



INDIANA FACES SIGNIFICANT FUNDING GAP FOR WATER INFRASTRUCTURE OVER NEXT 20 YEARS

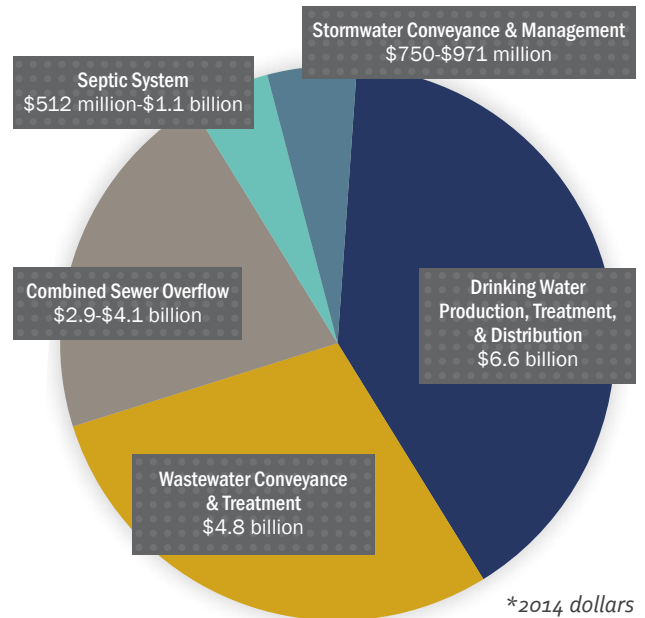
The Indiana Advisory Commission on Intergovernmental Relations (IACIR) estimates total statewide capital needs for water and wastewater infrastructure in Indiana will range between \$15.6 and \$17.5 billion for the next 20 years. All counties have significant needs. The current level of state and local government investment will be insufficient to meet these infrastructure needs, leaving the state with at least an \$8.5 billion gap over the next 20 years. Indiana and its communities will need considerable additional funding to meet these needs.

CAPITAL NEEDS

The IACIR report estimates the costs of investments required for capital projects to rehabilitate or improve infrastructure in order to meet current regulatory requirements in five categories: correction of combined sewer overflows, waste-water conveyance and treatment, remediation of failing septic systems, stormwater conveyance and management, and drinking water production, treatment and distribution. The estimates are based on self-reporting, surveys, engineering models, and other data depending on the type of infrastructure. A range of estimates is presented to account for uncertainty associated with methodologies developed in the absence of complete site-specific data. In some cases, working estimates likely underestimate the true magnitude of needs. Complete methodology can be found in the full report.

Table 1 and Figure 1 show the 20-year statewide needs (2015–2034) by infrastructure type. All counties have significant water infrastructure needs (Figure 2). Over a third of Indiana counties have needs greater than \$100 million. Thirty-seven additional counties have needs greater than \$50 million. Marion County accounts for \$3.2 to \$3.5 billion in capital needs, the highest of any county in Indiana. Warren County has the lowest needs, ranging from \$11.5 to \$12.2 million.

FIGURE 1. Working estimates of water and wastewater capital needs in Indiana (2015–2034)



In late 2016, the Indiana Finance Authority released *Evaluation of Indiana's Water Utilities: An Analysis of the State's Aging Infrastructure*. Report was based on a survey of 500+ drinking water utilities and identified an additional \$12 billion of capital needs for drinking water infrastructure over the next 20 years.

TABLE 1. Working estimates of water and wastewater capital needs in Indiana (2015–2034)

(2014 dollars rounded to ten thousands)

	Combined Sewer Overflow (CSO)	Wastewater Conveyance & Treatment	Septic System	TOTAL WASTEWATER NEEDS	Stormwater Conveyance & Management	Drinking Water Production, Treatment, & Distribution	TOTAL WATER & WASTEWATER NEEDS
20-YEAR NEEDS							
Low	\$2,910,410,000	\$4,798,850,000	\$512,140,000	\$8,221,400,000	\$749,660,000	\$6,642,570,000	\$15,613,630,000
Midpoint	\$3,493,010,000	\$4,798,850,000	\$772,080,000	\$9,063,940,000	\$860,450,000	\$6,642,570,000	\$16,566,960,000
High	\$4,075,600,000	\$4,798,850,000	\$1,032,020,000	\$9,906,470,000	\$971,240,000	\$6,642,570,000	\$17,520,280,000
ANNUAL NEEDS							
Low	\$145,520,000	\$239,940,000	\$25,610,000	\$411,070,000	\$37,480,000	\$332,130,000	\$780,680,000
Midpoint	\$174,650,000	\$239,940,000	\$38,600,000	\$453,200,000	\$43,020,000	\$332,130,000	\$828,350,000
High	\$203,780,000	\$239,940,000	\$51,600,000	\$495,320,000	\$48,560,000	\$332,130,000	\$876,010,000

FUNDING GAP

Current levels of state and local government investments will not meet water and wastewater capital needs. Between 2005 and 2014, local governments invested approximately \$3.4 billion in CSO corrections, wastewater, and stormwater infrastructure, and approximately \$1.1 billion in drinking water infrastructure. If spending continues at these levels, investments will be inadequate to meet the needs identified for the next 20 years. State and local governments will have to invest at least an additional \$8.5 billion to meet water infrastructure capital needs.

