

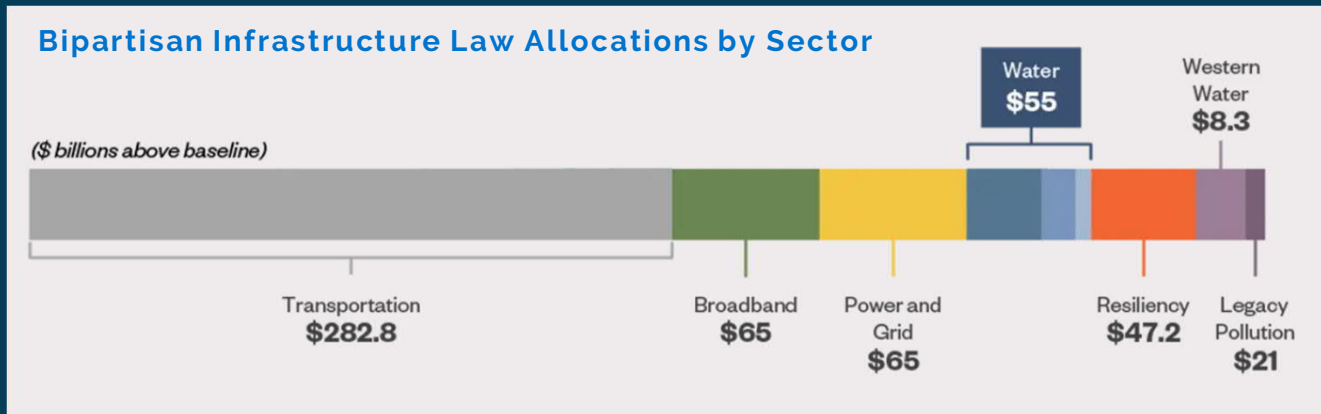
# GETTING SERIOUS ABOUT VERMONT'S WATER RESOURCES INFRASTRUCTURE DEFICIT

**Megan Moir**, Division Director of Burlington Water Resources



## IIJA/BIL \$ IS AWESOME...

- \$320 Million for Vermont drinking water, wastewater and stormwater
  - \$155 M is for refurbishment (aged infrastructure)
  - Remainder (\$150 M) for very specific new issues (lead service lines and PFAS)
  - Requirement that 49% be allocated to loan forgiveness



...BUT IT IS FAR FROM ENOUGH \$ -  
VERMONT ALSO NEEDS TO COMMIT FULLY  
TO INCREASES IN WATER QUALITY \$

# THE NEEDS ARE GREATER THAN VTDEC \$2B ESTIMATE

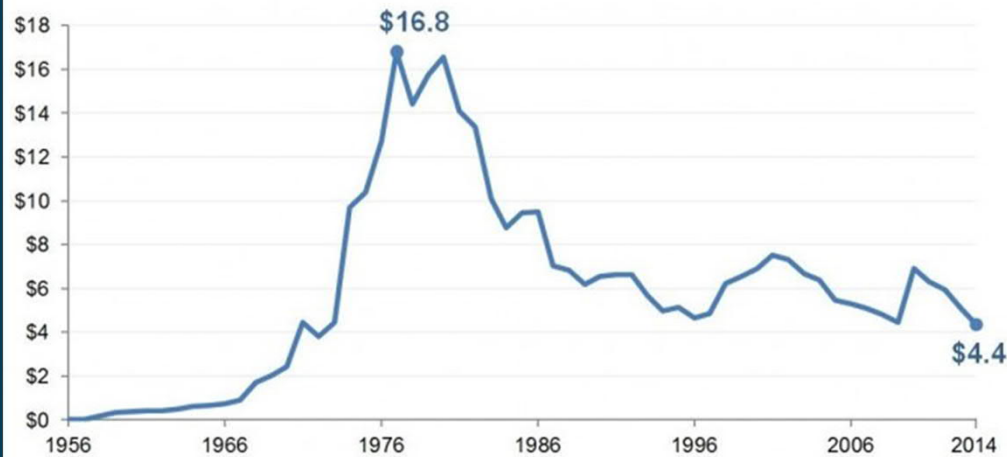
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- VTDEC currently estimates the drinking water, wastewater and stormwater need at **\$2 billion** for the coming decade(s)
- This is undoubtedly a significant underestimate...
  - Few Vermont communities have the capacity for meaningful, comprehensive, long-term capital planning
  - Inflation/supply chain cost issues
  - Magnitude of costs to meet new regulatory pressures (PFAS, emerging contaminants, biosolids) is not captured
  - Many plants are not only due for their needed 20 year equipment upgrades, but for complete rebuilds of 40-50 year life assets (tanks, buildings)
  - The emphasis on increasing housing in designated growth areas (yay!) may additionally require capacity upgrades

# INFRASTRUCTURE DEFICIT DRIVERS: HISTORICAL LACK OF **FUNDING**

## Federal spending on water and wastewater utility infrastructure decreased in the 1980s and after 2000

Reported in billions of 2014 dollars



Source: Congressional Budget Office (March 2015), Public Spending on Transportation and Water Infrastructure, 1956 to 2014.

- Not only did available \$ from the federal governments decrease
  - proportion of \$ directed towards **FUNDING** vs financing vastly decreased
    - 1970s and 1980s - largely grants
    - Since mid 1980s - mostly subsidized **LOANS**
- Subsidized loans are better than bonds, but it is still debt that must be repaid by the community

## DEFICIT DRIVERS: HISTORICAL LACK OF **FUNDING**

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- Previously budgeted annual (PayGo) capital lines are dwindling as Operation and Maintenance costs increase
  - cost increases in the 25% - 35% for chemicals and biosolids management
  - equipment is being run to failure vs. being proactively replaced
- Competing pressures for rate payer funds has limited the appetite for the rate increases necessary to fund capital improvements and debt service
  - property taxes
  - housing costs
- Faced with lack of true external funding (not just financing) municipal utilities have not been able to keep up with capital investment needs
- Much of Vermont's Water Quality Systems **are past their useful life** at a time when municipalities are also facing NEW water quality requirements

# COMMIT TO WATER QUALITY

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- **Support the \$14M of municipal pollution control grant funding proposed in the Governors Budget; and be prepared to allocate more in future years**
  - There is already a demonstrated need
  - Municipal pollution control GRANTS ensure that projects can move forward without burdening rate payers
  - Project may not proceed if a community can't show the grant offset
- **Appropriate the proposed \$27 M of BIL match NOW**
  - If not met now, there is real concern that to meet future match requirements the legislature will end up reducing other sources of water quality related funding (i.e. municipal pollution control grants etc.) to make the match
  - Setting aside reserves for known capital needs is a prudent financial practice
- Meet the need now, so future water quality budgetting can focus on how to address the **remaining gap**



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# QUESTIONS?

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