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Local Government Investment in Water and Sewer, 2000-2015.

What investments will be needed to rebuild our national water and sewer infrastructure andprovide services to a growing and shifting population and an expanding economy?

Introduction

Will a new national infrastructure policy help or hurt city water and sewer services?
What is the role of the Federal Government in helping cities provide safe, adequate and affordable water and sewer in a national infrastructure policy?

Answers to these questions require knowledge of current public water and sewer economics and recent trends to help evaluate policy implications; this paper summarizes local and federal investment trends.

Congressional framers of the Clean Water and the Safe Drinking Water Acts promised local governments a technical and financial partnership to achieve national water goals. Those promises are long forgotten. Congress and the Executive branch have steadily retreated from responsibility for local water and sewer services, although they continue to stack up expensive regulatory mandates that trigger affordability burdens for low- and middle-income households. Current discussions of boosting infrastructure investments initiated by the Executive branch are long overdue; and the stated expectation that cities and states need to step up with more of their own money before they ask for federal financial assistance rings hollow in the case of local water and sewer where local government provides roughly 98 percent of the annual investments. Any major improvement in water and sewer infrastructure will rely on a new configuration of bonds, grants, loans and rate increases. A new infrastructure policy can get it right, if the new framers of the policy consider both achievements and systemic problems that have accrued over the last 40 years.

The case is well established that the federal financial partnership with cities died when Congress eliminated the construction grants program in favor of providing capitalization grants to states to disburse to local government as loans with capital and interest payments. Elimination of earmark grants for water and sewer construction soon followed, and local government picked up all the responsibility for providing local services and achieving national health and environmental goals, (Figure 1).

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The United States Conference of Mayors

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