

01 COMMONWEALTH OF PENNSYLVANIA

02 HOUSE OF REPRESENTATIVES

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04 PUBLIC HEARING IN RE: WATER

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06 BEFORE: GEORGE CRUM, Chairman

07 HEARING: Thursday, May 15, 2008

08 Commencing at 6:07 p.m.

09 LOCATION: 1600 Industrial Highway

10 Pottstown, Pennsylvania

11 WITNESSES: Nicki Kasi, Dana Aunkst, Ray Lopez,

12 Don Read, Bill Clinton, Lee Murphy,

13 Dan Walden Turek, Timothy Hagey,

14 Angelika Forndran, Michael Stokes

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16 Reporter: BRIAN O'HARE

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05 Manager of the Southwest Delaware County Municipal
06 Authority Wastewater Treatment Plant in Delaware
07 County. I also represent the PRWA on the task force.
08 So that's why I'm here. So I guess I'm chairing the
09 meeting. It's going to be fairly informal. We have
10 three people signed up to testify and hopefully they
11 all show up but we will open it up after their
12 testimony to anybody who's here who wants to add
13 comments or ask questions or whatever.

14 We can probably ask the questions of the
15 testifiers immediately following their presentation, I
16 think would be the easiest way to do that. Nicki, I
17 believe, has a 20-minute presentation. Dana has a
18 20-minute presentation. So we'll go ahead and do that
19 and then get into the testimony tonight.

20 MR. AUNKST:

21 My name is Dana Aunkst, I'm the Director
22 of Bureau Water Standards and Facility Regulation with
23 DEP Harrisburg. Our bureau was tasked to be the staff
24 for the task force and for its work groups simply
25 because we oversee the programs dealing with pretty

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01 much all of the drinking water infrastructure and
02 wastewater infrastructure, with regard to storm water,
03 that's in another bureau. So they kind of have the
04 support role but primarily it's wastewater, drinking
05 water and that's why our bureau's the lead.

06 We're here right now tonight to do the

07 presentation to kick this off for those of you who
08 haven't had the opportunity to see this before. If
09 you've seen at the TACT, the Small Systems Technical
10 Advisory Committee, I apologize, this is going to be
11 redundant but we're here to provide an overview.
12 We're here to start planning thoughts that we need to
13 take a more comprehensive look at how we view
14 infrastructure. And it involves drinking water,
15 wastewater and on-lot system management, on-lot system
16 septic systems are essentially infrastructure.
17 They're a private infrastructure on individual lots
18 but gone are the days when these systems are thought
19 of as a temporary solution until the public sewers
20 come along. In most rural areas, outlying areas,
21 they're permanent solutions. They have to last
22 essentially as long as the house does. So system
23 management is important as a piece of the
24 infrastructure as well.

25 Again, we're trying to stimulate a

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01 different way of thinking and how we look at our
02 infrastructure in a holistic manner but most
03 importantly we are doing these meetings around the
04 state. Tonight is the first one to solicit input and
05 stride to get some support with a concept of
06 infrastructure and infrastructure sustainability.

07 This is a night right off the governor's
08 budget and the infrastructure initiative in this
09 year's proposed budget. In the red you can see this

10 year the intent is to address bridges, state owned
11 high hazard dams and flood control projects. The
12 whole purpose of the task force is to review the needs
13 of wastewater and drinking water and provide
14 recommendations to the governor so that we can put
15 that infrastructure and any financing programs in next
16 year's budget in 2009. That's why we had the tight
17 deadline of October 1. We start in the cabinet
18 agencies, like DEP, we start working on budgets for
19 '09 in October of '08. So we need to start having
20 numbers by then. Numbers in terms of dollars for
21 financing, in terms of staffing needs, that kind of
22 thing.

23 You can see some of the numbers that were
24 in this year's proposed budget and this is for bridge
25 repairs, dam repairs and flood control projects. I'm

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01 not going to dwell on these because what we're tasked
02 to do is look at drinking water and wastewater
03 infrastructure.

04 The task force, 30 members was created by
05 executive order. The task that it was given to
06 complete were, identify the gap between the financing
07 needed to repair infrastructure and the amount
08 available. It was also tasked to look at cost savings
09 that might be achieved through innovative solutions to
10 problems and thinking outside the box, is the term
11 most people use, but instead of automatically assuming

12 that we're going to just upgrade the treatment plant,
13 there may be some other innovative measures we can do
14 on that screen that would make the need to upgrade the
15 treatment plant less costly. You wouldn't have to
16 upgrade as far, for example, to meet certain limits if
17 you do other repairs in the watershed, other
18 innovative BMP's best management practices in the
19 Watershed.

20 One of the other things we're supposed to
21 be looking at is what is the actual cost of providing
22 services. We hear a lot of times and one of my
23 favorite things is when I go to a meeting I hear some
24 township supervisor or authority executives stand up
25 and say, I haven't raised the rates in 25 years,

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01 that's a dead giveaway, something might be up there.
02 Either that or you're making some really good money on
03 investments. And again, we're recommending at any
04 infrastructure financing program that may come out of
05 this that we include the concept of sustainability in
06 that program. Meaning, addressing your needs on a
07 holistic basis and planning for future, not just
08 operation and maintenance but replacement.

09 What affects the Department in this
10 exercise is we need to look internally at our existing
11 policies, procedures, regulations and see where we may
12 be creating roadblocks to the very strategy we're
13 proposing. Task force has broken into --- has created
14 five working groups to address these tasks that were

15 on a previous slide. First work group ---. Well,
16 data collection is a big part of this. Three of the
17 workers or data collection workers, first one needs
18 assessment. The task associated with that is to
19 compile a list of all of the available resources that
20 infrastructure needs for wastewater and drinking
21 water. Pull that list in, take a look at it and
22 analyze the data available and provide a good estimate
23 of the total needs.

24 What we have right now are several
25 sources of information that were collected under

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01 different protocol so they tell us different things
02 but not one of them is a real good estimate of the
03 total needs. Again, I mentioned innovative concepts
04 and measures to achieving improvements to water
05 quality and stream restoration other than just
06 straight bricks and mortar treatment plain upgrades.
07 One of the work groups' tasks is looking at financial
08 resources. What financial resources are available to
09 get some of this infrastructure improvement rolling.
10 What might we need in addition to what is already
11 available.

12 There are two implementation work groups,
13 financial sustainability and you're going to hear a
14 little more about that. But any program that provides
15 funding, we're recommending from the Department's
16 perspective that to avoid this situation that we've

17 created over the years where every 25 to 30 years
18 there's a need to go back to the government for more
19 money because your treatment plant needs to be
20 rebuild. We're trying to create sustainability that
21 the treatment plant has a long-term budget and manages
22 its assets in a manner that you don't need to come
23 back to the government, that you'll have, for example,
24 a replacement fund to replace parts and major
25 components and those types of things when they're

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01 beyond their usable life.

02 Legislative and regulatory issues, I kind
03 of touched on that from the Department's perspective
04 but there's actually a work group that's going to look
05 at what statutes exist now to create roadblocks to
06 implementing what we're trying to implement,
07 rebuilding our infrastructure in a sustainable way and
08 any regulations that may also impede that. So that
09 work group is to look at those issues.

