



The United States Conference of Mayors

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AVERAGE AMERICAN HOUSEHOLD WATER AND SEWER RATES ARE EXPECTED TO INCREASE 2 TO 4 TIMES BY 2028

Nation's Mayors Report on Past and Projected Cost of Public Water and Wastewater Services and Infrastructure

Washington, D.C. – A report released today by the U.S. Conference of Mayors says that water and sewer rates for American households will double to quadruple over the next 20 years. The report forecasts future spending for public water and wastewater systems will range between \$2.5 and \$4.8 trillion over the next 20 year period 2009 to 2028. Over the last 53 years, local governments have invested \$1.6 trillion.

The report shows that cities provide the overwhelming majority of public water and wastewater infrastructure investment—accounting for more than 95% of total expenditures for these public services. In 2008 local government spent \$93 billion on water and sewer services and infrastructure, while Congress provided only \$2 billion in grants to states who then disbursed the money in the form of loans to local governments which have to be paid back with interest.

“We need a new partnership with the federal government to achieve the clean water goals: providing safe, adequate and affordable water quality for the 21st Century while protecting the environment”, said U.S. Conference Mayors President Burnsville (MN) Mayor Elizabeth Kautz. “Right now the federal government is imposing many more mandates than the money needed to meet them.” she said. “Many of these mandates impose costs on cities to clean up the pollution caused by mining and agricultural activities. “But it is our citizens, whose family budgets are already strained by the economy, who will have to pay the skyrocketing water and sewer rates.”

The report finds that current federal financial assistance programs are fragmented and not targeted to metro-urban areas that the nation depends on for employment, economic growth, and environmental stewardship. Currently the nation’s preeminent federal water program--the State Revolving Fund Loan Program—is inadequate in its current form and needs to be revitalized to meet 21st Century needs. The report shows that the SRF program has received flat funding while the federal government has dramatically increased mandates on local governments.

In addition to the wave of unfunded mandates, the report also finds that the increased costs are related to population growth, urbanization, and aging infrastructure. The combination of mandates and these other factors are forcing local government onto a spending treadmill where ever-growing annual investments may not be sufficient to guarantee safe, affordable and adequate supplies and services or meet state and federal requirements.

KEY FINDINGS

- The cost of providing public water and wastewater services and infrastructure from 1956 to 2008 was \$1.6 trillion in nominal dollars and \$3.2 trillion in inflation adjusted 2008 dollars.
- Local government spending doubled five times over this period, while GDP doubled four times over the same period. Today, sixty cents on every dollar spent is for Operations and Maintenance; and 40 cents goes to capital investment, reversing an historical trend of a majority of expenditures on capital investments.
- Local government devotes six tenths of one percent of GDP to this function each year, while the intended preeminent federal aid program – the State Revolving Fund (SRF) loan programs - provides a mere 2 thousandths of one percent of GDP annually. The SRF program fails to provide adequate financial assistance to cities.

- Cities are spending more dollars on water and wastewater each year, but the investment needs far outweigh local government's ability to keep up with an aging infrastructure- Americans will likely face increased service disruptions, increased water main breaks, and greater impacts on local economies and threats to public health.

“The bottom line is that our federal water and wastewater programs must be reformed and directly fund our cities to meet these challenges,” said U.S. Conference of Mayors CEO and Executive Director Tom Cochran, “Otherwise, families will be hit with unrealistic bills they cannot afford.” “The nation’s mayors call on Congress and the Administration to work with cities to establish a National Action Agenda that will renew and strengthen the intergovernmental commitment to water and wastewater infrastructure,” he said.

A copy of the Report: “TRENDS IN LOCAL GOVERNMENT EXPENDITURES ON PUBLIC WATER AND WASTEWATER SERVICES AND INFRASTRUCTURE: PAST, PRESENT AND FUTURE”, can be found at www.usmayors.org/publications

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The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.