

SUSTAINABLE WATER INFRASTRUCTURE TASK FORCE

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MADAME SECRETARY, HONORABLE MEMBERS OF THE SUSTAINABLE WATER INFRASTRUCTURE TASK FORCE, CITIZENS OF THE COMMONWEALTH: THANK YOU FOR ALLOWING ME TO ADDRESS THIS BODY CONCERNING THE SIGNIFICANT CHALLENGES WE FACE IN BUILDING, FINANCING, AND OPERATING PUBLIC WATER INFRASTRUCTURE IN PENNSYLVANIA. SINCE I HAVE ONLY A FEW MINUTES OF YOUR TIME, I HOPE TO QUICKLY TELL YOU WHAT I DO, WHAT CHALLENGES I FACE, AND WHAT RECOMMENDATIONS I WOULD HAVE FOR THE WORK OF THIS TASK FORCE.

I MANAGE A PUBLIC WATER AND SEWER AUTHORITY IN SOUTHERN BUTLER COUNTY ABOUT 30 MILES NORTH OF PITTSBURGH. WE SERVE A POPULATION OF ABOUT 6800 PEOPLE IN THREE DIFFERENT MUNICIPALITIES. WE MAKE OUR OWN WATER FROM A SURFACE WATER TREATMENT PLANT ON THE ALLEGHENY RIVER AND WE TREAT OUR OWN SANITARY FLOW AT A WASTEWATER TREATMENT PLANT ON BUFFALO CREEK. MY SERVICE AREAS INCLUDE A 175 YEAR OLD BOROUGH, RURAL FARMLAND, 50'S ERA RESIDENTIAL DEVELOPMENT, TRAILER PARKS, MODERN PLANNED RESIDENTIAL SUBDIVISIONS, AND ONE OF THE COMMONWEALTH'S NEWEST AND LARGEST INDUSTRIAL PARKS. WHEN I

WAS ASKED TO TESTIFY TO THIS BODY ON THE CHALLENGES FACING SMALL AUTHORITIES MY FIRST THOUGHT WAS, OF COURSE... “WE NEED MONEY.” WHEN I WAS TOLD OF THE OTHERS TESTIFYING TODAY MY SECOND THOUGHT WAS, “I HOPE THERE ARE ENOUGH DIFFERENT WAYS TO SAY, WE NEED MONEY, OR IT WILL BE A LONG, BORING DAY!

SINCE I’VE TOLD YOU WHAT MY SERVICE AREAS ARE... I SUSPECT THAT YOU CAN GUESS WHAT MY CHALLENGES ARE: HOW DO I OPERATE, MAINTAIN, AND REBUILD THE LARGELY ORIGINAL WATER SYSTEM IN MY 175 YEAR OLD BOROUGH? HOW DO I MAKE MY 89 YEAR OLD WATER PLANT MEET THE TREATMENT STANDARDS AND THE DEMAND OF 2008? HOW DO I COMPLY WITH A MANDATE FROM DEP OR A REQUEST FROM CITIZENS TO EXTEND WATER OR SEWER SERVICE TO MY RURAL FARMLAND OR 50’S ERA SUBDIVISIONS WITH LOW POPULATION DENSITIES WITHOUT CHARGING TAP FEES THAT LOOK LIKE ANNUAL TUITION BILLS OR MONTHLY BILLS THAT LOOK LIKE YOUR JANUARY GAS BILL? HOW DO I TAKE OVER THE FAILING, PATCHWORK SYSTEMS IN THE TRAILER PARKS IN OUR COMMUNITY WITHOUT BANKRUPTING THE OWNERS, CLOSING THE PARK, AND FORCING THE CITIZENS TO MOVE AWAY? FINALLY, HOW DO I KEEP UP WITH THE DEMANDS OF GROWTH IN NEW SUBDIVISIONS AND INDUSTRIAL PARKS WITHOUT MAKING MY EXISTING CUSTOMERS FINANCE THE EXPANSION OR RAISING FEES SO HIGH THAT THESE NEW CUSTOMERS GO ELSEWHERE?

THESE ARE SOME OF THE CHALLENGES I FACE. UNFORTUNATELY, I DON'T KNOW HOW I WILL OVERCOME THESE CHALLENGES, BUT I DO KNOW ONE THING... AS FOND AS I AM OF THE OLD ADAGE, "WE HAVE NO PROBLEMS MONEY CAN'T SOLVE", I KNOW THAT MONEY ALONE WILL NOT BE ENOUGH. I GUESS THAT SHOULD GIVE US HOPE, BECAUSE WE ALL KNOW THAT FOR AT LEAST THE NEAR FUTURE, WE ARE GOING TO HAVE LESS MONEY, NOT MORE, TO ADDRESS THESE ISSUES. SO, IF THERE IS NO MAGIC BULLET, WHAT SUGGESTIONS DO I HAVE? WELL, I BELIEVE WE NEED TO MAKE THE BEST USE OF THE DOLLARS WE HAVE AT OUR DISPOSAL, WE NEED TO GET THOSE DOLLARS TO THOSE WHO CAN MAKE THE BEST USE OF THEM, AND WE NEED TO STREAMLINE THE PROCESS OF ACCESS TO THAT MONEY.