10 Involved in all of these work groups is
11 going to be the need for education. What we're trying
12 to start, as I said, is a different way of thinking
13 about your infrastructure, it is an asset. It's tough
14 for many to consider a buried pipe an asset but
15 technically it is. It has to be maintained, although
16 pipes tend to last longer than other components. But
17 it has to be maintained and eventually some day it's
18 going to have to be replaced.

19 You can see our public meeting schedule.

20 May 8th actually was the first but that was a task
21 force meeting in Harrisburg. This is the first one of
22 the around-the-state public information gathering
23 sessions we're having. The remainder, you can see on
24 there. We've also met with one of our advisory
25 committees to this point, we're going to meet with

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01 several others to present the same kind of opportunity
02 for them to provide input through the advisory
03 committee process.

04 Okay. Real quick, the sustainability and
05 sustainable infrastructure. You're going to hear that
06 term a lot through this whole process, so we wanted to
07 try to lay out just what we mean when we talk about
08 that. I kind of laid some of the ground work.

09 Is it a buzz word? A lot of times we in
10 government come up with things that are buzz words
11 that we want to do this initiative and, you know, when
12 this administration leaves, then it kind of dies on
13 the vine and you never hear about it again. In this
14 case, no, it's not. It's what I said before. It's a
15 different way of thinking. It's a different way of
16 managing your system. It's a different way of looking
17 at operation, maintenance and replacement. Long-term
18 budgets and asset management. It encompasses just
19 about ever other piece of our program that we do.

20 It started at the national level. There
21 was --- well, we'll see in a couple of seconds, we

22 don't know if that's still on these slides or not.
23 There are many versions of this presentation that
24 started at the national level. And again, we all know
25 and it's a tragedy that the bridge collapse in

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01 Minneapolis kind of focused everybody's attention on
02 this because it's been an ongoing problem nationwide.
03 The last two times, the American Society of Civil
04 Engineers has done an evaluation of the nation's
05 infrastructure it's given the condition a D, both
06 times. And I think that was kind. They could have
07 easily given it an F.

08 The other realization here is the
09 government has shallow pockets. The government, as I
10 started to say earlier, cannot be looked at to be the
11 big bank that's going to hand out a grant and a low-
12 interest loan every 20 years or every 25 years when a
13 system keeps coming back to rebuild itself. There's
14 got to be a way that that system can sustain itself.
15 And the best way to create that scenario is to have
16 the utilities effectively and efficiently managing
17 their own assets. As I started to say, in 2002, EPA
18 did what's called a GAP report. They estimated the
19 total needs nationally for wastewater/drinking water.
20 And they also estimated --- looked at the financial
21 resources available and the difference and they called
22 the GAP. And that gap at that time was in the
23 neighborhood of a half a trillion dollars.

24 I just heard this morning in another

25 meeting, in another presentation I was doing that the

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01 estimates --- that's 2002 and the last six years, that
02 number could be well over a trillion dollars
03 nationwide, the gap. And why? Well, if you look, the
04 systems of pipes that we have under the ground, not
05 necessarily the treatment plants at this point but the
06 systems of collection and distribution that we have
07 for our sewer and water systems, many of the miles
08 were built, you know, 1870s up to the 1940s, but the
09 majority have been built since World War II. And
10 early in the '60s and the '70s --- and the '60s were,
11 if can see here, is when they peek.

12 Now, those pipes only last so many years.
13 So eventually we'll have what we call an Eco curve,
14 the year that those have to be replaced. And you can
15 see, we're heading towards a whole lot of
16 infrastructure needs for replacement of underground
17 pipes in the coming decades. So the sustainable
18 infrastructure concept followed this GAP study. And
19 EPA defines it as having four pillars. Four pillars
20 hold up the roof of sustainable infrastructure. It's
21 not umbrella, to me it's a roof. Those are better
22 management, full-cost pricing, water use efficiency
23 and a watershed approach. Now, you'll see in
24 parentheses there in the executive order, those were
25 referred to using somewhat different terminology.

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01 Better management was referred to as asset management
02 and effective management. And you can see the others.
03 I'm not going to go into a whole lot of detail. But
04 the four pillars encompass the concept of
05 sustainability I've been trying to describe.

06 We link to the SI initiative as I say, we
07 may use different terminology but we're using the same
08 concept. And we have some questions there that we
09 need to answer specifically as we collect information.
10 How do we, first of all, interconnect all of our
11 programs to promote the concept of sustainable
12 infrastructure. And what do we need to do differently
13 to get the roadblocks out of the way, as I said
14 before.

15 Better management. We're looking in our
16 programs, for better management, we're looking at
17 operator certification improvements, workforce
18 development. Is that in this? I'll go into that in a
19 minute. We're looking at capability enhancement,
20 enhancing the capability of systems to manage
21 themselves. And we're also looking, as I said, on-lot
22 system operation maintenance as permanent
23 infrastructure. The pillar of system efficiency,
24 again, you see workforce development and capability
25 enhancement. Those are existing programs that we're

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01 working on right now in the Department that fall under
02 this pillar.

03 Water conservation, technical assistance

04 center. And we're also working a lot lately with
05 energy conservation. We have a team, a small team of
06 individuals that will go around on a site-specific,
07 project-specific basis and work with operators and
08 authorities on methods to manage their energy,
09 conserve their energy, reduce their energy
10 consumption. And we've had some very successful
11 studies in the western and northwestern parts of the
12 state where certain systems, a small to medium-sized
13 wastewater treatment plant, for example, knocked
14 \$27,000 a year off their electric bill simply by doing
15 some different things in the process control areas of
16 that treatment plant.

17 So, I mean, one of the things you can do
18 if you're really interested in what I just described,
19 that program is right out of Nicki's division and at
20 the end of this we'll have contact information.
21 That's an example of how we're working toward energy
22 conservation. Infrastructure financing, this is the
23 big pillar. This is the focus of the task force
24 because, as I said, the intent is to make
25 recommendations for next year's budget that include

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01 financing options for infrastructure improvements and
02 rebuilding our infrastructure in Pennsylvania.

03 And finally, the watershed approach
04 pillar, this is where the planning aspects come into
05 play and the integrated approach to managing a

06 watershed, including all of the non-point sources plus
07 the point sources. Innovative solutions. You'll see
08 green infrastructure in here. Green infrastructure is
09 commonly used as a term nowadays to meet innovative
10 ways to address storm water runoff that keep the storm
11 water from actually getting to the stream in the first
12 place. Attenuating it for green infrastructure where
13 it's generated. That's one of EPA's priorities
14 nationwide, by the way, green infrastructure.

15 Sewage and water facilities planning and
16 permitting, again, that addresses Act 537. The water
17 facility's planning program is being done to the state
18 water plant, which many of you --- some of you may be
19 familiar with what we're doing with the state water
20 plant and how we're developing a new state water plant
21 under Act 220. That first phase report is due out in
22 September, October of this year? Something like that.

