

# What's Next? Emerging Water Finance Challenges and Opportunities



Jeff Hughes, Director  
Environmental Finance Center  
School of Government  
University of North Carolina  
(919) 843-4956  
[jhughes@sog.unc.edu](mailto:jhughes@sog.unc.edu)  
[www.efc.unc.edu](http://www.efc.unc.edu)



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and financially sustainable  
delivery of environmental  
programs through:*

- Applied Research
- Program Design and Evaluation
- Teaching and Outreach
- Advising
- Policy Analysis

*How you pay for it matters*

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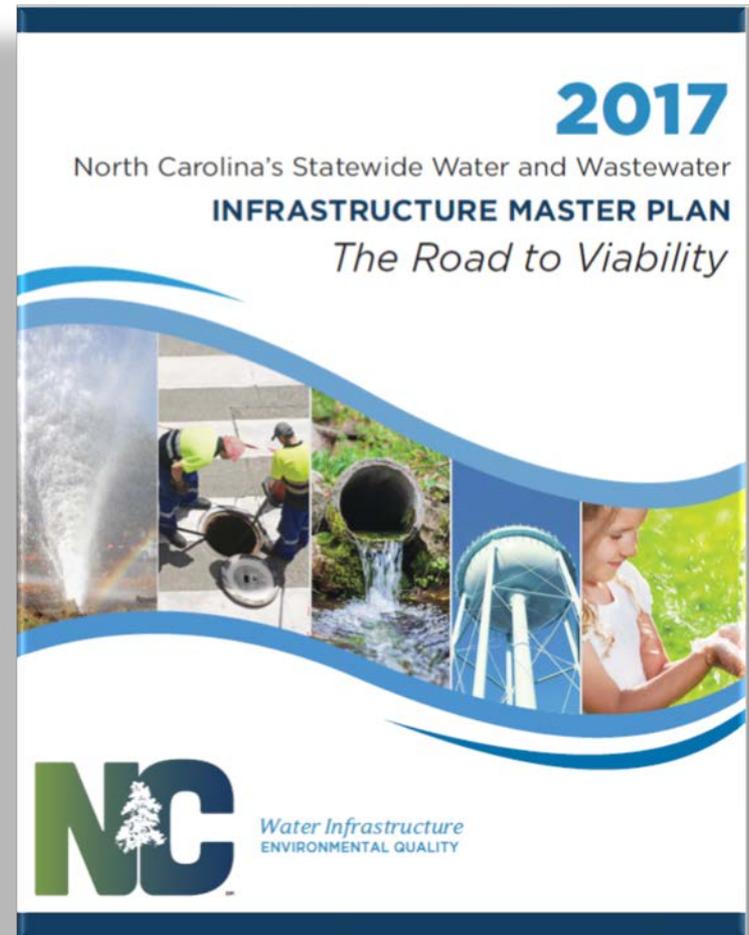
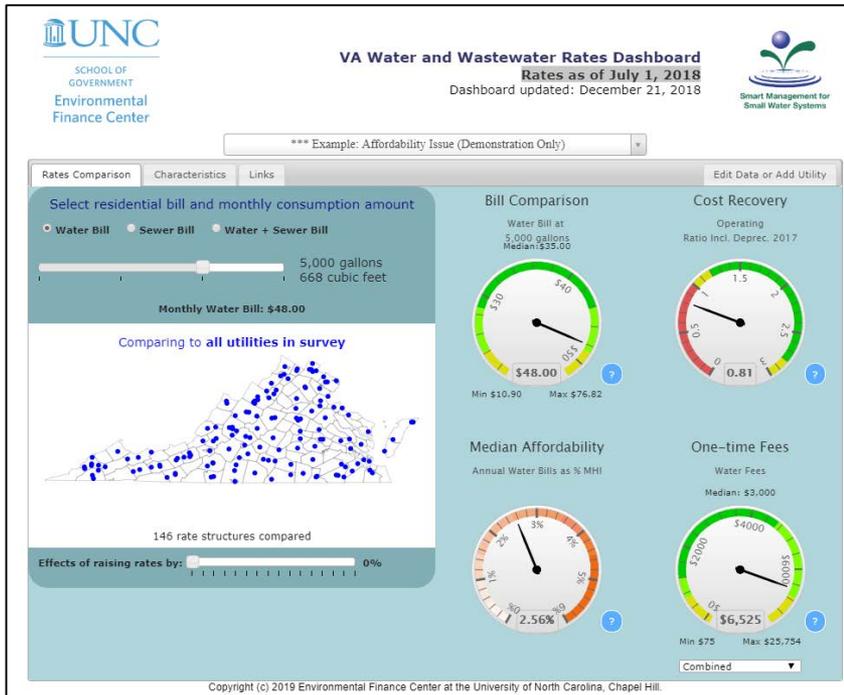
# Partners, partners, partners...