CONCLUSIONS

Indiana will need substantial additional resources to meet community water and wastewater infrastructure needs over the next 20 years. Current infrastructure assistance, available to Indiana communities through low-interest loans and grant funding, will be inadequate.

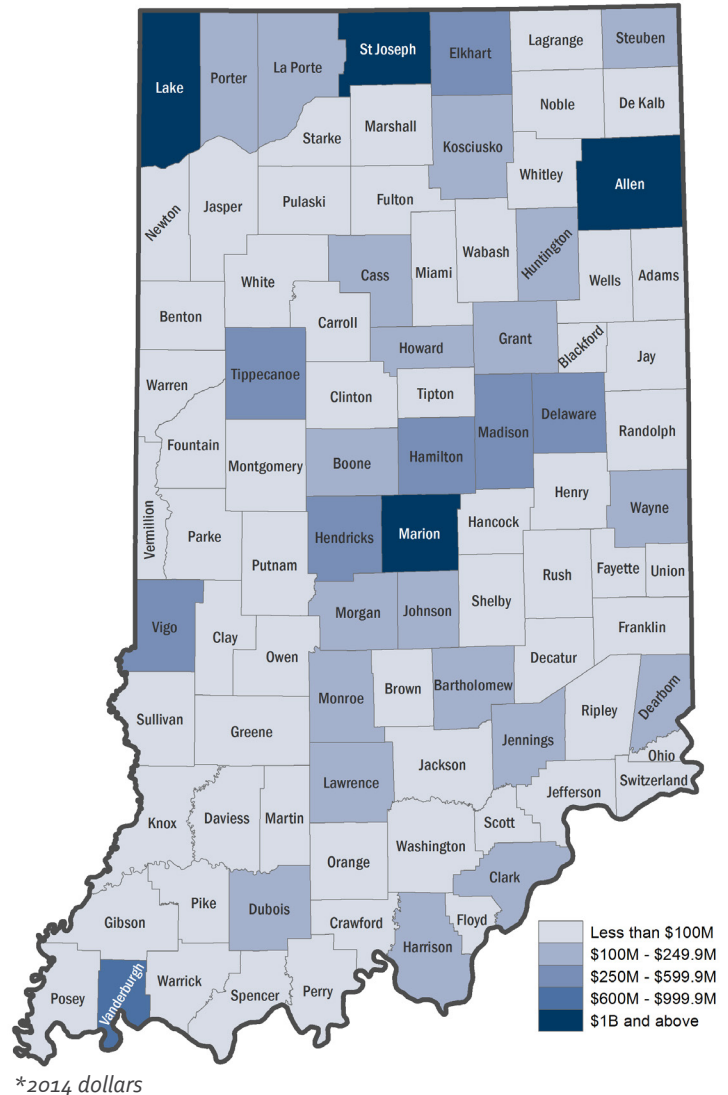
Much of the infrastructure will be paid for with user charges. Utilities must be encouraged to set user rates that allow them to address depreciation and other needs. Asset management also is critical. Utilities must know the assets they own and the condition of those assets in order to manage them and to make good choices about repair and replacement.

Some communities will be unable to afford infrastructure needs without subsidies due to low customer incomes and/or relatively expensive project costs. To serve these most challenged communities, additional grant funding and low-or-no interest loans are needed. In addition, Indiana must institutionalize the maintenance of existing septic systems and the availability of additional low-cost infrastructure solutions.

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FIGURE 2. Working estimates for water and wastewater capital needs by county (2015–2034)



ABOUT THE INDIANA ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

The Indiana Advisory Commission on Intergovernmental Relations (IACIR) was established by the General Assembly in 1995. The 24-member commission includes: state legislators, state administration officials, local government officials (county, township, city and town, and regional), and citizens. The IACIR's mission is to create effective communication, cooperation, and partnerships between the federal, state, and local units of government to improve the delivery of services to the citizens of Indiana.

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The IU Public Policy Institute delivers unbiased research and data-driven, objective, expert analysis to help public, private, and nonprofit sectors make important decisions that impact quality of life in Indiana. A multidisciplinary institute within the IU School of Public and Environmental Affairs, the Institute supports the Indiana Advisory Commission on Intergovernmental Relations (IACIR).

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