

## POTENTIAL BENEFITS OF

## A REGIONAL WATER DISTRICT

Case studies of communities that have converted from investor-owned private water companies to consumer-owned regional water districts, including the South Central Connecticut Regional Water Authority, the Bristol County (Rhode Island) Water Authority, and the Portland (Maine) Water District, indicate that public ownership of a water utility can be both financially feasible and of benefit to the public interest, as follows:

- **Local Control** – Regional public ownership would protect the water utility from being sold to out-of-state or foreign interests. A regional water district with representation from each member community could ensure that management and capital improvements planning are responsive to local needs. All meetings and business would be open to public scrutiny.
- **Lower Operation Costs** – The cost of operating a regionally-owned public water utility could result in savings as follows:
  - 1) A regional water district would not pay federal and state corporate income taxes;
  - 2) Overhead would be reduced due to the absence of corporate expenses;
  - 3) A not-for-profit entity can raise capital at a lower interest rate than a for-profit company.
- **Protection of Watershed Lands** – Through careful management of landholdings, a regional water district could advance the public interest through acquisition and conservation of open space and provision of recreational facilities. A public entity would not be under pressure to sell watershed lands in order to raise capital or increase revenues.
- **No Impact on Property Tax Rates** – A regional water district would be funded by the water ratepayers, and the water district would make payments in-lieu-of taxes to the various communities in which there are pipelines, storage tanks, treatment facilities, or watershed lands. The district would have separate bonding authority, thereby allowing the funding of capital investments in the tax-exempt bond market. Typically, publicly owned water systems that issue revenue bonds enjoy high quality credit ratings, since the historical risk of default is very small. It would not be necessary to pledge either the state's credit or the credit of the cities and towns to support the credit quality of revenue bonds.

*Prepared by the ad hoc Water Committee  
Barbara Pressly, Chairman*

