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DATE: May 29, 2008
TO: Sustainable Water Infrastructure Task Force
FROM: Gary J. Winton, Manager 

Thank you for the opportunity to provide input into this very important task placed before your committee. I have been in our profession for over 35 years and have had the privilege of rehabilitating two small systems and one medium system. I hope the following comments help you in your endeavor. I believe they need to be addressed to assure “better and effective management”.

In order to achieve some of the management goals the committee is to establish, you need to provide stable management vehicles from which to lead. One would be private ownership. The second would be municipal. Both have inherent problems. The third and I believe the best, is authorities.

Pennsylvania is somewhat of an oddity being that it is a “commonwealth”, which recognizes way too many governmental agencies. That said, I think Authorities should be autonomous or at least protected from their municipalities. Most authorities do one thing and many do it very well. They should be the leaders and not the followers. . The word “authority” is greatly overstated in its current text, as Municipal Authorities in fact have very little authority.

It seems odd that the Boards and professionals who operate, repair, expand, meet new regulatory guidelines and set rates to do all of these things, can be overridden and in fact dissolved by three, five, seven or nine politicians who ultimately have the “authority”. Many times when an Authority has accumulated funds to begin reinvesting in their system(s), a municipality will step in, dissolve the Authority and take the reserves to supplement roads or park projects.

A recommendation to the legislature to protect these essential management tools (authority’s) from over zealous, uninformed wannabe politicians is imperative.

Additionally, municipalities can stop funding processes by refusing to back financial guarantees, resulting in failures to finance improvement under the guise of keeping rates low thereby adding significant costs to assure funding. Authorities need the ability to have financing alternatives.

If Authorities had the ability to sell assessment bonds, assessed as a special assessment on a tax bill, the benefits would be two fold, lower interest rates, variable call periods based on ability to pay terms, tax free to the lenders and a tax write off to the property owners. This would eliminate municipal approval. This also would allow for areas that benefit from the improvements directly to pay for the upgrade over time without the burden of raising rates for all customers each time improvements are made. Naturally, this would only work for replacement of lines, pumps, tanks, etc. as meeting new regulations would need to be considered by the whole and should be reflected in rates. Programs such as Pennvest should be administered by local banks. The cost of borrowing, auditing and qualifying become cost prohibitive. Local banks could borrow the money tax free and they have the in-house resources to manage the money. They also know their customers better than DEP.

Addressing the “gap” issue is also imperative, but needs to be made manageable. We must realize that nothing of significance can be accomplished in the next few years in addressing these issues. Therefore, each system owner should be mandated to give an accounting of their system as to age and conditions of its components. This shouldn’t be too hard to accomplish since GASB 34 already requires it. We need a plan to address critical areas first.

Once completed, a realistic “gap” can be achieved. A goal could be formulated to address portions, say over 50 years old within a specific time frame with annual reports required to gauge its success. I recently completed a study for DEP regarding our system and no allowance was given to the age of the facilities. We seem to forget that the systems we are replacing have served us well, in our case over 100 years. The replacement materials are supposed to be far superior. So who is to say they won’t last for 150 years? If so, they shouldn’t be figured into the current assessment.

When everything is thrown into one bundle, the numbers become almost overwhelming, especially for volunteer boards to deal with.

Regionalization makes complete sense in order to obtain “sustainable” system financing, sizing and cost of service. If any governmental subsidies should be handed out, it should be in this area. Incentives need to be established to accomplish this goal, especially in urban areas. In most cases, existing entities want to be “paid” for their system before they merge. It would not be fair to burden existing users to not only assist in upgrading, but also pay for an out of date system. If the Commonwealth would establish a formula by which to help fund the purchase of the system, I think regionalization becomes more practical.

However, once regionalization has been set as the goal, DEP should not consider any other approach. In our area they allowed a municipality to construct a sewer treatment plant on top of a hill with two pumping stations needed to get the sewage to it.

They were also allowed to build parallel lines ten feet from existing lines that flowed gravity to a regional plant to which the municipality belonged. The cost was over 7 million dollars. To date, my Authority has spent almost \$800,000 appealing DEP's decision. That's a lot of money that could have addressed some of the "gap" locally.

We can show that regionalization of 7 municipal sewer systems can treat sewage for a single family home for \$150.00 per year all inclusive. It can work and does. We just need to keep DEP on track.

Water conservation and system efficiencies have worked for us. In 1996 we had our highest daily water use ever at an average of 738,000 gpd. In 2006, that had been reduced to 703,000 gpd with 920 more users. It required a 7 million dollar investment to replace lines, fix leaks and get people to conserve through pricing. But again, it works.

Watershed approaches and trading rights are in their infancy. The 100 year old facilities are a reality. We can deal with both, but I feel they need to be dealt with separately.

Again, thank you for allowing me to express my thoughts. Hopefully they help in making some very important decisions.