23 And finally, concept of regionalization.
24 And until I find a better term, I have to explain this
25 because I don't like regionalization. It conjures up

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01 the old '70's concept of building a big treatment
02 plant and running sewers or distribution lines for
03 tens of miles to pick up all these other satellite
04 towns on the big treatment plant and that's not we're
05 talking about here. We're talking about
06 regionalization from an administration point of view.
07 Does it make more sense to have that one big facility
08 that manages everybody's utilities? Or could you have

09 many satellite facilities that are run out of the same
10 operational center at a large facility? There are
11 different discharge points throughout but the one
12 administrative structure and organizational structure
13 on these structures, would be all housed in that
14 control center and be more cost-effective in some
15 respects. So regionalization includes both
16 consolidation and also decentralization, those two
17 concepts. I can't think of a different way to express
18 it right now or that slide would be different.

19 In Pennsylvania we did our own GAP study.
20 Actually, we're not quite done yet, we're three-
21 quarters of the way, 80 percent of the way done. And
22 we used the same methodology that EPA used on the
23 national GAP study. We just tried to focus it on
24 Pennsylvania. We started this before the governor's
25 initiative, so we were kind of ahead of the curve. We

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01 were lucky to have an EPA grant to do this. We talked
02 them into paying us to do it. And it uses the same
03 approach. We're looking at what funds are available
04 out there, both infrastructure financing from local
05 and state government as well as the federal
06 government. Local user fees being a big part of that.
07 Our people charging truly what they could charge to
08 operate their system in a sustainable way. The
09 availability of cash, that's future user charges to
10 pay for expansions. How do you do that? Have all of

11 the existing users financed all of the capacity for
12 the future users? Or do the future users buy that as
13 they need it? Those are the types of things that
14 we're looking into. How authorities manage their
15 connections is a good way to put it. That's one side
16 of the house.

17 The other side of the house is we're
18 looking at the needs. What are the infrastructure
19 needs. And again, the needs, wants of financing
20 becomes a gap for Pennsylvania. We hope to have that
21 study completed this summer so it will fit nicely into
22 the needs assessment work group and their effort to
23 identify all of the needs of Pennsylvanians. Another
24 source of data that they're going to have to consider.
25 We're going to use this to promote changes to state

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01 programs, to any subsidy distribution criteria. One
02 of the things I've heard recently, that I don't know
03 that anybody really thought of when we were doing
04 things like the construction grants program, or the
05 state revolving fund program. When we had priority
06 rating systems, you always got more priority points
07 for non-compliance. Does that make any sense to
08 anybody? We're rewarding the bad guys. So that's
09 something that is on the table now for consideration
10 and some of the work groups are going to be wrestling
11 with that concept.

12 Encourage better management again, and
13 where necessary make sure that the real user rates are

14 being charged. What's really needed to run the
15 system. Again, I said it's a joint EPA, DEP study,
16 we're collecting data from 196 wastewater systems, 158
17 drinking water systems. We did statistical analyses,
18 that's a representative sample so we can use the data
19 from that set to project a total means for the state.
20 That's the --- and the EPA's contractor is actually
21 going to do the number crunching for us. We're
22 collecting the information on these individual
23 systems. We go out with an interview form and it
24 takes a good day to a day and a half on some of these
25 systems to collect all of the data that we need to put

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01 into the model that EPA's contractor is using.

02 And again, the next steps are, we're
03 doing these meetings around the state. We should be
04 done by the end of May. The results of all of the
05 information we collect will be reported back to the
06 workgroups and the task force in early June. And
07 that's when the fun begins for those groups. They
08 start sitting down and hashing out ideas and putting
09 together recommendations and the final report is to
10 the governor by October 1st and that's when we start
11 thinking about budget for next year. The task force,
12 we created a link on our main website just for task
13 force activities. There will be individual workgroups
14 probably under that link as well, when they get
15 rolling and have meeting minutes and notes and those

16 kinds of things. Any work products will be posted
17 there as well. That's it. So I thought your contact
18 information was ---.

19 CHAIRMAN CRUM:

20 Any questions for Dana? Yes, go ahead.

21 MR. LOPEZ:

22 Yeah, what is the expectation --- would
23 it be fair to say that out of this, those of us who do
24 have questions can formulate them over a period of
25 time? No, I have a lot of things running around my

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01 mind. But I'd like to sit down --- what would be the
02 time period, the drop-dead date to have those
03 questions into the task force?

04 MR. AUNKST:

05 Good question. All of the workgroup
06 meetings, all of the task force meetings are open and
07 public meetings. So if you have something that you'd
08 like to sit back --- you know, based on what you hear
09 tonight and think about and then submit it sometime in
10 the future, I'd say the middle of June at the latest.
11 June 1st. So anything and everything you can do to
12 get it in by the 1st of June. If you need a couple of
13 days or couple of weeks, you have between what you
14 hear tonight to formulate your questions, and even
15 recommendations because we're open to everything.
16 Anything and everything are on the table. So June
17 1st, give us a couple days after that.

18 MR. LOPEZ:

19 Okay. Thanks.

20 CHAIRMAN CRUM:

21 I think what happens is the workgroups
22 within the task force, some of them are pretty large,
23 you know, 20 to 30 people. So a lot of this is going
24 to be done electronically. So if you can submit it
25 electronically that's easier. Anything else for Dana?

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01 MR. READ:

02 Maybe you could just clarify something,
03 about a couple of things, but for lack of a better
04 word, regionalization of wastewater collection plants.

05 He said the DEP is not in favor of regionalization of
06 their own plants or --- I missed what you said there,
07 you kind of got me going there for a minute.

08 MR. AUNKST:

09 No, no, that's not the case. So number
10 one, what I was referring to was in the '70s there was
11 a movement, if you will, that people were forced to
12 regionalize. They were forced to build these ---.
13 The EPA funded those big things, 75 to 85 percent
14 through the construction grants program. What I'm
15 saying is, we're not interested in forcing people to
16 build those big systems. What we're interested in is
17 seeing the most cost-effective alternatives on the
18 ground that can be maintained and sustained in the
19 future. So in some cases it might be that the big
20 centralized treatment plant with the long collection

21 lines works better for that particular area or
22 community. But if anyone wants to look at a good,
23 good example of a decentralized approach, there's a
24 small township in Bedford County, called Broad Top
25 Township. If you can picture where the ---. There's

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01 an old steam rail line there that it's a different
02 gauge than any other rail line, it's the last one
03 left. If you've ever been there, that's the area.
04 They have four or five different villages and towns
05 within that bigger township. And they built satellite
06 or small treatment plants, community systems in each
07 one of those. And then they also, for the outlying
08 areas where they were all on on-lot systems, they had
09 a very rigorous maintenance program. Or the authority
10 that's formed, actually runs all of that out of one
11 office, and everybody is built pretty much the same
12 across the board for not --- everything from their
13 inspections of their septic systems or if they're on
14 one of these smaller community systems. And it worked
15 for them. But that's our concept of a decentralized
16 approach. There's one centralized authority but it's
17 running many smaller, more cost-effective facilities.
18 So it could go either way.

19 MR. READ:

20 Where you just said ---. Again, on the
21 second question, on-site, on-lot systems would be ---
22 you're certainly bringing that into the infrastructure
23 of wastewater?