- Virginia Resources Authority
- NC Division of Water Infrastructure
- NC State Water Infrastructure Authority
- Water Resources Foundation
- US Water Alliance
- Smart Management for Small Water Systems Project /United States Environmental Protection Agency
- Utilities
- Many more

# Challenges and opportunities

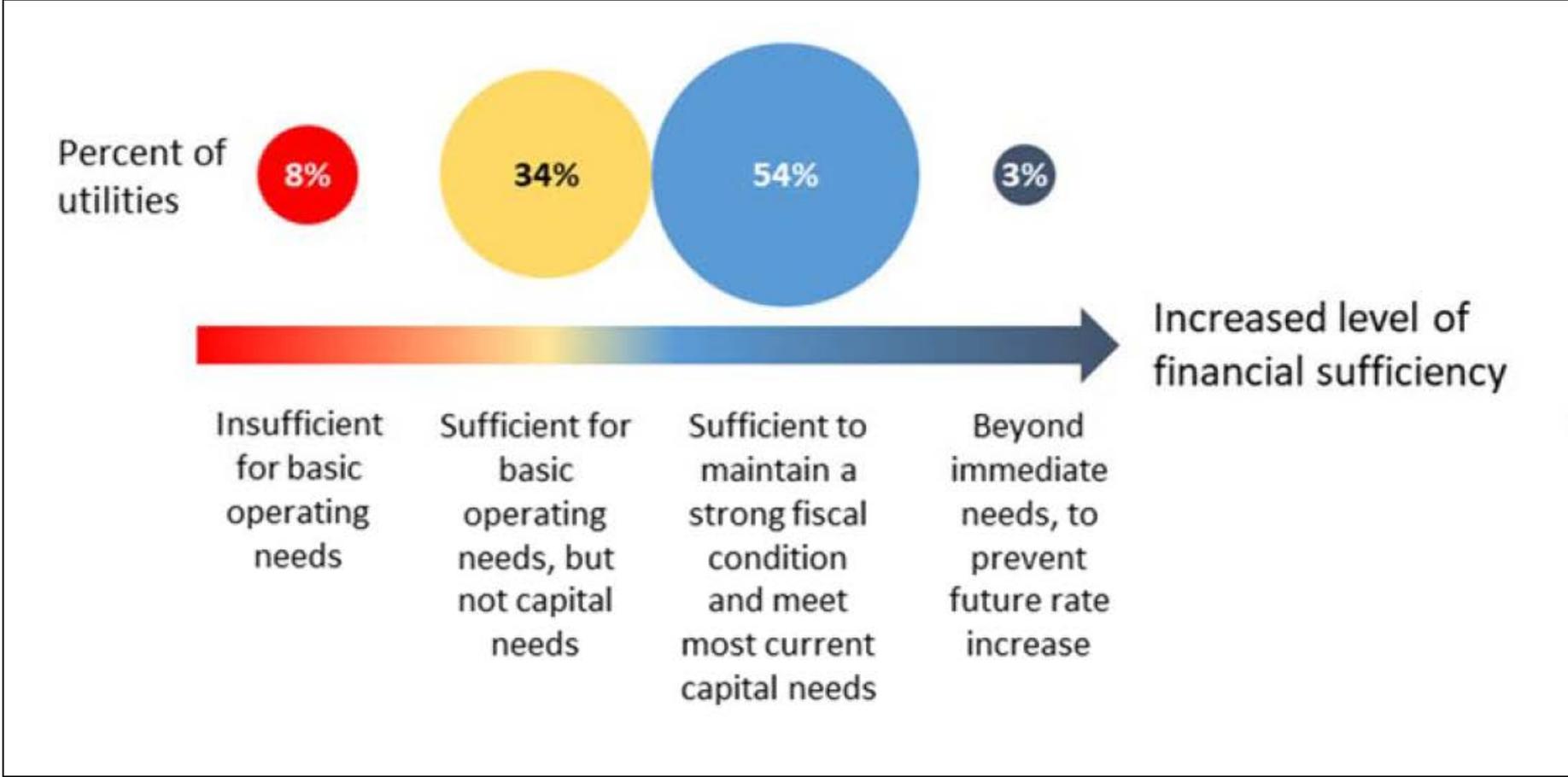
- 1. Assessing financial sustainability and resiliency**
- 2. Fragmentation and isolation of service providers**
- 3. Affordability of service**
- 4. Mobilizing capital**

