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Capital Ideas: Public. Private. Partnerships.

## CAPITAL IDEAS: PUBLIC. PRIVATE. PARTNERSHIPS.

As part of its two-day Annual Convention, the Colorado Water Congress hosted a five-member panel discussing how Colorado businesses and regulatory authorities must recognize and address water scarcity issues as business and economic issues.

The first speaker, Will Sarni, a director at Deloitte Consulting, took a commercial view of water scarcity. Deloitte Consulting is a large, international economic consulting firm aiding in financial advice, human capital, mergers and acquisitions, and many other areas. Sarni conveyed that water scarcity is current, real, and a serious business risk worth the attention of companies. Energy, water, and food are all interconnected and, as such, companies within these various sectors need to pay close attention to water supply and demand issues. Sarni stressed the need for public and private sector collaboration on the issue, and suggested that more companies should incorporate water risk and water stewardship into their business models.

The second speaker, Mike Brod of the Colorado Water Resources and Power Development Authority ("CWRPDA"), spoke of private and public partnerships as well as future capitalization. The CWRPDA provides low-cost financing to governmental agencies in Colorado for water and wastewater infrastructure development. Brod opined that there is a current need to think about changes in tax laws in order to employ more productive private and public partnerships. Going forward, he remarked that there is also a need for future and continued public capitalization of projects. The current loan capacity is sustained by grants from Congress, and in order to rejuvenate and replenish loan programs, Broad stressed the need for future capitalization.

The third speaker, Reeves Brown from the Colorado Department of Local Affairs ("DOLA"), spoke on DOLA's work regarding water planning and infrastructure. DOLA's mission is to strengthen communities and enhance livability through sustainable community development. Access to water is a foundational component of DOLA's mission, and DOLA provides technical and financial assistance for the design and construction of public water infrastructure. DOLA is currently incorporating water infrastructure planning into flood and fire recovery efforts. DOLA and the Colorado Water Conservation Board ("CWCB") have made grant funds available to establish stakeholder coalitions in ten watersheds devastated by floods and fire. They are also developing watershed master plans that will assess the post-disaster damage and prioritize recovery and restoration.

The fourth speaker, Tim Feehan of the CWCB, spoke of the large capital investment needed to construct a sustainable water structure. Feehan made clear that the CWCB is just one piece of a large puzzle within a complex finance fixture, and that a large financial investment will be necessary in order for Colorado to meet its water needs. Remedially, CWCB will set up a state-wide funding committee dedicated to looking at various interest groups. These interest groups will discuss how to deal with the long-term funding within the state. Feehan mentioned that such solutions might come in the form of private and public partnerships, constructive legislation, public funding, and the maximization of existing grant programs. In closing, Feehan stated that

the CWCB is facing problems utilizing existing programs and finding additional funding. There is a need to assist entities that already have funding programs and mix them together to become more efficient.

The last speaker, Doug Robotham of the Nature Conservancy, spoke of how companies and public organizations can use impact investments to generate more funding for water infrastructure. Robotham explained that impact investments are adapted into the work of companies, organizations, and funds with the intention of generating measureable social and environmental impact alongside a financial return. Individuals, foundations, private companies, non-governmental, and governmental organizations can all make impact investments. Potential impact investors will want to know whether an investment in water will be viable. Robotham mentioned four factors that potential impact investors will look for: (i) the water resource must have a definable and measurable value; (ii) the organization must have a demonstrated transactional track record; (iii) a low cost of operations, transactions, and scalability; and (iv) the presence of strong growth drivers and measurable impacts.

Overall, the panel provided a detailed synopsis of how Colorado businesses and regulatory authorities need to continue addressing the business and economic issues of Colorado's water future.

*Devon Bell*