

- Good afternoon. I am Karen Pallansch. I am the CEO/GM of Alexandria Renew Enterprises, a single purpose water resource recovery facility located in Alexandria VA and serving the City of Alexandria and eastern Fairfax County. AlexRenew is a quasi-governmental entity so while our citizen board is appointed by city council, we operate independently of the City. On this panel, I am representing the National Association of Clean Water Agencies, NACWA, and our municipal members. NACWA advocates for nearly 300 wastewater and stormwater utilities across the country. Many of our members also have drinking water in their portfolios.
- Having just been to WEFTEC in New Orleans and in my role as NACWA President, it is clear that the discussion of P3s is clearly on the upswing.
- Water professionals are in the process of reinventing our water utilities, moving away from cost centers to water manufacturing units, able to bring to bear jobs, economic growth and community wellness. Without water, our communities become stressed and lose their competitive advantage; ultimately they can wither away.
- This metamorphosis is creating an opportunity for new partnerships around our financial and operational situations.
- In June, NACWA held a clean water finance dialogue in New York City between public clean water agency leaders and private sector investment firms and water companies. The discussion was very productive.

- Many see growing city debt as one unique opportunity for P3s. As cities across the country reach their debt ceilings, the argument goes, they will have to look to the private sector to inject capital into their city through selling or arranging concession agreements for some of their assets, including their water and wastewater systems. One discussion point was that WIFIA may help in leveling the financial playing field and in encouraging stronger financial partnerships.
- The public utilities that NACWA represents see financial issues or problems driving some of the P3s, but instead the shift to the reinvention of our water resource recovery facilities that started with the concept of the Utility of the Future. We believe this concept has the opportunity to bring the public and private sectors closer together.
- The utility reinvention is really about our water utilities, so vital to the health and economic well-being of our communities, doing even more in a very visible way to benefit their communities through innovative and technology-based projects and approaches.
- This new ideation – that a water utility is the critical infrastructure to building a community – leads to many new partnership opportunities. So what are they? The obvious areas are technology, green infrastructure associated with storm water treatment; but there are also other areas where utilities are branching into new and

unknown territory and where partnerships will make our communities stronger and sustainable.

- Areas like workforce development, long-term financial planning and management, climate resiliency – where an estimated investment of \$1 trillion is needed in the next several years, energy production, water reuse and nutrient recovery, as well as joint efforts in communicating the value of water in our communities and lobbying for consistent regulations and investments in our watersheds.
- These new approaches require that normally staid public agencies adapt to a new risk model.
- In a strict regulatory environment governed by stringent Clean Water Act standards with costly penalties and the threat of criminal and civil action, I can personally tell you that risk is not always a utility manager's best friend
- To the extent risk management can be learned and shared with the private sector, the more attractive P3s can be and the greater our joint voice can be.
- So, in my view, it is not so much the typical privatization or concession agreement that I think will be the wave of the future ; rather I believe there are multiple opportunities to join forces around new initiatives in the water sector that bring needed risk management and manufacturing skills to public entities – such as with energy production or nutrient recovery – as well as the strength

in numbers to talk with our communities and legislators about clean water so that the importance of water becomes heard.

- In my opinion, if we really want to foster future public-private collaboration we need a shift in the dialogue from the rhetoric of the past that divided public and private sides and instead, move toward a value-added, risk-sharing, solutions-oriented conversation. We need to take it one step at a time and one project or program at a time to develop a new mindset and trust as we reinvent our water profession and its message.
- It was clear from NACWA's dialogue in June that this approach will help foster trust, will showcase the private sector's expertise, and also make a big difference in our communities and for the environment.
- We are just starting on this journey and I look forward to our continued dialogue.