REGIONALIZATION IS KEY TO MAKING THE BEST USE OF THE FUNDS THAT WE HAVE. EVERYONE AGREES WITH THIS CONCEPT WHEN YOU BRING IT UP BUT NO ONE EVER SEEMS WILLING TO TAKE THE STEPS NECESSARY TO MAKE IT HAPPEN. PENNSYLVANIA IS CRIPPLED BY THE INGRAINED PAROCHIAL MINDSET WE ALL SHARE. THERE HAS BEEN A GREAT DEAL OF DISCUSSION AND PLANNING FOR REGIONAL SOLUTIONS IN THE SOUTHWESTERN PART OF THE COMMONWEALTH. THE REGIONAL WATER MANAGEMENT TASK FORCE AND THE 3 RIVERS WET WEATHER DEMONSTRATION PROGRAM ARE LOOKING AT REGIONAL SOLUTIONS TO WATER MANAGEMENT ISSUES. I SUPPORT THIS EFFORT AND I HOPE IT SUCCEEDS, BUT UNTIL LOCAL LEADERS SEE A SIGNIFICANT ADVANTAGE

THEY ARE NOT GOING TO BE WILLING TO GIVE UP ANY POWER OR CONTROL. A GREAT EXAMPLE OF HOW REGIONALIZATION CAN WORK IS THE INDIANA COUNTY MUNICIPAL SERVICES AUTHORITY. IF YOU HAVE DRIVEN THROUGH INDIANA COUNTY ON ROUTE 422 OR 119 YOU HAVE MOST LIKELY SEEN THE TELLTALE GREEN AND YELLOW BUILDINGS OF AN ICMSA PUMP STATION OR PACKAGE PLANT AT THE OUTSKIRTS OF THE SMALL COMMUNITIES AS YOU ROLL THROUGH. THESE AREAS HAVE JOINED ICMSA FOR WATER OR SANITARY SEWER SERVICE NOT BECAUSE THEY WERE FORCED TO, BUT BECAUSE THEY SAW A WELL RUN ORGANIZATION WHO COULD MAKE THEIR WATER OR SEWER PROBLEM GO AWAY AND SAID "I WANT TO BE A PART OF THAT." THAT IS HOW WE ARE GOING TO GET PEOPLE TO BUY INTO REGIONALIZATION... NOT BY MANDATE, BUT BY TAKING AWAY THEIR PROBLEMS AND PROVIDING THEM WITH A TURNKEY SOLUTION. THIS SAME PROCESS IS HAPPENING IN MY SYSTEM. WE HAVE A NEIGHBORING COMMUNITY FACING AN EXPENSIVE AND DISRUPTIVE SEWER PROJECT THROUGH A LARGELY RURAL, LOW INCOME AREA. THEY HAD NO DESIRE TO GET INTO THE SEWER BUSINESS. THEY SAW THE SUCCESS OF OUR OPERATION JUST A FEW MILES DOWNSTREAM AND DECIDED TO HAVE US OWN AND OPERATE THE SYSTEM FOR THEM. I HAVE HIGH HOPES FOR THIS PROJECT AND I HOPE WE DON'T LET THEM DOWN. ONE IMPORTANT NOTE I THINK IS OFTEN MISUNDERSTOOD ABOUT REGIONALIZATION... IT DOES NOT ALWAYS HAVE TO INVOLVE WATER INTERCONNECTIONS OR LONG SEWER

INTERCEPTORS. OUR OWN PROJECT IS A PRIME EXAMPLE... I COULD SAVE NEARLY HALF OF THE SIX MILLION DOLLAR PRICETAG OF THIS PROJECT IF WE COULD OPERATE THE SYSTEM AS SATELLITE USING A PACKAGE PLANT AND A CIRCUIT RIDER. I THINK THE REASON WE ARE NOT IS A DESIRE BY THE PERMITTING AGENCIES TO CONSOLIDATE TREATMENT AND REDUCE THE NUMBER OF SURFACE DISCHARGES. I AGREE THAT THIS IS A WORTHY CONCEPT, BUT... WE ARE LOOKING FOR WAYS TO MAKE THE BEST USE OF OUR MONEY AND THIS IS A GREAT WAY TO GENERATE SAVINGS. THE THREE MILLION DOLLARS I WOULD SAVE ON JUST THIS ONE PROJECT WOULD CERTAINLY BE A WELCOME ADDITION TO SOMEONE ELSE'S CONSTRUCTION BUDGET.