# Assessing financial sustainability



- Rates covering capital costs
- Demographic trends
- Affordability
- Ability to borrow

# Is Revenue Sufficient?



Source: UNC-EFC: Results of the 2017-2018 North Carolina Water and Wastewater Utility Management Survey



# Fast Moving Storm

PHOTO BY THE PEREZ FAMILY

AMERICAN RED CROSS

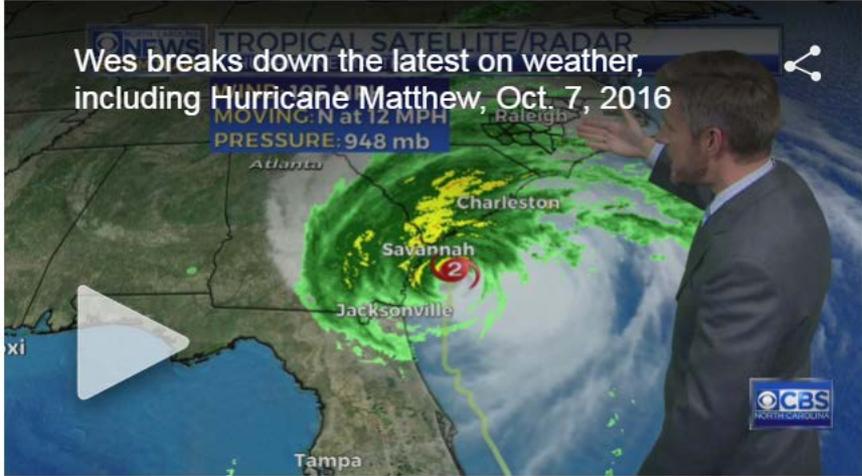
**NORTH CAROLINA NEWS**  
STORM TEAM WNCN.com

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## McCrory says Matthew now poses deadly threat; Hurricane warnings issued in NC

By CBS North Carolina  
Published: October 7, 2016, 4:52 pm | Updated: October 10, 2016, 5:00 pm

Advertisement:

