

Creative Use of Financing for Resilient Water Systems

New Partners for Smart Growth Conference

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CAPITAL vs. OPERATING



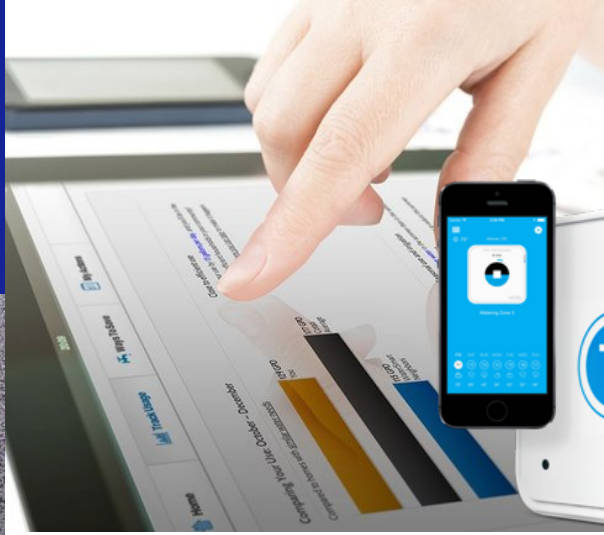
- Pipes
- Treatment plants
- Reservoirs
- Distributed Infrastructure



- Staff salaries & benefits
- Chemicals
- Annual regular maintenance

Distributed Infrastructure

HIGH-EFFICIENCY
TOILET TODAY



WHAT DO YOU WANT TO DO?

- Expanded water conservation programs
 - Subsidized Toilet installation
 - Washing machine rebates
 - Free shut off valves/nozzles
- Turf buyback
- Partner with a Waste/Stormwater agency on a facility they will own and operate, but will put water back into your aquifer
- Green Roofs/permeable pavement on private property



WHAT'S THE PROBLEM?

- Your finance folks tell you that you can only pay for these things out of rate revenue
- Annual rate revenue is not sufficient to cover large programs.
- There is an alternative financing choice available that your finance staff is often unfamiliar or uncomfortable with.



INTRODUCING: GASB #62

“Regulated Operations”?

REGULATED OPERATIONS

HOW DOES THAT WORK? PART I

- Are you eligible:
 - ☐ Do you have a governing board that can set rates?
 - ☐ Can your board set rates designed to recover the specific costs of the program you want to fund?



REGULATED OPERATIONS

HOW DOES THAT WORK? PART II

- Capitalize costs rather expense them
- Create an Asset=Value of the program
- Debt fund it

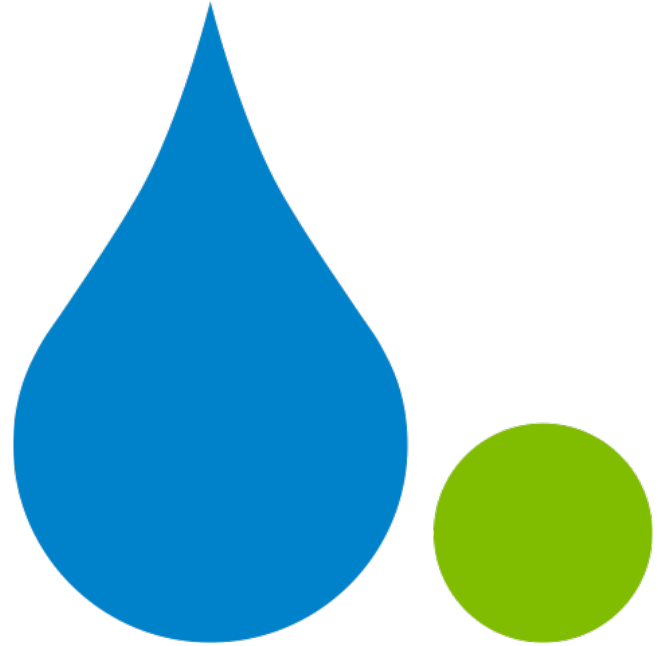
WHY IS THIS IMPORTANT?

- Move these programs from the Operating budget to the Capital budget
- Capital programs pay for large, scalable multi-year projects
- Long Term view of possibilities—not just pipes
- Significant water savings



WHO DO YOU NEED TO WORK WITH?

- Accountants/Auditors
- Bond Lawyers
- Bond Financial Advisors
- WaterNow Alliance



What's Next

- GASB is poised to issue clarifying language that makes it clear these programs are eligible as Regulated Operations which should make your finance staff more comfortable.
- WaterNow Alliance and Earth Economics are partnering to produce a step-by-step primer on how to implement a “Regulated Operations” approach.
- Contact us at: