

Ridgewood expands businesses, builds infrastructure for changing US demographics

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by [Liam Ford](#)

Ridgewood Infrastructure made headlines because of its investment in what was then the largest US water P3. Beyond headline-grabbing water projects, leaders at Ridgewood tell Infralogic senior reporter Liam Ford they're helping smaller, sometimes niche infrastructure firms grow to their full potential in areas with burgeoning populations.

The need to renew aging infrastructure and build more to serve changing US demographics drives lower-middle market investor Ridgewood Infrastructure's capital deployment and its core convictions in particular assets.

Ridgewood, which recent [federal filings](#) show now has about USD 1.8bn in assets under management (AUM), specializes in lower-middle market investments. The investor boasts transportation assets in the Southeastern USA and a Texas-based water utility among its portfolio. The firm concentrates on buying and building existing businesses in areas with growing populations, while selectively taking on projects to renew or replace infrastructure, Managing Partner Ross Posner told *Infralogic*.

Americans move across states for many reasons, bringing people to areas lacking sufficient broadband, logistics, water and other critical infrastructure to support new population levels. That growth drives much of Ridgewood's investment strategy on water, for example.

“Water is essential to life and industry – people and communities need it every day,” Ridgewood Partner Sam Lissner told *Infralogic*. “That inelasticity is foundational to our strategy; it provides stability, visibility, and long-term value, which is exactly what we seek in our investments.”

In tumultuous times, the firm has sought assets to alleviate these stress points by vetting opportunities in sectors like transportation, such as marine terminals, rail and logistics facilities. Focusing on firms in businesses less buffeted by swings in the macroeconomic environment also allows Ridgewood to identify companies ready for growth.

Investing in essential systems, businesses

The water sector stands out as one in which existing municipal infrastructure has been strained by population growth, especially when new commercial and industrial demand piles onto growing residential needs.

“Our strategy is repeatable: originate deals others miss, grow them operationally and through M&A, and position them to attract competition at exit,” Posner said.

Last year, the firm acquired Water Resources Management, an environmental services company focused on wastewater and liquid recycling and disposal headquartered in Texas and also operating in Colorado, Florida and Nevada. As with other Ridgewood portfolio companies, the firm is helping WRM expand through inorganic growth.

WRM last week closed the purchase of Trimble Environmental Services, a commercial waste-services company, WRM’s fourth bolt-on acquisition of the year. Following on from its WRM investment, Ridgewood’s fourth in the US water space, the firm is evaluating several other opportunities to deliver new and incremental fresh water to growing communities, according to Lissner.

Although some of its water investments focus on growing WRM or its regulated water utility Undine, which has made more than 20 roll up acquisitions since Ridgewood bought it in 2017, others cause more of a splash.

In one of its highest-profile projects, Ridgewood's first infrastructure fund - Ridgewood Water & Strategic Infrastructure Fund - last year sold its 75% stake in the Vista Ridge Pipeline. The Texas pipeline now supplies 20% of the San Antonio Water System's water, in a metro area that's almost doubled in population since 1990. At the time it opened in 2020, the Vista Ridge pipeline was the largest water P3 in the US, celebrated for its innovative approach to water supply.

In one of its first investments from its second vehicle - Ridgewood Water & Strategic Infrastructure Fund II - which hit a final close on USD 1.2bn in January this year, Ridgewood is developing a replacement water treatment plant, the Prospect Lake Clean Water plant. The plant is in Fort Lauderdale, Florida - in a state that has seen its population soar by almost 12% since 2017.

"We focus on brownfield investments and founder-led businesses where our operational experience can make a real difference," Posner said. "In select cases - like Vista Ridge or Prospect Lake - we've also taken on complex project deliveries that align with our long-term view."

Before Ridgewood's founding, Posner guided the creation of Allstate Investments' infrastructure and real assets investing business. Managing Partner Michael Albrecht headed Allstate's infrastructure and real assets group. Other leaders at the firm include former water-industry executive and Operating Partner Mark Janay, and Lissner, who was chief analyst and project director at a firm where he focused on renewable power and energy efficiency.

An example of Ridgewood's approach in the transportation space is its joint venture with Savage Enterprises, Transportation Infrastructure Partners (TIP). The firm's concentration on handling "essential, non-GDP-sensitive [freight] like agricultural inputs and industrial materials," Lissner said.

TIP fits Ridgewood's strategy of investing in assets less affected by economic cycles, serving "long-standing customers under multi-year contracts," Lissner said.

While Ridgewood has taken a 100% interest in some of its acquisitions, it also has done control equity recaps, in which owner-managers retain ownership as they partner with Ridgewood on expansion.

“Our strategy is to invest in smaller, essential infrastructure businesses that provide critical services — whether it’s water, utilities, energy or transportation,” Posner said. “These companies are typically resilient across economic cycles and offer room to grow through operational improvements, organic expansion and acquisition.”

LPs coming back for more

Using this strategy, Ridgewood hit its IRR target of about 15% net on its first fund. The GP is aiming for the same for fund II.

“Some LPs have been investing with us since our first pre-Fund I investment in 2015,” a USD 100m acquisition of a 20% stake in the Neptune Regional Transmission System, Lissner said. “Our 2018 vintage Fund I closed at its USD 600m hard cap, with those same Fund I investors contributing more than half of the USD 1.2bn final close of our ... Fund II.”