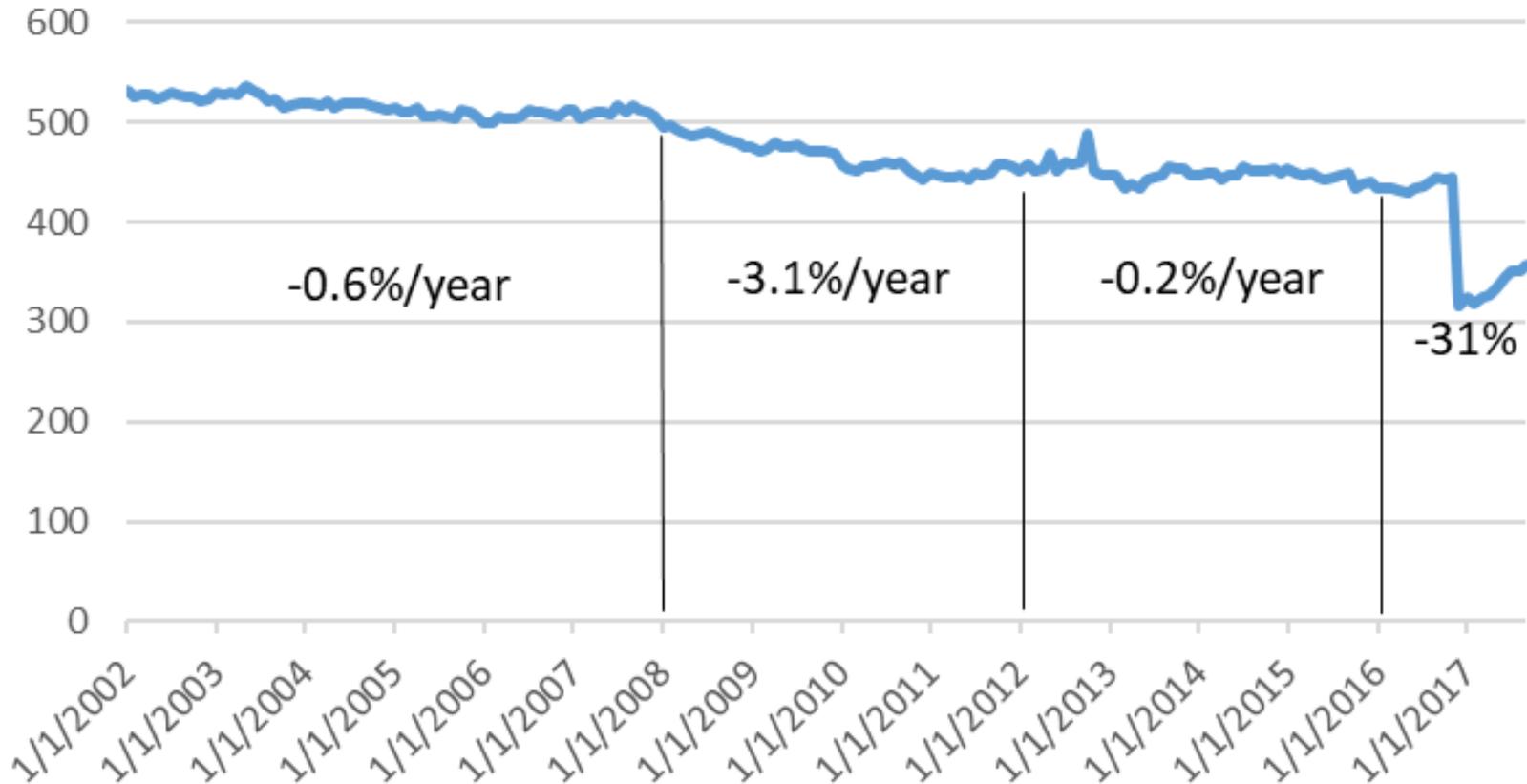


Trending

- Watch
- Resid assist
- Boy ju kills dr
- Paul M counts

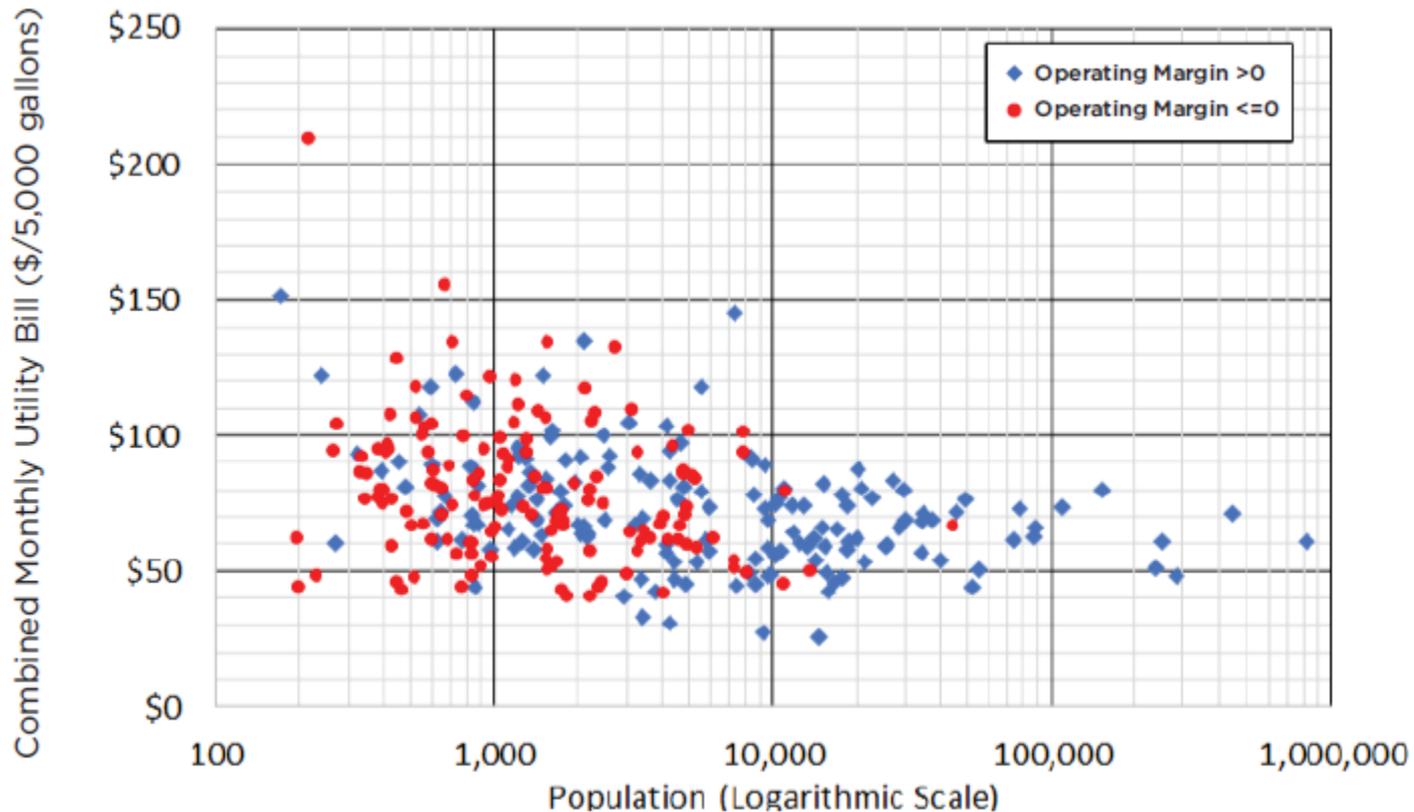
RALEIGH, N.C. (WNCN) — Gov. Pat McCrory said Hurricane Matthew has shifted and

