountered legal issues
☐ Please provide more detail on the challenges your city encountered and whether they were resolved

tapin.waternow.org/start-implementing/#shareyourstory

SAVE THE DATE

APRIL 15-16,
2020



WaterNow 5th Annual Summit

PHILADELPHIA, PA



REGISTER
TODAY!



WaterNowSummit.org

THANK YOU & QUESTIONS

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