PROFESSIONAL MANAGEMENT TRAINING IS GOING TO BE KEY TO MAKING REGIONALIZATION WORK. WE HAVE MADE GREAT STRIDES IN OPERATOR CERTIFICATION AND CONTINUING EDUCATION OVER THE LAST FEW YEARS BUT ONE OF THE CASUALTIES WAS THE VIRTUAL ELIMINATION OF DEP'S TRAINING PROGRAMS FOR OPERATORS AND DCED'S TRAINING PROGRAMS FOR MANAGEMENT PERSONNEL. I'LL MAKE, AT THIS POINT, A SHAMELESS PLUG FOR MY FAVORITE ORGANIZATION, THE PENNSYLVANIA RURAL WATER ASSOCIATION. THEY HAVE MADE UP THE SHORTFALL THIS CAUSED IN OPERATOR TRAINING AND THEY HAVE LAUNCHED A NEW PROFESSIONAL UTILITY MANAGEMENT COURSE TO GIVE OUR MANAGERS THE SKILLS THEY NEED. SYSTEMS RUN BY

GRADUATES OF THIS COURSE ARE GOING TO BE GOOD PLACES FOR THE COMMONWEALTH TO SPEND THEIR LIMITED DOLLARS.

WHEN CONSIDERING HOW TO BEST USE OUR LIMITED DOLLARS, I OFTEN WONDER WHY WE ARE POURING DOLLARS INTO NEW SANITARY SYSTEMS SERVING RURAL AND AGRICULTURAL AREAS WITH THIN POPULATIONS AND HIGH DEVELOPMENTAL COSTS. IN 1998 MY SYSTEM COMPLETED A 14 MILLION DOLLAR SANITARY SEWER PROJECT THAT SERVED 1300 CUSTOMERS. WE HAD MANY AREAS IN REAL NEED OF SANITARY SERVICE AND THE PROJECT WAS A SUCCESS, BUT WE SPENT OVER A THIRD OF OUR PROJECT BUDGET TO BUILD LONG INTERCEPTORS THROUGH FARM FIELDS TO GET TO SMALL PATCHES OF HOMES ON COUNTRY ROADS WHO'S PROBLEMS BASICALLY AMOUNTED TO SOME GREY WATER IN THE ROADSIDE DITCH. WE WANTED TO WAIT TO SERVE THESE CUSTOMERS IN LATER YEARS BUT OUR 537 PLAN WITH THAT OPTION WAS REPEATEDLY TURNED DOWN. GIVEN OUR CURRENT FUNDING SITUATION, I THINK WE NEED TO STOP PRESSING COMMUNITIES TO COMPLETE LOW PRIORITY PROJECTS LIKE THESE.

I BELIEVE THAT EVERY DOLLAR WE SPEND ON WATER AND SEWER INFRASTRUCTURE IN SUPPORT OF DEVELOPMENT WILL COME BACK TO US TWOFOLD. WATER IS THE FUEL THAT DRIVES OUR ECONOMIC ENGINE. I'M LOOKING FOR MONEY NOW TO REBUILD MY 89 YEAR OLD WATER TREATMENT PLANT. I NEED TO REBUILD BECAUSE OF THE AGE OF MY PHYSICAL PLANT, BUT IF I COULD ADD CAPACITY, OR AT LEAST PROVIDE

FOR THE FOOTPRINT OF FUTURE CAPACITY, I COULD SERVE THE NEEDS OF NEW RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL DEVELOPMENT AND THE REVENUE FROM THOSE SOURCES, AS OPPOSED TO INCREASED RATES AND NEW LOANS, WOULD FINANCE MY FUTURE OPERATIONS AND EXPANSIONS. I GUESS THAT CONTRADICTS MY EARLIER STATEMENT ABOUT THERE BEING NO NEW MONEY... IF WE CAN ATTRACT NEW CUSTOMERS THEN THEY WILL BRING US NEW MONEY. I THINK THAT THIS IS ONE OF THE HIGHEST PRIORITIES AND BEST USES FOR OUR LIMITED FUNDS. I THINK THESE PROJECTS SHOULD HAVE PRIORITY BECAUSE THEY PROVIDE OUR SYSTEMS WITH NEW CUSTOMERS AND NEW REVENUE. THE PENNWORKS PROGRAM UNIQUELY TARGETED THESE TYPES OF PROJECTS AND IT SHOULD BE REVIVED. IF THERE IS NO NEW MONEY TO PUT INTO PENNWORKS, THEN WE MAY WANT TO CONSIDER REPROGRAMMING SOME EXISTING FUNDS INTO THIS HIGHLY SUCCESSFUL PROGRAM.