# Slow Moving Storm



Evolution of number of accounts

# *Red means utility customer's rates do not generate revenue to true cost of capital*

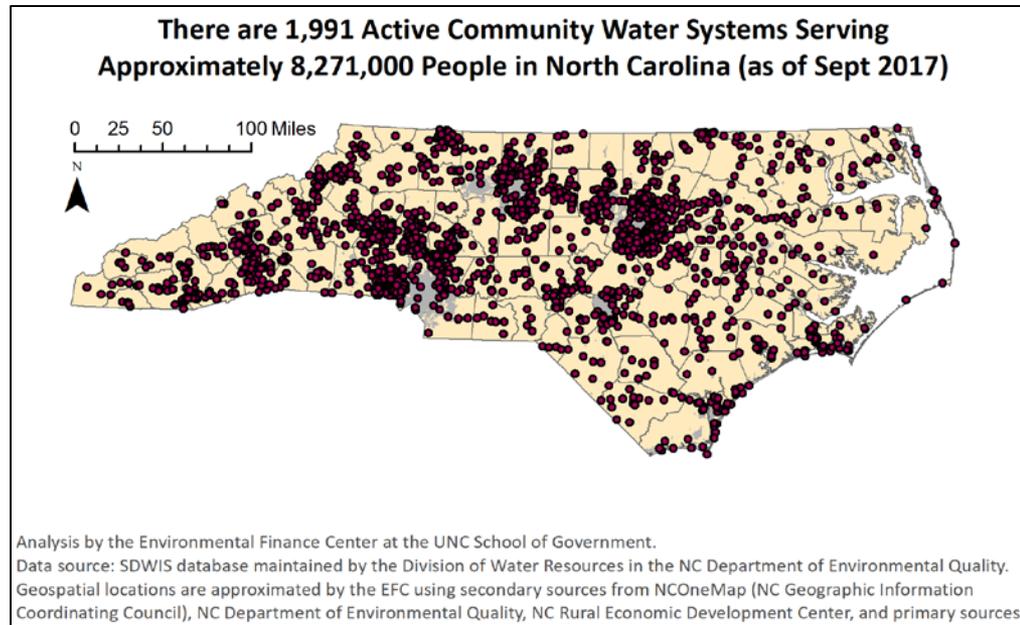


Operating Margin = Total Operating Revenue—Operating Expenses

# What not including depreciation looks like



# Navigating ownership landscape



Local involvement/ownership can be a good thing, but:

- Rates and level of service varies significantly
- Significant challenges to financial sustainability and resiliency

# Affordability!

- Still a value, but....
- Bills reaching new highs (e.g. > \$100)
- High poverty rates
- Rates growing faster than income
- Every community has struggling households

