



Providing solutions to wastewater needs

We recently spoke with **Michael Albrecht**, managing partner at **Ridgewood Infrastructure**, about the investment opportunities in the wastewater sector. Below is an excerpt of that conversation.

How does wastewater investment fit Ridgewood's strategy?

Ridgewood focuses on acquiring assets and businesses that provide essential services, generating long-term, high-quality and noncorrelated cash flows. Wastewater infrastructure fits squarely within that mandate. It is nondiscretionary and long-lived, and supported by resilient demand.

While all of Ridgewood's investments ultimately support essential end users, those users have distinct needs and priorities. Our strategy is to invest in infrastructure that supports critical wastewater requirements – whether for entire communities or for specific commercial and industrial customers that require customized solutions – while maintaining a strong alignment with long-term community objectives.

Who are those user groups, and what are their priorities?

The first group is municipal and public utility customers. Their priorities center on reliability, regulatory compliance, affordability and long-term system performance. Beyond technical execution, municipalities place significant emphasis on procurement transparency, workforce continuity and minimizing rate shock for their constituents. Because they manage interconnected systems rather than stand-alone assets, long-range planning, permitting coordination and disciplined multi-year capital execution are critical.

This is where Ridgewood's experience as a long-term partner becomes particularly valuable. A clear example is the Prospect Lake Water Treatment Center in Fort Lauderdale, Fla., where Ridgewood is building one of the largest public-private partnership water projects in the United States. When completed, Prospect Lake will treat and deliver fresh water to the City of Fort Lauderdale, which currently relies on aging and increasingly outdated infrastructure. The project requires complex, multi-stakeholder coordination across municipal leadership, regulators, engineers, contractors and the local community, underscoring the importance of execution certainty, regulatory expertise and stakeholder alignment over a multi-decade investment horizon.

How would you describe the next group?

The second group consists of commercial and industrial users that require specialized wastewater solutions. These customers are highly focused on unit economics, regulatory compliance and operational risk. Uptime, process continuity and certainty of performance are critical, as wastewater disruptions can affect production, revenue and permitting. As a result, these customers value speed of execution, performance guarantees and risk transfer – particularly where solutions reduce compliance risk, avoid downtime or support broader sustainability objectives.

A representative example is Ridgewood's investment in Waste Resource Management (WRM), a vertically integrated platform that collects and treats non-hazardous liquid waste effluent from a diverse base of commercial and industrial customers. WRM serves hospital systems, large-scale entertainment venues and a range of smaller industrial and commercial establishments. Effluent is

typically collected on a quarterly basis, reflecting consistent, non-discretionary demand for WRM's services.

WRM treats this effluent in specially configured wastewater treatment facilities designed for high-strength commercial and industrial wastewater treatment. These processes relieve pressure on municipal wastewater systems, many of which were not designed to handle the volume or composition of modern industrial and commercial waste streams. Through its treatment processes, WRM produces bioproducts that can safely flow through municipal sewer systems or be sold as feedstock for biofuels, further enhancing system sustainability and resource efficiency.

Finally, residential customers experience wastewater infrastructure more indirectly, primarily through service reliability and their monthly bills. For these customers, affordability and consistency are the dominant considerations. Ridgewood addresses these priorities through investments such as Undine, a platform focused on consolidating smaller-scale water and wastewater utilities into larger, more efficient systems.

Across all three segments, Ridgewood invests in platforms, projects and services that enhance compliance, reliability and cost efficiency, while remaining aligned with municipal priorities and long-term community outcomes.

Why is the lower-middle market a particularly attractive place for these projects?

The lower-middle market is attractive because it is highly fragmented and often undermanaged. This creates opportunities to generate value through operationally oriented initiatives to scale and professionalize. For example, a smaller municipal wastewater system may be well-run on a day-to-day basis but lack the capital or expertise to implement advanced asset management tools or execute a multi-year capital improvement plan.

Ridgewood can step in to professionalize operations, smooth capital spending and reduce long-term system costs. Importantly, this segment tends to be more relationship than auction driven. Municipalities and founder-owned businesses often prioritize certainty of execution, long-term stewardship and cultural alignment alongside price, which favors investors like Ridgewood that are committed to partnering with owners to help them take their businesses to the next level.

CONTRIBUTOR



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CORPORATE OVERVIEW

Ridgewood Infrastructure invests in essential infrastructure in the U.S. lower-middle market. We originate investments that provide essential services to customers and employ responsible and operationally focused initiatives to enhance value. Through this strategy, Ridgewood focuses on creating beneficial outcomes for stakeholders with investments that generate long-term, high-quality, noncorrelated cash flows.

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