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MR. AUNKST:

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Yeah, we're looking at that as permanent

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infrastructure. And those areas where the public

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sewers are just not going to be extended anytime in

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the next 30, 40, 50 years because it's just not cost-

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effective to run a sewer 1,000 feet to pick up two

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connections.

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And those are situations that in order to

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make that work, that on-lot system, that septic

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system, has to be considered permanent infrastructure.

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It needs to be maintained as if it were permanent

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infrastructure. That means we got to pump it, we got

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to inspect it. When we find a crack in the tank we

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got to replace it. Those kinds of things. Because I

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tell you, it's a lot easier in some of these small

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treatment plants, where you have a packaged plant

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sitting there and something goes wrong and it's not

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maintained for years, and the thing just falls apart,

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you could sock another package plant right in there,

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it's going to need secondary treatment or maybe

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tertiary just like the other. It's a complete change

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out replacement. You got one for one. You can't do

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that with septic system, because once you mess up that

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absorption area, unless you're lucky enough to have

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enough land area for another one, you're going to have

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problems until the cows come home. So it's much more

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critical if we consider that permanent infrastructure

01 to maintain that individual system and making owners
02 and educate the owners. It's an individual property
03 thing, so the owners have to be made aware that if
04 that thing fails, you're in deep trouble.

05 MR. READ:

06 So who's in trouble?

07 MR. AUNKST:

08 The owner. I mean, you can't use your
09 yard in the summertime. You know, that kind of thing.

10 MR. READ:

11 But if it's part of the infrastructure of
12 an authority, would the authority be replacing these
13 lot systems?

14 MR. AUNKST:

15 It could be. If that's the solution, it
16 could be, yes. So it could go either way on that
17 question.

18 CHAIRMAN CRUM:

19 Any other questions? Okay. Thank you,
20 Dana.

21 MR. AUNKST:

22 Thank you.

23 CHAIRMAN CRUM:

24 I guess we'll go right to the testimony?
25 And I think Mr. Clinton was on the agenda.

01 MR. CLINTON:

02 First of all, my name is Bill Clinton.

03 I'm not the --- Upper Providence Delaware County. I'm
04 a councilman. I'm here to represent an organization
05 called First Suburbs Project of Southeast
06 Pennsylvania. And we have been working on this issue
07 pretty actively for the last four or five months. But
08 I have a goal that I would like to suggest as well as
09 a set of principles that I would like to suggest that
10 you set. And I thought this was going to be a very
11 small group, so I brought ten copies of everything.
12 So any suggestions? All of the state people can share
13 one. And what kind of time do I have? Two minutes,
14 four minutes?

15 All right. So very quickly. I've been
16 on the township council for two and a half years.
17 This is a township of 11,000. Half of it is sewer and
18 half of it's not. The homes that have been built
19 since 1960, in one area of town has not been sewerred
20 because we have not been able to get membership into
21 the CDCA, the Central Delaware County Authority, which
22 has nine communities in it. And there is three of us
23 that are trying to get in. We finally worked out the
24 issues and we're getting into it.

25 We're very aware of the limitations of

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01 not having a sewer authority and not having a place to
02 send this stuff because 40 percent of our community is
03 on septic systems. And septic systems are well beyond
04 their effectiveness. So that's that. And I asked the

05 township manager about waste or storm water and he
06 said we're responsible for the MS4 permit and we're
07 trying to apply to that. So any other questions about
08 Upper Providence?

09 MR. READ:

10 What was the name of that group you said
11 you were a part of?

12 MR. CLINTON:

13 All right. So that's the next one. So
14 here it comes. So the name of the organization, to
15 answer your question, is Southeast, no ---. It's
16 called First Suburbs --- well, it's called
17 Southeastern Pennsylvania First Suburbs Project. This
18 was a project that started about two years ago. And
19 it's the community leaders came together from four
20 counties, the four counties that surround
21 Philadelphia. Bucks, Montgomery, Delaware and
22 Chester. And the idea was that, in looking at a
23 couple of national trends, we see that communities,
24 metropolitan areas that are set up like us, have an
25 emerging problem in the inter-ring suburbs. So the

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01 question became for the four counties, which have two
02 million people at 256 different municipalities, we
03 haven't counted the water authorities and all those
04 other authorities. There was probably 70 school
05 districts, and we've got a lot of problems in the
06 inter-ring suburbs. And the question is how to
07 address it.

10 share with you came from work that was done by the
11 infrastructure. So in December we had a meeting with
12 350 people up. We said we're going to break into
13 these four areas, does anybody want to talk about
14 infrastructure, go to this area. Well, 80 people went
15 to infrastructure, and it was a very active
16 discussion. And the things that came out of that were
17 what; flooding and storm water and septic systems. In
18 other words, when you got all these community folks
19 together, policy folks, elected officials,
20 consultants, they said, well, we got real problems
21 with these two issues. So we spent four different
22 meetings trying to figure out what's the problem, how
23 do we begin to address this and what steps you would
24 take. So the result of that discussion was not the
25 answers that you're looking for but principles that we

29

01 would like to suggest.

02 So the principles, so what's the goal?

03 So the goal is secure investments in Southeast
04 Pennsylvania and water infrastructure in order --- in
05 a manner that is efficient, sustainable, equitable and
06 coordinated throughout the region. Okay. So now you
07 got --- in this four different meetings, I would say
08 we had about 20 or 25 in each of the meetings, we had
09 --- one of my partners said we had 50 organizations
10 represented everything from churches to policy, to
11 policy groups, and county and local officials. So
12 then, we said that we're in a crisis, to sell the

13 presentation, I don't have to tell you about that. So
14 then the question is how should the state move
15 forward? And this is what we came up with. One, we
16 got to focus on efficiency. Southeastern
17 Pennsylvania's water and wastewater infrastructure has
18 expanded rapidly in previously undeveloped areas. So
19 our suggestion is, we have failed to invest in where?
20 The First Suburbs area, where if you looked at this
21 chart, those systems are failing. And those
22 communities have less of an ability to fix them. And
23 they've got the greatest burden. So we would
24 encourage you, from a standpoint of efficiency to be
25 guided by the fix-it-first policy, rather than to

30

01 build new stuff. Okay. So that's the first
02 principle.

03 The second is one of fiscal
04 sustainability. And that is the infrastructure of
05 managers, and this ties rights into the presentation
06 that Dana just made, should budget for eventual
07 replacement of worn out assets and adopt full cost
08 pricing policies that build for future maintenance
09 costs in the current rate structures. And the point
10 of it, after a lot of discussion was that things are
11 not priced appropriate. They give the
12 environmentalist sustainability. There was a lot of
13 discussion, frustration with current policies,
14 discouraged, integrated water resource management.

15 Treating drinking water, wastewater, storm water in
16 separate domains, separate --- 537, you got those
17 other requirements that are out there.

18 And that the policies and incentives
19 should be aligned to encourage a comprehensive
20 approach. Now, how are we going to do that as a
21 community? How are we going to do that as a state? I
22 haven't figured that out yet, but we're just saying
23 that's critical. We can't say we're going to fix 537
24 and whatever equity.