	Fairchild village	Median for all utilities in survey	Statewide Stats
Number of Systems	1	578	578
Est. Number of Connections	217	652	
Est. Service Population	564	1,496	
Operating Revenue	\$129,102	\$356,652	
Operating Expense	\$121,625	\$293,361	
Current Assests	\$2,738	\$497,049	
Average Household Size	2.26	2.37	2.43
Median Household Income	\$29,097	\$48,534	\$54,610
Poverty Rate	21.65%	11.66%	12.73%

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# Complementing project financing

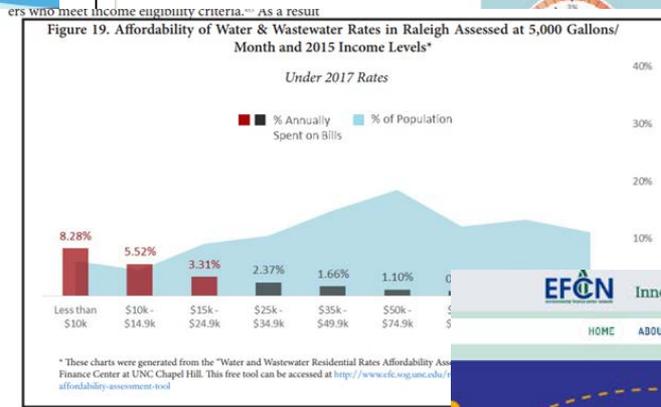
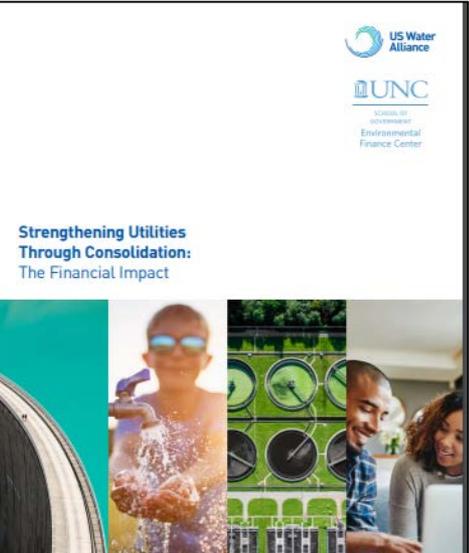
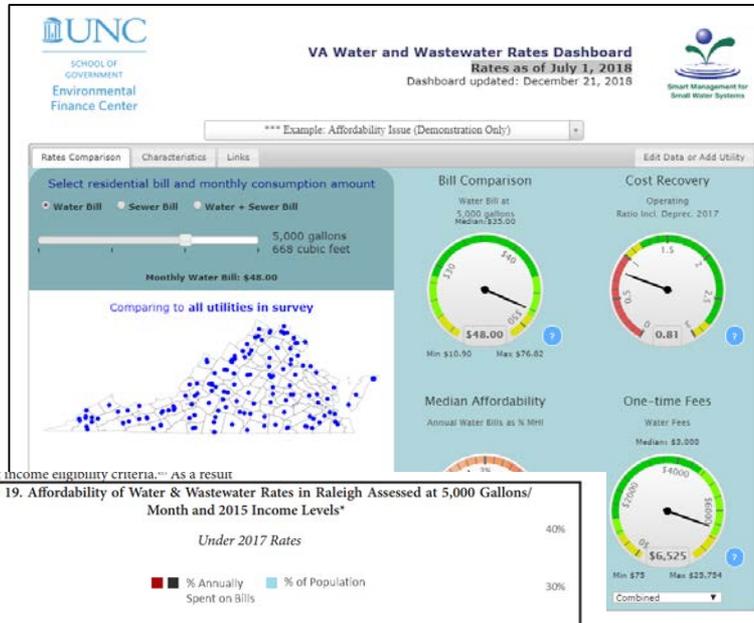
- Collaboration and partnerships
- Cost control including new approaches
- New ownership and institutional models
- Targeted planning and assistance
- Purchasing and sharing capacity rather than building new projects
- Incentives for communities to take on struggling systems
- Incentives for communities to give up systems
- Customer assistance programs



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## Navigating Legal Pathways to Rate-Funded Customer Assistance Programs:

A Guide for Water and Wastewater Utilities



Designing Rate Structures that Support Your Objectives:  
 Guidelines for NC Water Systems

June 2009

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Funding support for these guidelines provided by the Public Water Supply Section of the North Carolina Department of Environment and Natural Resources, and the United States Environmental Protection Agency

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"The thing about working with the EFCN is availability. I can call anytime with a quick question or to get outside advice."

# Thank You!!!!

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