

WATER FUNDING TASK FORCE

THE CRISIS BENEATH US

GLWA Board of Directors Briefing

September 23, 2026



WHERE WE LEFT OFF

IN AUGUST WE DESCRIBED THE WORK. NOW WE ARE READY TO MOVE TO ACTION.

JANUARY – JUNE

Six months of research. Seven focus groups with Michigan utilities, 14 peer utilities interviewed nationally, and more than 100 reports and peer studies reviewed.

AUGUST

Draft funding proposal completed. The task force brought the Board a high-level preview of findings and the path forward.

TODAY

The full report is complete. What follows is what it found, what it recommends, and what comes next.

Building the case for statewide water investment

The report gives policymakers the information to make an informed decision on Michigan's water infrastructure

- Clearly articulates how the water infrastructure funding gap was created and the impact of the lack of necessary revenue to invest in the systems
- Identifies the gaps in infrastructure funding across Michigan
- Provides context on how other states fund water infrastructure and challenge they face
- Build a strategy to address water infrastructure funding

Over nine months, the task force met with:

14

Peer utilities across the nation

15

Water utilities in Michigan

25+

Utility CFOs through the CFO Water Forum

The task force also reviewed hundreds of research reports, news articles, and public opinion polls to complement its qualitative research.



SEPTEMBER 2026

THE CRISIS BENEATH US

THE URGENT NEED TO
INVEST IN MICHIGAN'S
WATER INFRASTRUCTURE



THIS IS A STATEWIDE PROBLEM, NOT A SOUTHEAST MICHIGAN PROBLEM.

GLWA convened the task force but the funding gap and infrastructure challenges reach all 1,400 of Michigan's community water systems.

AKRON

It's distribution system is 98 percent original to its late-1950s installation, built for a population that has shrunk by roughly a third since 1980.

OAKLAND COUNTY

A 50-year-old 42-inch main failed in May 2026, cutting water to roughly 200,000 residents across five communities and prompting a state of emergency.

KALAMAZOO

More than 70 water mains broke in the first two months of 2025 — all cast-iron pipe at least 60 years old.

GRAND RAPIDS

A main blew a 12-foot hole in its wall in June 2024. A second break hit the very next day.

THE TAKEAWAY

NOW IS THE TIME.

FUNDING GAP IS WIDENING

Aging infrastructure, climate impacts, and additional regulations are compounding the funding gap.

\$85B

20-year investment need
for water infrastructure

STEEP DECLINE IN AGE AND CONDITION

Majority of water infrastructure built in the 20s and 60s—reaching its expected life.

80%

GLWA transmission
mains built before 1970

PUBLIC SUPPORT EXISTS

Recent state and national polling show clear support for investments in water infrastructure.