25 Let's see, so water does not recognize

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01 municipal boundaries, when our policy still required
02 each municipality to deal with and this places an
03 undue burden over communities that must accommodate
04 the water flow from the outer areas. Talking to a
05 judge from Upper Darby, says, so here it is. I got a
06 system that's not working, communities further out,
07 guess where the water goes, to Upper Darby. We got to
08 pay for that. This is nuts. There's no tie between
09 what's going on out there and what's going on around
10 here.

11 These First Suburbs also face declining
12 tax phase and are unable to afford the infrastructure
13 investments. The last is, a coordinated throughout
14 the region. You know, so here we are as a group just
15 figuring how we're going to deal with this. We really
16 came back to this regional requirement. And that is,
17 the responsibility divided among all these

18 municipalities and authorities and everybody else.
19 There is so many redundancies and inefficiencies that
20 come up through the system and cuts across that and
21 allows this to --- so the last thing I would say, is
22 so we've got these four things that we're working on.
23 Infrastructure, housing, school funding, and social
24 services. And our observation, as we work on each of
25 these, is they're all interdependent. You want to

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01 have protective school funding, then you better have
02 taxes that support better health and housing. What's
03 going to preclude that? The development for housing
04 in inter-ring suburbs. Lack of infrastructure. The
05 requirements for infrastructure preclude that
06 development. And so it's all very much tied together.
07 So we're ready to look at it systemically, we're ready
08 for to look for allies. And we're ready --- you know,
09 I'm just very pleased. When we decided to move on
10 this state, the Department of Environmental Protection
11 jumped in on this as well, had a very good
12 conversation with Lee, put me up to date on some of
13 the things that are going on with EPA, and I really
14 find that very helpful. And we're not restricting
15 this, but --- our efforts --- but at the same time
16 we're not saying we're going to go to Lee or the DEP
17 looking for answers from people. We're looking for
18 answers from the community.

19 And the interesting thing is a lot of the

20 membership is coming from churches. And a lot of the
21 pastors are saying to us, these are systemic issues
22 you got to address. So that's my presentation.

23 CHAIRMAN CRUM:

24 Anybody have any questions for Mr.
25 Clinton? Okay. If you have that stuff available

33

01 electronically, we'll post it on the website.

02 MR. CLINTON:

03 Great, thanks.

04 MR. HAGEY:

05 Good evening everyone. First, I'd like
06 to thank the governor for actually creating a task
07 force and recognizing the need for water
08 infrastructure sustainability. And also, the task
09 force members, George, are you the only one here
10 tonight?

11 CHAIRMAN CRUM:

12 I believe I am.

13 MR. HAGEY:

14 And to all the other officials that
15 helped the task force achieve the task force goals.
16 And also thank you for allowing me to testify this
17 evening. George asked me to ---.

18 CHAIRMAN CRUM:

19 If I may?

20 MR. HAGEY:

21 Yes.

22 CHAIRMAN CRUM:

23 So who are you and who are you
24 representing?

25 MR. HAGEY:

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01 My name is Timothy Hagey. I am the
02 general manager of the Warminster Municipal Authority.
03 I also am a board member of 20 years with Telford
04 Borough Authority. I also served on Forest
05 Regionalization Authority for ten years, Management
06 Wastewater Treatment Authority. So I've been around
07 the business for a little bit of time. To give you
08 some simple information, Warminster Municipal
09 Authority has two wastewater treatment facilities.
10 New TMDLs that come out are going to significantly
11 affect our fiscal sustainability. Our first plant is
12 8.18 MGD facility, receives flows to 25 MGD. To meet
13 the new TMDLs for nutrients on Neshaminy Creek, our
14 engineers estimated it was \$35 million for our
15 loghouse facility which is the 8.18 MGD facility. Our
16 second facility is a smaller facility, it's a new
17 facility. It's 1.2 MGD facility. We built that
18 facility in 2005. It took \$14 million. To retrofit
19 it to the new standards we're talking about \$7
20 million. So we have a total infrastructure need to
21 comply with TMDLs, roughly \$42 million. Our engineers
22 estimated that it's another \$1.2 million additional in
23 operating costs every year to comply.

24 Telford Borough Authority is on the

25 Indian Creek. Their TMDL is out, the engineers

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01 estimated that facility, which is a 1.2 MGD facility
02 at \$13.2 million. And additional operating expenses
03 were \$140,000 a year used on that facility. Now, I
04 could agree with Dana, that Dana anymore, when a
05 municipal official says that they have not raised
06 rates in 20 years here, I cringe also. WMA takes full
07 depreciation, that we had a sustainable infrastructure
08 so that we can do infrastructure improvements. But
09 the TMDL on top of it, on top of our infrastructure is
10 just like the slide, we have a great deal of
11 infrastructures that's going to need to be replaced.
12 We've been repairing and replacing a little bit. But
13 I have about 264 miles of pipes in Warminster, water
14 and wastewater.

15 Now if I just talk about ten percent, I
16 have about 139,000, 150,000 running off of it,
17 estimates are about 170,000 linear foot. That's
18 roughly \$24 million. I know I have to do that. If I
19 can do ten percent in ten years, I'll be a hero. But
20 on top of that the TMDL numbers, and I'm not here to
21 argue whether the limits that had been set are
22 reasonable enough, I'm just here to testify on what
23 that effect is on our authority to comply just as the
24 TMDL requirements, the performance there, it's about a
25 60 percent rate increase for our wastewater. So it

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01 puts a strain on us. If we want to do the pipe work,

02 the infrastructures work on top of that, that's a
03 mutual strain on our finances and our ability to
04 replace pipes.

05 That's really it. I do have the
06 engineering estimates if anybody is interested in
07 those. I'd be happy to share them with --- but it
08 basically recaps what I highlighted and the cost. But
09 I'd be happy to take any questions.

10 MR. READ:

11 I'm sorry, what number you just said, did
12 you say the replacement cost of pipes 170 linear foot?

13 CHAIRMAN CRUM:

14 Yes. It's the standard engineering
15 estimates. It can run higher depending on where
16 you're digging.

17 MR. HAGEY:

18 Where you're digging, how deep it is,
19 whether the municipality wants a flow overlay or half
20 lane overlay.

21 CHARIMAN CRUM:

22 So could you just give me the quick
23 definition of what TMDL is?

24 MR. HAGY:

25 TMDL ties in with your MS4. If you

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01 haven't seen a TMDL yet, you probably will. TMDL is
02 the total maximum daily load. Most of them are
03 concerned with sedimentation, phosphorous and

04 nitrogen. If you're an elected official, you're
05 required to locate all your point sources that
06 discharge storm water and if you get a TMDL you're
07 going to be required to treat. You're going to need
08 to remove phosphorous nitrogen to whatever level.
09 That's the term of now. Take a look at more about
10 TMDLs --- on the Neshaminy Creek or any other creek,
11 they will determine how much loading can --- the
12 stream can handle. And they will divide it up by all
13 the people contributing to that stream. So the
14 numbers can get pretty low.

15 CHAIRMAN CRUM:

16 So you as a municipal authority went out
17 and get the analyses and came back with a number?

18 MR. HAGEY:

19 No, that's done by combined DEP and EPA.

20 CHARIMAN CRUM:

21 So they came back and said here's your
22 numbers?

23 MR. HAGEY:

24 Right. For their standard.

25 CHAIRMAN CRUM:

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01 Right. So then you did the analyses and
02 said to ---?

03 MR. HAGEY:

04 To comply with those numbers.

05 CHAIRMAN CRUM:

06 To get the numbers, from whatever it is,

07 down to the number that's acceptable. This is what
08 it's going to cost?

09 MR. HAGEY:

10 How those limits, or the implementation
11 of those limits have changed as late as months. But
12 what's basically happening is the limits have been
13 proposed to be delayed, not necessarily lower or being
14 easier to comply with but a delay. And it's not
15 really going to be helpful if we have to get to very
16 low numbers and our numbers for phosphorous are .04
17 milligrams per liter. If you get to that number it's
18 a total different plan. That's what my dial estimate
19 is for flex.

20 CHAIRMAN CRUM:

21 And just so --- the date went from what
22 to what?

23 MR. HAGEY:

24 They're talking about instead of five
25 years, we're talking about more like ten to twelve

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01 years.

02 CHAIRMAN CRUM:

03 7/11 is the last number I heard.

04 MR. HAGEY:

05 So I haven't seen anything in writing.
06 Just basically through conversation of the managers.

07 CHAIRMAN CRUM:

08 This is '08, so instead of getting it

09 done by 2013 ---?

10 MR. HAGEY:

11 They're always going to give us some time
12 to implement these standards but what they said is,
13 okay, now, instead of having five years to comply with
14 .04 we're going to give you .5 for the next five
15 years. And then when your permit renews in the next
16 five years then you're going to have to go lower. It
17 doesn't really help if the end date is still, I have
18 to be .04. That's a totally different plan.

19 MR. MURPHY:

20 I want to thank you for helping the GAP
21 study.

22 MR. HAGEY:

23 Yes. And it was a lot of work.

24 CHAIRMAN CRUM:

25 Any other questions for Tim, please?

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01 MR. HAGEY:

02 Thank you very much.

03 MR. AUNKST:

04 Tim, is your presentation available
05 electronically?

06 MR. HAGEY:

07 I can make it so.

08 MR. AUNKST:

09 Okay. That will be great because that
10 way we can make sure everybody gets it. I'm going to
11 punch my cards here that way anybody who has anything

12 electronically to send, my e-mail address is on here.

13 CHAIRMAN CRUM:

14 I think we had one other person on the
15 agenda signed up to testify?

16 MS. KASI:

17 Yes, a Ms. Angelika --- I don't want to
18 mispronounce her last name. I don't want to murder
19 your last name.

20 MS. FORNDRAN:

21 That's all right. I didn't know the
22 format, we were just learning what this was all about
23 here and so I didn't know if there would be anything I
24 would need to say, but I may as well just follow up
25 with the other two gentlemen here. Basically, my name

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01 is Angelika Forndran. I'm a municipal environmental
02 engineer with Cowan Associates in Quakertown. And
03 basically, I'll speak here on behalf of the --- some
04 of the several boroughs that we represent are the
05 older, smaller boroughs, Sellersville, East
06 Greenville, Quakertown and formally North Wales and so
07 forth. So all I was going to say then was on behalf
08 of those boroughs, in a general way you're addressing
09 or grouping your findings and I know now that as soon
10 as June and I get some results of who you actually
11 have interviewed and who you are using for your
12 surveys --- and the historical boroughs are working
13 hard to sustain themselves, stay economically sound

14 and creative livable neighborhoods.

15 The boroughs have very little opportunity
16 to increase any tax space. The water and sewage
17 infrastructure in many of these boroughs is almost 100
18 years old. So in other words, this is saying that
19 perhaps you can approach it as you saw --- as you did
20 represent your graph appropriately, there are still
21 some systems around with 100-year-old sewers and/or
22 water pipes. So perhaps they can be put into some
23 other category to be allowed to still get some
24 assistance because rather than what that one --- the
25 one says that economic growth creates the need to

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01 improve your water and sewer, let's put it the other
02 way around. We're looking for the older communities
03 to stay. We want smart growth. We need to keep farm
04 fields. So in order to sustain economic growth we
05 must first maintain the water and sewer systems.

06 So it's our twisting the emphasis. We're
07 not creating a problem, it's that in order to achieve
08 the economic liability, let's not forget the need to
09 update those 100-year-old systems. And if you already
10 surveyed them and you know where they are --- I didn't
11 know if you were going to be reaching out to all of
12 the boroughs. That was my only other issue.

13 And we have been involved with some
14 rehabilitation projects. We have been involved with
15 lower cost alternative technologies. However, I'm
16 sure for these practices I would imagine your task

17 force involves Pennsylvania AWWA, Pennsylvania Water
18 Environment Association. I'm sure you're working
19 through the borough's association of Pennsylvania and
20 perhaps this meeting is on now anyway, so that if
21 there's any way that these groups, even the
22 Pennsylvania Society of Professional Engineers, if any
23 of these groups can comment or review your documents
24 they may provide the quantitative data on where have
25 you last used these innovative or rehabilitative

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01 technologies. How much cost savings did you have?
02 I'm sure these groups and a contact would want to help
03 serve you in getting your data to the extent that we
04 know how we can help, we'd be happy to reach out.

05 And I think I said, specific information
06 on what these boroughs have an aim to do and what they
07 still need to do can be provided. And with regard to
08 technology there are rehabilitation technologies in
09 practice. And you already mentioned that to see if
10 there's a little easier way to implement a use of
11 them. I look forward to your report so we can comment
12 on it properly.

13 CHAIRMAN CRUM:

14 I think most of the groups you mentioned,
15 they do have a representative on the task force. So,
16 for example, you are a member of PMAA, I represent
17 PRWA, you know, contact the headquarters or your
18 executive director and then make sure that information

19 gets through. I'm not sure about the engineers group.

20 MS. FORNDRAN:

21 Yeah, the PSBE, they might have said that
22 they offered assistance but nobody has contacted them
23 yet.

24 CHAIRMAN CRUM:

25 I know the Borough's Association and the

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01 Township Supervisors Association, I believe the
02 architects or somebody has a representative on the
03 task force. So obviously any information that can be
04 provided, you know, they're not ---.

05 MS. FORNDRAN:

06 Okay.

07 CHAIRMAN CRUM:

08 Any questions? Those are the three
09 presenters who have signed up. But since we have some
10 time, I guess we still have an hour as part of the
11 schedule. If anybody else wants to offer some
12 information or even ask questions, you know, feel
13 free. Yes, sir?

14 MR. STOKES:

15 When I came out here, I don't know who I
16 represent really. I'm wearing many hats tonight. I'm
17 the Assistant Director of the Montgomery County
18 Planning Commission. When I go home I serve the local
19 municipal authority as chairman at Limerick Township
20 Municipal Authority. We have two wastewater treatment
21 plants that are smaller than the Warminster plants.

22 We're also in the process of being taken over by the
23 township. That's a whole other story, probably a
24 whole other issue.

