



January 2, 2014

Dear Reader:

Over the years, significant attention has been given to roads, bridges, public transportation and its role in growing the Massachusetts economy. However, little has been said regarding the “forgotten infrastructures”: water/wastewater. The Advisory Board has long maintained the belief that investing in water and wastewater infrastructure has a direct economic benefit, but only had anecdotal evidence. With that in mind, the Advisory Board contracted the Edward J. Collins, Jr. Center for Public Management to examine this issue and affirm this assertion.

The Collins Center first began by examining existing academic research and studies, and their findings confirmed the relationship between water/wastewater infrastructure investment and economic growth. Specifically, their findings showed that \$1 investment in water/wastewater infrastructure can generate anywhere from \$2 - \$14 in new taxes over time. Similarly, the same \$1 investment can generate \$2.62 - \$6.77 in the private economy. In any event, previous academic research indicated a significant potential return on investment.

The Collins Center examined specific case studies in Massachusetts where investment in water/wastewater infrastructure generated an economic benefit. They found:

- **5 cases (see page 15 and Appendix F)**
 - o Created 16,626 jobs
 - o Generated \$106 million/year in state and local revenues

Additionally, the Collins Center examined specific case studies where economic and revenue potential is unrealized due to lack of adequate infrastructure. They found:

- **2 cases (see page 41)**
 - o Potential for 3,286 jobs
 - o Potential to create \$62 million/year in state and local revenues
- 19% of job growth (45,000) jobs projected by MAPC in jeopardy (see page 7)

The report also highlights academic research that demonstrates, in general, that states get greater returns from investing in water and wastewater systems than from investing in highways. While everyone, including the Advisory Board, acknowledges the importance of transportation infrastructure, we are thrilled that this report has helped to corroborate our long-held belief that investing in water/wastewater infrastructure has a direct economic benefit at both the local and the state level. Based on the information provided in this report, for every \$1 million invested in water/wastewater infrastructure one can project \$2 – \$14 million in new taxes and \$2.6 - \$6.8 million generated in the private economy. If the investment were at the \$200 million level being proposed in some pending legislation, those numbers would be \$400 million - \$2.8 **billion** in new taxes and \$524 million - \$1.4 **billion** generated in the private economy.

We are hoping that providing this report at a time when the “forgotten infrastructure” is once again taking center stage will help to underscore the importance of this investment, and help to unlock the economic potential for cities and towns as well as the Commonwealth. Toward that end, we are providing you with a “sneak preview” of the report before its official release later this month and would welcome any feedback or insight you may have. Once released, we very much hope to have your support and endorsement in our efforts to once again secure funding for water and wastewater infrastructure.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph E. Favaloro, Jr.", written in a cursive style.

Joseph E. Favaloro, Jr.
Executive Director