Often, Ridgewood’s investments look like SíEnergy, a regulated utility providing natural gas services in Texas that was a Fund I investment and was sold early this year just as Fund II closed. In the five years Ridgewood owned SíEnergy, the company more than tripled its customer base, selling in January for USD 271m after Ridgewood purchased it for what *Infralogic* reported at the time was more than USD 100m It’s an example of Ridgewood’s focus on nurturing its portfolio companies so they expand to serve a larger market, Posner said.

The result was the USD 271m payout coupled with Portland, Oregon-based natural gas company Northwest Natural assuming USD 156m in debt, according to a filing from the buyer this month.

Smart cities, smart utilities

The SíEnergy investment mirrors Ridgewood’s longtime strategy to invest in the lower-middle market. Other investments in this mold include Undine, a water utility that has grown through buying more than 20 smaller utilities since it became a Ridgewood portfolio company in and positioned itself to continue expanding in fast-growing areas.

In addition to direct-service companies like SiEnergy, Ridgewood also invests in infrastructure service companies. Its joint venture with infrastructure-as-a-service firm Sustainability Partners – Environmental Infrastructure Partners (EIP) – forms part of Ridgewood’s strategy to invest in smart cities technology.

“EIP has deployed and owns smart water meters operating under long-term, availability-based contracts with municipalities,” Posner said. “These projects are a perfect fit for our capital scale and investment horizon.”

To continue to grow, Ridgewood is searching out assets, such as small water utilities, that can be built up into more stable infrastructure for communities but might be too small for larger firms to consider — a common refrain among mid-market investors.

“We’re not just investing in pipes and pumps – we’re investing in systems that communities rely on for decades,” Posner said. “That demands both operational excellence and strategic execution.”



Sector:

Renewables

Power

Energy

Social Infrastructure

Transport

Geography:

North America

USA

Topic:

Greenfield: Project procurement and development

Funds & LPs: Institutional strategy

Transaction Profile
19 Oct 2023 Financial Close Greenfield
Prospect Lake Clean Water Center P3
Funders Legal Advisor Nabors Giblin & Nickerson

Grantor Financial Advisor

EY

PFM

Grantor Legal Advisor

Greenberg Traurig Law (GT Law)

Grantor Technical Advisor

Hazen and Sawyer

SPV Legal Advisor

White & Case (W&C)

07 Nov 2016 **Financial Close** **Greenfield**

San Antonio Water Vista Ridge System P3

Funders Insurance Advisor

INTECH Risk Management

Funders Legal Advisor

Milbank

Funders Technical Advisor

E3 Consulting

Grantor Legal Advisor

Norton Rose Fulbright

Hawkins Delafield & Wood

SPV Financial Advisor

Societe Generale (SocGen)

SPV Financial Model Auditor

Operis Group

SPV Legal Advisor

Husch Blackwell

Asset related transactions

01 Oct 2024 | M&A

San Antonio Water Vista Ridge System P3 Sale (75% Stake) (2024)

08 Dec 2020 | M&A

San Antonio Water Vista Ridge System P3 (Majority Stake) Acquisition (2020)

01 Dec 2020 | Refinancing

San Antonio Water Vista Ridge P3 Refinancing (2020)

01 Nov 2017 | M&A

San Antonio Water Vista Ridge System Acquisition (29% stake) (2017)

29 Mar 2016 | M&A

San Antonio Water Vista Ridge System Acquisition (80%) (2016)

14 Mar 2018 **Financial Close** M&A

Neptune Regional Transmission System Sale (20% stake) (2018)

Seller Financial Advisor

Royal Bank of Canada (RBC)

Seller Legal Advisor

Stroock

Asset related transactions

22 Dec 2015 | M&A

Neptune Regional Transportation System (NRTS) 660MW Acquisition (2015)

07 Nov 2014 | M&A

Neptune Regional Transportation System (NRTS) 660MW Acquisition (November 2014)

16 Jun 2014 | M&A

Neptune Regional Transportation System (NRTS) 660MW Sale 25% of C Shares (June 2014)

01 Feb 2012 | M&A

Neptune Regional Transportation System (NRTS) 660MW Sale of 75% of C shares (2012)

29 Jul 2005 | Greenfield

Neptune Regional Transportation System (NRTS) 660MW

01 Oct 2024 **Financial Close** **M&A**

San Antonio Water Vista Ridge System P3 Sale (75% Stake) (2024)

Acquirer Financial Advisor

Mizuho Bank

Acquirer Legal Advisor

Mayer Brown

Acquirer Tax Advisor

Leo Berwick

Seller Financial Advisor

TD Bank Group (Toronto-Dominion Bank)

Seller Legal Advisor

White & Case (W&C)

Asset related transactions

08 Dec 2020 | **M&A**

San Antonio Water Vista Ridge System P3 (Majority Stake) Acquisition (2020)

01 Dec 2020 | **Refinancing**

San Antonio Water Vista Ridge P3 Refinancing (2020)

01 Nov 2017 | **M&A**

San Antonio Water Vista Ridge System Acquisition (29% stake) (2017)

07 Nov 2016 | **Greenfield**

San Antonio Water Vista Ridge System P3

29 Mar 2016 | **M&A**

San Antonio Water Vista Ridge System Acquisition (80%) (2016)

Investor Profile

Ridgewood Water & Strategic Infrastructure Fund II

Ridgewood Infrastructure

Ridgewood Water & Strategic Infrastructure Fund

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07 Oct 2024 | Proprietary

Infra investor sells Neptune transmission stake

14 Mar 2018

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16 Jan 2025

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