25 I've worked with the 10,000 friends of

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01 Pennsylvania on sustainable row studies, looking at
02 the relationship between sewer and water
03 infrastructure and sustainability and any growth
04 management issues. I also have a background in
05 wastewater engineering. I have degrees in
06 engineering. I guess the couple of points I wanted to
07 make here and pick one from some of the comments that
08 we just heard. Certainly, the TMDLs are a scary
09 prospect but at the same time I would hope that this
10 group, this task force, doesn't just come out with a
11 recommendation to lower the bar on water quality.

12 I think it's very important to maintain
13 the strides to achieving to improve water quality in
14 our Commonwealth waterways. And I would hate to just
15 sort of give up on that, those advancements just for
16 the sake of dollars. I think quite frankly, those
17 dollars can be out there. And I don't think they'll
18 come in the form of a large state bond issue or large
19 piece of the budget. I think the dollars have to be
20 grown locally as was suggested in the earlier slide
21 show. We need to be smarter about the business that
22 we provide.

23 Basically, I start with the customers

24 where I work. And when I joined the authority about
25 eight years ago, one of the first things that I wanted

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01 to know about was how our customers viewed us,
02 different residents and businesses that use our
03 services. And quite frankly, they didn't even really
04 realize we exist. I mean, we're just kind of a
05 building they hardly recognized. So we change the
06 rate structure to go with the consumption billing
07 system. This is wastewater so it's not really
08 consumption but its water use based. And I think that
09 was certainly more equitable. I suggested in probably
10 other ways to restructuring billing and to ensure that
11 all of the customers are paying their fair share of
12 the costs involved. And I know a lot of other
13 wastewater treatment plants have gone with the use
14 base or consumption base, whatever, billing and I
15 think it's fair.

16 We'd also like to try to attribute other
17 costs equitably as we can throughout the beneficiaries
18 of our system. Certainly, we are a little bit limited
19 by the Authority's Act with respect to impact fees,
20 with having fees that we can collect. That was sent
21 through the legislative process but we tried to
22 achieve different sources of revenue that we can get
23 to the various beneficiaries in persistence
24 effectively as possible. And I think there are still
25 some opportunities there among the various utilities

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01 of providing service throughout the Commonwealth. And
02 I think there's also a need to better educate
03 customers and really bring them involved in the
04 process.

05 Quite frankly, in most cases they take us
06 for granted. They take the present system for
07 granted, use water on wastewater. You know, they go
08 out and buy Perrier water, then go out and buy bottled
09 water and they don't mind the cost. You know, if you
10 send them a bill for your water service, or wastewater
11 service, you know, they think this is terrible. So
12 there's a real perception process of what we do with
13 the wastewater side, protecting their water
14 environment and water side, providing safe, healthy
15 water.

16 So I think that the margins are
17 educational effort that we all, us employee providers
18 as well as the Commonwealth and other partners need to
19 play, that are informing customers and potential
20 customers. I think there's a very strong link between
21 land use and water and sewer infrastructure that
22 hasn't been fully explored yet. I think we scratched
23 the surface on the two studies that goes along with
24 10,000 Pennsylvania organizations. Just to give you
25 one example here in Southeastern Pennsylvania when we

01 explored the growth in the sewer systems, in the first
02 study, between 1992 and 2002, a ten-year period, the

03 total growth area or the total, rather service area
04 for sewage facilities grew by 22 percent. The land
05 area that it was by with public sewers, 22 percent
06 population grew a little more than three percent. So
07 we're spreading out our pipes. We're spreading out
08 our infrastructure but we're only serving a few more
09 people. And it certainly will be great to hear from
10 Pottstown Borough.

11 I mean, you know as the borough manager
12 of a wastewater system or an older system, some of the
13 biggest loss you have is losing your industrial
14 customers. I mean, that's a tax-based loss but even
15 more important for a lot of municipal managers, it's a
16 huge customer loss. In the City of Philadelphia, a
17 large piece of their infrastructure, large sewer
18 veins, they're practically running dry because they go
19 through older industrial areas with no service.
20 Infrastructure to the ground may not be perfect
21 because the ground that the customer based is long
22 gone, the revenue, of course, is gone.

23 So certainly, the economic development
24 and land use decisions and policies of Commonwealth
25 have to be tied into the infrastructure. Instead of

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01 spending big bucks, luring a company out into some
02 farm field where we have to provide new sewer pipes
03 for, we need to bring those customers back, those
04 residents back, those businesses back to the boroughs.
05 By doing that it provides a revenue source to maintain

06 some of the infrastructure.

07 And I love a little self-criticism on us
08 as authorities. I think we need to do a better job,
09 all the utility providers. If we can figure the
10 smaller authorities are probably the worst at being
11 more business like. On the private side, I think, you
12 know, the private companies know the business side of
13 it very well. Many of the municipal authorities are
14 running different ways and some become subject to
15 various political whims of the fact that officials,
16 that you're hovered around. In our case we're being
17 taken over. Literally, our authority is going to be
18 dissolved, probably the next month by the township
19 supervisors and the sole reason is because it's a good
20 operation. Well, that to me is a secret code for, you
21 have some assets there we want to mind to keep our tax
22 space down. No reason other than for a good
23 operation.

24 So, you know, that relationship between
25 politics, but the local authorities we run are very

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01 important. It was instructed to me this past year
02 people made some changes, I think through our
03 operation, made some changes to the way that they
04 process. And the one thing I wanted to look at was
05 something Tim talked about is how to account for
06 depreciated assets and how to basically grow a fund
07 for capital replacement. So I called up about eight

08 or nine municipal authorities and the smaller ones, I
09 probably should have called a few right out there now,
10 to try to see how that they did it in their budget.
11 And almost --- I had nine different ways of trying ---
12 many didn't even account for each year capital
13 replacement, if not or didn't really take account for
14 on the changes in their capital assets. But the ones
15 that did, did it in various different ways. And some
16 of them didn't even make sense. So there's no uniform
17 --- it doesn't seem to me to be any uniform in the way
18 some of these smaller utilities are run. I believe
19 very strongly in municipal authorities and certainly
20 would support them. Maybe there's more help that
21 needs to be provided to them, either through the FMA
22 or some state source.

23 With respect to technology and R&D, it
24 seems like there was a lot of restriction development
25 going on in the '70s and '80s. I don't think I see a

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01 lot coming out. Maybe there is, you know, I could be
02 corrected. There is state institutions and different
03 other nametags around the Commonwealth that look at
04 different innovative approaches. Someone made a point
05 earlier and I wholeheartedly agree, probably our
06 biggest challenge is energy. In our business, the
07 wastewater business, I'm sure it's the same in the
08 water business, there's a lot of liquid around and all
09 the time you move it around, it's energy, it's in
10 pumps. And in the process water and treat water. So

11 some of our biggest cost increase is just bills we
12 paid and Exxon we paid, probably about 15 different
13 bills at 15 different times throughout the month to
14 Exxon for different parts of our wastewater system.
15 And we need to be creative in finding better
16 technologies to lower some of the energy costs.

17 So there are the couple of points I
18 thought of when I was sitting here. And I'm thinking
19 about meeting --- I'm sure I'll go on. I'll probably
20 send you some more stuff when I really contemplate it
21 all. But it's a daunting task. There's no easy
22 solution. It's not going to be a pretty outcome.
23 There's no ribbon cuttings involved in this and the
24 wastewater utility business is about as boring as it
25 gets for politicians. So I wish you the best luck

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01 with your efforts. Thank you.