I CANNOT SAY ENOUGH ABOUT THE FINE WORK OF THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY. MY SYSTEM RECEIVED ONE OF THE VERY FIRST PENNVEST LOANS ISSUED AND WE WOULD NOT BE WHAT WE ARE TODAY WITHOUT THIS PROGRAM. I THINK PENNVEST IS THE MODEL FOR REVOLVING LOAN PROGRAMS THROUGHOUT THE COUNTRY AND ANY FUNDING SOLUTIONS OR SCENARIOS DEVELOPED BY THIS BODY SHOULD USE PENNVEST FOR DISTRIBUTION. HOWEVER, I ALSO BELIEVE THAT SOME OF THE REQUIREMENTS PLACED ON PENNVEST IN

RECENT YEARS HAS TAKEN OFF SOME OF THEIR SHINE. THIS IS WHAT ONE OF OUR TYPICAL PENNVEST APPLICATIONS LOOKS LIKE. THESE ARE THE THIRTEEN DIFFERENT PAYMENT REQUESTS WE PREPARED TO DRAW THOSE PENNVEST FUNDS. EACH ONE TAKES ABOUT SIXTY DAYS TO BE PROCESSED... THAT MEANS YOU NEED INTERIM FINANCING TO KEEP YOUR CONTRACTOR PAID. AND THIS IS THE INEVITABLE AUDIT THAT FOLLOWS THE RECEIPT OF PENNVEST FUNDING. THIS, ON THE OTHER HAND, IS WHAT IT TAKES TO BORROW A SIMILAR AMOUNT OF MONEY FROM A COMMERCIAL BANK. NOW, AS I SAID, I BELIEVE YOU HAVE THE BEST AND THE BRIGHTEST AT PENNVEST AND I APPLAUD THEIR WORK, BUT I FEEL SURE IF YOU ASKED THEM FOR SUGGESTIONS ON HOW TO MAKE THE BEST USE OF THE LIMITED FUNDS WE HAVE, I AM SURE THEY WOULD TELL YOU THAT THERE IS AN INHERENT COST TO THIS WORK AND IF WE CAN REDUCE THAT COST WE CAN PUT MORE DOLLARS INTO WATER AND SEWER PROJECTS.

SO THESE ARE MY IMPRESSIONS OF THE CHALLENGES WE FACE AND SOME WAYS THAT WE CAN CONTINUE TO FUND NEEDED PROJECTS WITH OUR LIMITED FUNDS. I AGREE THAT THEY MAY BE SIMPLISTIC OR PERHAPS EVEN NAIVE. AS YOU MAY HAVE GUESSED, I AM AN ENGINEER BY TRADE, A TECHNICIAN, AND NOT A TRAINED URBAN PLANNER, A FINANCIAL EXPERT, OR A POLITICIAN. AS I SEE OUR CHARGE, IT PLACES UPON US OBLIGATIONS TO NOT JUST THE CUSTOMERS OF OUR PUBLIC WATER AND SANITARY SEWER SYSTEMS WHO DEPEND UPON US FOR

SERVICE, BUT ALSO TO THE REST OF THE CITIZENS OF THE COMMONWEALTH WHO NEED AND EXPECT US TO EXPAND SERVICE TO AREAS WHERE IT IS NEEDED TO ADDRESS PUBLIC HEALTH ISSUES AND SUPPORT RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL DEVELOPMENT. WATER IS LIFE TO OUR CITIES, TOWNS, BOROUGHES, AND TOWNSHIPS...IT IS ALSO THE FUEL THAT KEEPS OUR ECONOMIC ENGINE RUNNING. BY MAKING THE BEST USE OF THE FUNDS WE HAVE, BY GETTING THOSE FUNDS INTO THE HANDS OF THOSE WHO CAN DO THE MOST GOOD, AND BY STREAMLINING THE PROCESS OF ACCESSING THOSE FUNDS, I BELIEVE WE WILL MEET THE REQUIREMENTS OF THAT CHARGE AND OUR OBLIGATIONS TO OUR CUSTOMERS AND CITIZENS.

THANK YOU AGAIN FOR THIS OPPORTUNITY TO PROVIDE INPUT TO THE TASK FORCE AND I LOOK FORWARD TO SEEING THE FRUITS OF YOUR LABORS.