84%

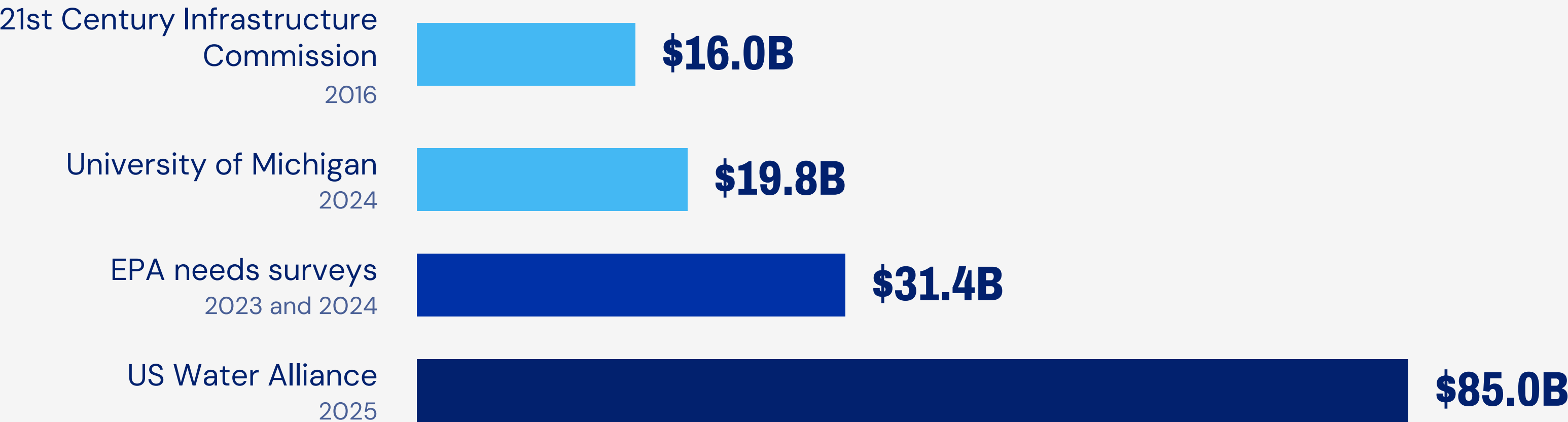
Support for additional
funding

The risks and impact of failure is no longer a hypothetical exercise. Economic, environment, and human impact.

THE SIZE OF THE NEED

EVERY STUDY HAS GROWN THE GAP, NOT CLOSED IT

Estimated 20-year water and wastewater investment need in Michigan, by source.



Sources: Michigan 21st Century Infrastructure Commission 2016; Read et al. 2024; EPA 2023, 2024; US Water Alliance, Stantec, and One Water Econ 2025. The US Water Alliance figure adds lead service line replacement, stormwater, PFAS, and operations and maintenance.

STATE FUNDING

GAP IN INFRASTRUCTURE FUNDING

TRANSPORTATION

Dedicated state and federal revenue from taxes and bonds.

\$5 billion

Michigan FY 2027 budget — about 11 percent of all state funding.

WATER AND WASTEWATER

No dedicated tax or state funding source.

\$200 million

Michigan FY 2027 budget — about one-half of one percent

FOR EVERY DOLLAR OF STATE TRANSPORTATION FUNDING, WATER INFRASTRUCTURE GETS ABOUT FOUR CENTS.

HOW WE GOT HERE

FEDERAL SUPPORT BUILT THE SYSTEM, THEN RECEDED

50-60%



Late 1970s

7%



Today

Federal capital funding covered an estimated 50 to 60 percent of national water infrastructure spending in the late 1970s. It covers roughly 7 percent today.

Michigan's last significant state investment was a voter-approved bond in 2002 that provided \$1 billion over 20 years. More than two decades later, the state of our infrastructure has worsened, and the funding gap has widened.

Share of national water infrastructure capital spending covered by federal funds. Source: U.S. Water Alliance 2025.

HOW WE GOT HERE

FIVE COMPOUNDING FORCES

A CENTURY-OLD BUILDOUT REACHING END OF LIFE

Pipes laid in the 1920s and the post WW2 boom were built to last 75 to 100 years. Age of pipe isn't always dictating failure.

FEDERAL SUPPORT ROSE, THEN FELL

Clean Water Act grants gave way to four decades of funding decline. States and communities absorbed it through rates rather than replacement dollars.

A FRAGMENTED, DATA-POOR SYSTEM

About 1,400 community water systems, each with its own rates, budget and planning capacity.

RATES COVER TODAY, NOT REPLACEMENT

Most rates are set to cover treatment, staffing, chemicals and routine repair. Replacement is treated as a future problem to be solved when it arrives.

RAISING RATES IS POLITICALLY HARD

Numerous factors that elected politicians need to balance—affordability, competing budget priorities, other infrastructure needs, and political will do what is unpopular.

NONE OF THESE FORCES OPERATES IN ISOLATION. EACH ONE COMPOUNDS THE OTHERS, YEAR AFTER YEAR.

WHAT WE HEARD IN MICHIGAN

THE SAME PRESSURES IN EVERY REGION

- Escalating costs for materials, construction and labor — iron and steel pipe is up 101 percent over 10 years
- Procurement and timeline delays on projects that are already funded
- Unfunded regulatory mandates, chiefly lead service line replacement and PFAS
- Capital plans driven by the road schedule above the pipe, not the condition of the pipe
- State revolving fund financing challenges, with cost and administrative hurdles perceived to erase the benefit

\$3 billion

Funding gap identified by the Michigan utilities we spoke with alone (not including GLWA)

9%+

Annual rate increases were common among them; increases above 6 percent were the norm

WHAT WE HEARD NATIONALLY

MICHIGAN IS NOT ALONE, AND NO PEER HAS SOLVED IT WITH RATES

Fourteen large utilities across the country, from Denver and Chicago to DC Water and Milwaukee, described the same headwinds. Their best strategies manage the pressure. They do not close the gap.

