

INFRASTRUCTURE:

Safe, Affordable and Reliable Drinking Water is Possible Under Proposed Michigan Water Affordability Legislation



Michigan is surrounded by the Great Lakes and is home to 21% of the world's fresh water. Yet many residents are not comfortable drinking the water coming from their tap.



After decades of disinvestment in clean water, the state faces a long list of challenges including:

- unaffordable water rates,
- lead water service lines,
- toxic contamination from “forever” chemicals like PFAS,
- sewers that can't meet demand, and
- failing septic systems.



Michigan has made progress, but analyses show that the annual gap in water and sewer infrastructure investments is **\$800M to \$1.1B to fully upgrade** the state's water infrastructure after decades of deferred maintenance and insufficient evaluation of the condition of our water systems. Most of the infrastructure within Michigan's community water supply systems is more than 50 years old and a significant portion is approaching 100 years old.



A 2016 study showed that Michigan communities invest about \$450 million annually in drinking water infrastructure while the actual need is much greater. Michigan cities and townships **need to invest an additional \$284M to \$563M** annually to continue to provide safe drinking water to the state's residents.



Also, it is essential to protect Michigan's \$15B water economy with proper operation, management, and rehabilitation of our wastewater infrastructure so our lakes and rivers aren't harmed by failing sewage systems. The Michigan Department of Environment, Great Lakes and Energy (EGLE) estimates **more than \$18B is essential in the next 20 years** to improve the state's sewage systems. Centralized wastewater systems connect to two-thirds of Michigan's four million households.



This is why collecting payment from customers is critical to keeping our water and sewer systems functioning properly. **Your local water provider needs every customer to pay their fair share for services because those dollars go right back into the system for maintenance, repair and upgrades.** The national collection rate for most water suppliers who use shutoffs and tax liens to force payment is 95%. But, despite these tools, many community water suppliers aren't meeting that national standard. One large water supplier estimates that for every 1% they don't collect, they lose \$4 million a year. For example, if a water supplier collects only 85% of the amount it bills, it loses \$60 million a year for important infrastructure needs.



When shutoffs and tax liens fail, the only options for water suppliers to handle the budget deficit are to put off important infrastructure repairs and upgrades or add the unpaid debt to everyone's bill in the form of a rate increase, which makes it even more difficult for customers who are struggling to pay their bill.

But there is a new option . . .

Under Proposed Michigan Water Affordability Legislation Safe, Affordable and Reliable Drinking Water is Possible

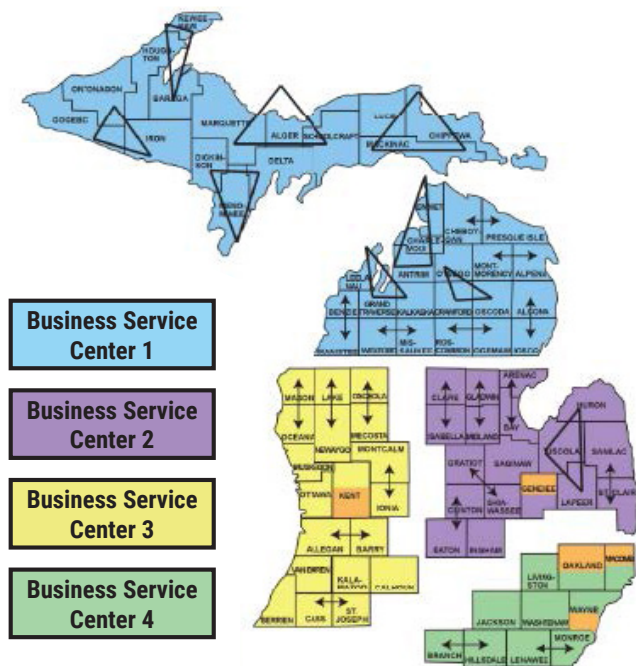


Legislation proposed in Lansing would charge each water account \$1.25 per month to create a water affordability fund so that customers who are struggling to pay their bill can ***pay what they can afford*** at a capped rate based on household income and the fund will cover the rest of the bill.



While we continue to explore funding sources for major infrastructure upgrades, this legislation will help water providers collect necessary revenues for basic operational and maintenance expenses.

Also, the legislation will ensure that funds collected within four regions of the state (see graphic below from Michigan Dept. of Health and Human Services) will stay in those areas to help local families. This will help ensure an equitable distribution of program funds and provide accountability.



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