Sustainable Funding of Water Infrastructure: The Challenge

Senator Martha Fuller Clark
John J. Boisvert, P.E. – Pennichuck Water

NH Water Conference
We are in the public health business.

- Provide clean, safe, & affordable drinking water
- Properly treat and dispose of our wastewater
- Protect the environment via, drinking water, wastewater, dams, and storm water infrastructure
- This promotes the economic well being of NH
  - Business, commerce, and tourism
The problem?

Aging and failing infrastructure +

Increased regulatory requirements = $$$$$$$ needed!

But current funding sources don’t add up.
Aging and failing infrastructure

- A statewide problem
- Keene has water mains dating back to the 1800’s.
- Portsmouth has more than 25% of their system more than 100 years old.
- Mount Washington Valley has more than 65% of its water infrastructure dating back to the 1940’s and earlier.
- Manchester has more than 175 miles of water/wastewater piping more than 100 years old.
Increased regulatory requirements

• Many of our recent improvements are related to meeting new regulatory requirements.
  – Water: Enhanced Surface Water Treatment Rule, Disinfection Byproducts Rule, Lead & Copper Rule, etc.
  – Wastewater: Dechlorination, Nitrogen & Phosphorus reduction, and other NPDES permit requirements
  – Dams: Safety and climate change
  – Storm Water: Clean Water Act MS4 requirements
Aging and failing infrastructure
Dams
Aging and failing infrastructure

Storm Water Challenges
Aging and failing infrastructure

Wastewater
Aging and failing infrastructure
Drinking Water

Natural gas line

Water main dating to 1800s
Out with the old and in with the new...

... costs $. 

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The text on the image suggests a transition from old to new structures or systems, possibly indicating a renovation or construction project. The costs are not explicitly mentioned but implied by the context.
What do we need to do?

• The State needs to partner with communities.
  – We need to realize that the FEDS will not help us!
  – If a partnership is formed, funding will be reliable and stable.

• Senate Bill SB 60 – 2009
  – Study Commission
  – The start of a solution.
Commission to Study Water Infrastructure Sustainability Funding
Findings & Recommendations

SB60, Chapter 245:1, Laws of 2009
November 2013 Final Report

NH Watershed Conference
SB 60 - History and Scope

- Formed in 2009, extended twice
- Senator Martha Fuller Clark was original and final Chair.
- Met 31 times
- Focused on funding needs and the State’s role related to the funding of:
  - Municipal wastewater and stormwater systems
  - Public drinking water systems (municipal and private)
  - Municipal and state owned dams
2013 SB60 Commission Members

- Senator Martha Fuller Clark
- Representative Pamela Hubbard
- Representative Thomas Buco
- Representative Adam Schroadter
- Harry Stewart, Department of Environmental Services
- Rachel Roulliard, Piscataqua Region Estuaries Partnership
- Keith Robinson, United States Geological Survey
- John Boisvert, NH Water Works Association
- David Bernier, Granite State Rural Water
- Peter Rice, NH Water Pollution Control Association
- Kurt Blomquist, NH Public Works Association
- John Webster, Granite State Hydro power Association, Inc.
- David Danielson, NH Association of Regional Planning Commissions
- William Brown, American Council of Engineering Companies
- Peter Kulbaki, NH Rivers Association
- Tom O’Brien, NH Lakes Association
- Stephen Hickey, NH Business and Industry Association
Wastewater
Drinking Water

New Hampshire Public Water Supply Sites

Legend
Public Water Supplies
- Community
- Non-Transient
- Transient

Public Water Supply (by Population Served)
- 0 - 2000
- 2001 - 10000
- 10001 - 23000
- 23001 - 43000
- 43001 - 130000

Major Basins of New Hampshire
- ANDROSCOGGIN RIVER
- CONNECTICUT RIVER
- MERRIMACK RIVER
- SACO RIVER
- SALMON FALLS-PISCATAQUA R

Map Projection:
New Hampshire State Plane Feet
North American Datum 1983

Map Printed December 6, 2006
Storm Water
Questions for the Commission

• What is the importance of water infrastructure to New Hampshire?

• What is the necessary investment?

• How does local water infrastructure benefit the State of New Hampshire?

• Does the State of New Hampshire have a responsibility to support local water infrastructure investment?

• What is/are the financial mechanism(s) for New Hampshire to meet it’s obligations?
Others have gone before us. It’s been studied!
Water infrastructure is critical to NH’s economy and quality of life

- Safe drinking water
- Fire protection
- Clean recreational waters
- Tourism
- Allows for cities ...economic engines
- Flood protection
- Property tax – waterfront property ($247M/yr)
Substantial investment is needed (estimated at $2.9B/decade)

<table>
<thead>
<tr>
<th>Infrastructure Type</th>
<th>10 Year Need</th>
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<tbody>
<tr>
<td>Wastewater – 98 municipal wastewater systems</td>
<td>$1,710,000,000</td>
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<tr>
<td>Stormwater – In every community, permitted in more urban communities</td>
<td>$272,000,000</td>
</tr>
<tr>
<td>Drinking Water – 700 community systems</td>
<td>$857,000,000</td>
</tr>
<tr>
<td>Dams – State Owned (278)</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Dams- Municipal (358)</td>
<td>$40,000,000</td>
</tr>
<tr>
<td><strong>10 Year Total</strong></td>
<td><strong>$2,897,000,000</strong></td>
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State investment is needed to promote...

- Sustainable operation and management
- Asset renewal and assist with regulatory requirements
- Public health and safety
- Economic well being of NH
Infrastructure Dependent Revenue
$1.2+ Billion per Year

- Tobacco Settlement: $561 million (25%)
- Communications tax: $364 million (16%)
- Real Estate Transfer tax: $251 million (11%)
- Other sources: $364 million (16%)
- Medicaid Enhancement revenue
- Liquor and Beer
- Insurance Tax
- Interest & Dividends tax
- Lottery
- Meal & Rooms tax
- Business taxes
- State Property tax
A NH Water Trust Fund is needed to spur adequate annual investment.

- Assist with local debt service (similar to the historic 20-30% state aid grant programs) on water infrastructure projects to:
  - provide incentive for local borrowing
  - keep rates reasonably affordable
- Estimated $40 million needed annually
- Towns and Cities still provide local share of the costs --- $250 million annually
A new revenue source must be found to create the Water Trust Fund.

• Many revenue sources were considered
  – Flush or water products tax
  – Water use fee
  – Shorefront assessments
  – Rooms and meals, etc.

• Existing revenue sources with nexus to water are fully committed.
A revenue source was identified to create the Water Trust Fund.

- Charge on beverage containers favored because:
  - Most beverage manufacturers rely on water infrastructure
  - Surrounding states have larger bottle redemption fees, thus keeps a competitive advantage
  - People are used to paying such a fee elsewhere
  - Raises sufficient revenue ($40 Million at 4 cents/container)
- Not a redemption fee, one time charge at first sale in state envisioned.
Why it will work?
The State becomes a Partner!

• A successful Trust Fund will allow:
  – The State and infrastructure owners to become financial partners.
  – NH dollars to stay in the local economy.
• It is a single dedicated revenue source.
• There is an opportunity to benefit a large coalition.
  – Tourism, Municipalities, Utilities, Construction Trades, Real Estate, Research, Business & Industry...Families.
• Roads and Bridges have the “gasoline tax”.
• Our schools had “building aid”.
Questions?

NH Watershed Conference