LONGER HORIZONS

Philadelphia extended its master plan from 25 years to more than 40 to cushion rate shock. Similar to GLWA, most peers now plan on 20- to 30-year horizons.

STEADY, PREDICTABLE RATES

Boston, Minneapolis and Chicago hold to annual increases under 5 percent, set years at a time. Where rates were frozen instead, the correction was severe: San Antonio faces a potential 30 percent over four years increase.

REVENUE BEYOND THE BILL

Milwaukee and greater Chicago fund large shares of their systems through property tax levies, which lowers what end users pay on the water bill. Michigan utilities have no comparable tool.

THE TRUE COST OF UNDERINVESTING

A REPAIR BILL IS NEVER THE WHOLE BILL

ORION TOWNSHIP, MAY 10, 2026

A 42-inch main broke on Mother's Day, cutting service to Orion Township and Village and parts of Auburn Hills, Oakland Township and Rochester Hills.

- The Governor declared a state of emergency and activated the state Emergency Operations Center.
- Stellantis closed its Auburn Hills headquarters. Lake Orion Schools closed.
- Nursing home patients were moved out of the community. Bottled water distribution sites were set up.
- One Lake Orion restaurant lost an estimated \$10,000 to \$12,000 on the busiest day of its year.

\$1 million

Cost to GLWA immediately following the break

66%

Research indicates that the community bears two-thirds of the overall costs of an emergency break. This includes closed businesses, repairs to home, and other costs associated with the break.

WHY LOCAL RATES CANNOT DO IT

RATES ARE ALREADY RISING, AND STILL NOT ENOUGH

24%

Rise in combined Michigan water and sewer rates over five years — increases that are already happening and still do not close the gap.

6.6%

Share of Michiganders whose water service already exceeds the United Nations affordability threshold of 5 percent of household income.

<1%

Share of Michigan water mains replaced each year, though most of that infrastructure is already more than 50 years old.

RELYING SOLELY ON LOCAL WATER RATES TO FIX DECADES OF UNDERINVESTMENT IS A MATHEMATICAL IMPOSSIBILITY

PUBLIC OPINION

MICHIGANDERS ARE AHEAD OF THE POLITICS

85%



are concerned about the condition of infrastructure in their community

87%



say failing to maintain Michigan's water systems now will cost taxpayers more in the future

84%



support increased state investment to protect natural resources and clean water

Source: Marketing Resource Group survey for The Nature Conservancy, Michigan chapter, 2026. National polling shows the same pattern: 92 percent of voters call reliable water access very or extremely important.

WHAT THE STATE COULD PUT TO WORK

FUNDING SOURCE	FREQUENCY	POTENTIAL REVENUE
State general obligation bond	One-time, issued in tranches	Billions of dollars
Half-cent increase in the sales and use tax	Annually	About \$1 billion
Sales tax base expansion to untaxed services	Annually	Up to \$475 million
Rainy day fund withdrawal	One-time	Up to \$700 million
Water extraction charge	Annually	\$300 million
Regional property tax — one mill in Wayne, Oakland and Macomb	Annually	\$185 million
Tobacco settlement dollars redirected	Annually	Up to \$75 million
Expansion of bottle deposit	Annually	\$38–150 million

NEXT STEPS

BUILD A PARTNERSHIP TO DEVELOP A STATEWIDE SOLUTION

The research is done and it confirms what we already knew. What the work needs now is a coalition, and GLWA is well positioned to open the discussion and bring together a broad network of interest groups.

WHAT HAPPENS NEXT

SEPTEMBER 2026

Water Infrastructure Funding Roundtable in Lansing

SEPTEMBER – DECEMBER

Focused outreach and coalition building

NOVEMBER – DECEMBER 2026

Goal: funding and policy legislation introduced