02 CHAIRMAN CRUM:

03 Any questions?

04 MR. LOPEZ:

05 What was your name, sir?

06 MR. STOKES:

07 I'm sorry. Mike Stokes, S-T-O-K-E-S.

08 CHAIRMAN CRUM:

09 And Mike, what county are you in?

10 MR. STOKES:

11 I'm sorry. Limerick Township. You drive
12 through on your way home. It's a big outlet mall.

13 One of our new customers, too, I might add. Very good
14 customer. Stop in and use the facilities, please.

15 CHAIRMAN CRUM:

16 So they do have running water?

17 MR. STOKES:

18 Yeah, go use them as much as often. But
19 they pay based on the water they send to us.

20 MR. LOPEZ:

21 Okay. Mike, I don't know if you're
22 capable of answering, maybe you can tell me what
23 concepts you think? I'm Ray Lopez. I'm the borough
24 manager of Pottstown, also the authority manager. And
25 one of the things I heard --- first off, the first

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01 presenter was that if we're not putting money away for
02 our infrastructure, you know, we're making a big
03 mistake. And I don't disagree with that. But I'm
04 going back to old school thinking from the way of
05 government and the way people get on the authorities
06 are through the government, through local governments.
07 And local government thinking is that you don't charge
08 the people here today for something that's going to
09 happen tomorrow because then taxpayers are going to
10 end up wanting that. And I think some of that spills
11 over into the authority too. And that's why there may
12 have been a change in thinking in the state or by some
13 of the departments of the state but I think there's a
14 lot of local governments that still feel the same way
15 that we shouldn't be charging today for that new or

16 improved sewer plant that we need 20 years from now.
17 That's the end of my comment. I just wondered how you
18 felt about that.

19 MR. AUNKST:

20 You know, and we didn't go as far as
21 Warminster. We didn't go full depreciation values.
22 So, you know, the capital asset that our current
23 customers are basically using up, we're not putting
24 away the full replacement cost for that yet. We may
25 have ramped up to it but we picked a number below the

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01 depreciation of buying over a capital asset. I don't
02 know if that's good or bad. It's sort of almost a
03 political decision when it came down to it or members
04 felt more helpful because the impact would have to
05 rate fares to reserve full capitol costs.

06 MR. LOPEZ:

07 Mike, I don't have a question but maybe
08 an answer to your statement. For upgrades to a
09 facility to meet new standards, we expect everybody to
10 pay. Everybody is using it, but if you're going to
11 say we're going to expand the plant for additional
12 customers then the existing customers shouldn't pay.
13 But if you take the converse of what you said about
14 taxpayers paying for something that they're not going
15 to get, it's been the exact opposite, is that people
16 have had so low rates for so long and then, you know,
17 --- for 40 years, a homeowner lives in a home for 40

18 years and the people of the town are just so happy
19 they kept rates low and affordable, and then the
20 infrastructure needs to be replaced. The wastewater
21 treatment plants make a profit. So who paid for all
22 that use over the years when it should have been
23 maintained? It's the new people coming in. Now
24 they're going to have to pay the higher rates when it
25 should actually been depreciated during its lifetime

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01 and those people who used up that part of the asset
02 should have paid some of the cost.

03 MR. STOKES:

04 Yeah, and I agree. And we try to do the
05 same thing with respect to new customers and extension
06 of the system. We try to get 100 percent of the cost
07 recovery from the beneficiaries of that. But there's
08 certainly another part of that rate increase for us,
09 we're a largely suburban community and we're a spread-
10 out system. We have 16 pump stations and there are a
11 number of customers on the far end of our system that
12 quite frankly have much more cost burden to us, but
13 essentially we're re-pumping their wastewater about
14 seven or eight times in their home and in our
15 treatment plant. But they pay the same rate. We
16 don't have multiple rate districts.

17 And that's probably another thing that we
18 should do if it gets to be a tricky issue. But those
19 people on a large one-acre suburban home we have more
20 infrastructure in the ground and more utilities

21 providing service to them than we do residents living
22 right next to the plant or in those denser areas of
23 the community. And so the more of that sort of
24 sprawled out development we get, you know, the higher
25 the burden of cost, we don't have a good way to part

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01 with that.

02 CHAIRMAN CRUM:

03 I assume before you went to a consumption
04 based rate you were ---?

05 MR. STOKES:

06 Yeah, yeah. We were a flat rate and, you
07 know, we screwed up at first when we changed the rate
08 structure. We kind of missed ---. We went on the
09 preface of keep revenue in neutral and we made some
10 estimation mistakes. And we also packed a room with a
11 lot of irate customers but we worked through that.

12 CHAIRMAN CRUM:

13 So you made a mistake in the collection?

14 MR. STOKES:

15 We basically, yeah, we didn't --- there
16 was a combination --- yeah, just a flat rate and then
17 it's for 1,000 gallons consumption. But there is a
18 little bit of flat in it but it's largely ---. And we
19 also had a big issue, we had about 300 customers at
20 the time with wells, so we had to install individual
21 meters, and then we had to deal with all the people
22 who had swimming pools that deduct meters that

23 actually they provided. So we do have about 50 or 60
24 customers that have the billing to deduct on one of
25 the --- the wastewater system. It's more complicated

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01 than it was just to switch ---.

02 CHAIRMAN CRUM:

03 You got a swimming pool deduction?

04 MR. STOKES:

05 We do, we do.

06 CHAIRMAN CRUM:

07 Anyone else like to make a comment?

08 Observation, yes?

09 MS. FONDRAN:

10 I'm talking about that maybe keeping on-
11 lot systems is part of the long-term plan or maybe
12 improving some type of plan to ---?

13 CHAIRMAN CRUM:

14 Even in storm water infrastructure, I
15 don't know. Delaware County, we're starting to do
16 perk tests. So it's not easy to build a house these
17 days.

18 MR. CLINTON:

19 I do have a preliminary proposal.

20 CHAIRMAN CRUM:

21 Sure.

22 MR. CLINTON:

23 On the piece that I passed out. So this
24 was the description that I was reading from. This is
25 our next event. This is an event that's going to be

01 held Saturdays from now. And we expect about 600 or
02 700 people. And we would love to have your
03 participation in that. And I left my telephone number
04 on the bottom of the sheet for you. Just use this
05 form for registration. I thought you would like to
06 have that because again I'm trying to create group ---
07 be able to address this and other issues.

08 CHAIRMAN CRUM:

09 Anyone else? This is your chance.
10 Again, the website information is pretty good. It has
11 all the workgroups on there. If you had specific
12 things that you think should be addressed by any one
13 of the workgroups, you know, make sure you use that
14 email address, and we'll make sure it gets addressed.
15 If you have general questions or general comments that
16 you just want to go to the task force, we'll take
17 those also. So I thank you all for coming and you
18 have a good evening. It's been informative.

19 MS. KASI:

20 If you think you have your electronic
21 handbook with you now, I can put it on this computer
22 right now.

23 * * * * *

24 HEARING CONCLUDED AT 7:20 P.M.

25 * * * * *