

01 COMMONWEALTH OF PENNSYLVANIA
02 DEPARTMENT OF ENVIRONMENTAL PROTECTION
03 SUSTAINABLE WATER INFRASTRUCTURE TASK FORCE

04 * * * * *

05 PUBLIC HEARING

06 * * * * *

07 BEFORE: REPRESENTATIVE STANLEY SAYLOR, Chairman

08 Dana Aunkst

09 HEARING: Thursday, May 29, 2008

10 Commencing at 6:04 p.m.

11 LOCATION: Mazie Gable Elementary School

12 100 East Prospect Street

13 Red Lion, PA 17356

14 WITNESSES: Velma Redmond, John A. Klinedinst, Mike

15 Kyle, Anthony Skiptunas, James Holley,

16 Jeffrey Hines, Lamonte Garber, Ed Wilson,

17 Michael Helfrich, Brenda Reigle, Justin

18 Mendusky, Gary Peacock, Bob Fisher, Rich

19 Randall, Susan Miller, Kevin Miller,

20 Rolleta Bliers, Craig Ryan

21

22 Reporter: Daniel Urie

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01 P R O C E E D I N G S

02 -----

03 CHAIRMAN SAYLOR:

04 Good evening, everyone. We're here
05 tonight, of course, to have a public hearing on the
06 Sustainable Water Task Force. We're going to hear a
07 number of testimonies this evening. And as we go
08 through that, again we'll ask for anybody else's input
09 other than those who are already scheduled to testify.
10 So if any of you would like to do so ---.

11 At this point, I'm going to call on Dana
12 to make some comments. Dana?

13 MR. AUNKST:

14 I'm starting out each one of these by
15 trying to give everybody an overview of how we got to
16 where we are now, where we are now, and where we're

17 headed in the future. And at the same time, I'm
18 taking the opportunity to throw in the Department's
19 pitch for the concept of sustainable infrastructure.
20 It is part of the title of the task force. And it is
21 an issue that's very much in play as we move forward
22 with looking at our infrastructure needs and our
23 opportunities to fix what's broken.

24 First, about the beginning of October of
25 2007, my staff and I got a call from the Governor's

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01 Office as they were preparing to develop their budget
02 address for this year, 2008. We started looking at
03 infrastructure and what the needs may be and how we
04 might put together an infrastructure program, not just
05 financing, but a program to encourage the concept of
06 sustainability and what it would take to implement
07 such a program. And in terms of implementation, they
08 were looking at anything from dollars in terms of
09 funding to staffing for the Department, to
10 regulations, policies, statutes if necessary.

11 And we worked fairly extensively through
12 October, November and December putting together such a
13 proposal. And I think at that point in time it became

14 very evident to the folks in the Governor's Office
15 developing the proposed budget that this was something
16 on a broader scale, infrastructure, that was not going
17 to be able to be tackled up in one budget season, in
18 one budget year.

19 For example, infrastructure, as most of
20 us know in the business, we deal with drinking water
21 and waste water. There are a lot of other forms of
22 infrastructure the Commonwealth deals with, everything
23 from roads and bridges to public education, for
24 example. And many of those other infrastructure needs
25 are also present, and when everything was combined and

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01 compiled together, it became very evident they weren't
02 going to be able to do it in one budget year.

03 So at that time, they broke away the
04 water and waste water proposal part of it and moved
05 forward with this year's proposed budget. The address
06 was the beginning of February. I think you know that.
07 That proposed budget contains funding and programs to
08 fund rehabilitation, reconstruction of a thousand
09 PennDOT bridges, plus or minus, and many state-owned
10 high-hazard dams and several flood control projects.

08 so many that wanted to be part of the task force
09 itself, and the need to try to keep that task force to
10 a manageable level, that we as the Department
11 recommended that we not turn anybody away and that
12 instead we create work groups under the task force
13 that anybody who is really interested in participating
14 and may not be a member of the task force can serve on
15 a work group. The task force created five work
16 groups, three of which are data collection in nature
17 and two of which are implementation in nature.

18 The three data collection work groups are
19 going to look at the needs assessment, what are the
20 needs out there, true needs out there. We have any
21 number of surveys and studies that have been done over
22 the years to try to assess waste water and drinking
23 water infrastructure needs, including EPA studies and
24 others, and they all seem to use different
25 methodologies and come to different conclusions. So

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01 the Needs Assessment Work Group under this task force
02 is being charged with pulling all of those other
03 sources of information together and try to come up
04 with a projection of a real good true infrastructure

05 need for waste water and drinking water.

06 Another work group is called the
07 Innovative Measures Work Group. This work group is to
08 look at exactly that, measures that may be employed
09 other than the standard historic bricks and mortar
10 construction projects that may result in increased
11 capacity, increased compliance, improved water
12 quality, both drinking water and stream water quality.
13 And some of those measures may include BMPs, riparian
14 buffers, stream plantings.

15 In the Chesapeake Bay Watershed in which
16 we sit, for example, one of the things the Department
17 has developed, you may have heard of, is our nutrient
18 trading program, to trade nutrient credits and gain
19 compliance in a more cost-effective manner. Those are
20 the types of innovative measures that that work group
21 is looking at.

22 The third data collection work group is
23 Financial Resources. Financial Resources Work Group
24 is going to do exactly that. What resources do we
25 have currently available and how do we access those

01 and project what we have in terms of funding that's

02 available now.

03 The two implementation work groups, one
04 is Financial Sustainability and goes to the issues of
05 sustainable infrastructure and how do we build
06 sustainability concepts into our infrastructure
07 management operation.

08 And by the way, the last work group is
09 Regulatory and Statutory Issues, and that group is to
10 look at any changes to regs, changes to statutes, new
11 laws we may need to enact, some of the ideas and
12 recommendations that may come out of the task force as
13 a whole.

14 Now, you've heard me mention
15 sustainability. I'll just real quickly touch on that.
16 EPA a few years ago came up with the idea of
17 sustainable infrastructure. It kind of was borne out
18 of their past experience in funding infrastructure,
19 mostly on the waste water side. But if you think
20 about it, those of you who have been in this business,
21 in the '70s EPA funded waste water construction
22 projects through grants. Seventy-five (75) percent,
23 85 percent of project cost was grant money, free
24 money, to build waste water treatment facilities under

25 what they called Construction Grants Program. At some

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01 point, EPA realized in the '70s or '80s that that
02 program was not fulfilling its mission and that it
03 needed to hand off some of the responsibility for
04 funding some of these systems to the systems
05 themselves. And that program, the Construction Grants
06 Program, was transformed into what we know today as
07 the state revolving fund. In Pennsylvania that's
08 managed by PennVEST. It became a low interest loan
09 program. So even though there was still a subsidy in
10 the form of reduced interest rate, there was the
11 responsibility that these systems, in taking the
12 federal and state money, would still have to pay it
13 back in hopes of them becoming self-sufficient and
14 maintaining their systems.

15 That was very successful to an extent.

16 And when I say to an extent, I mean that PennVEST has
17 funded almost \$4 billion of the projects in the 19
18 years plus or minus that it's been in existence.
19 That's almost twice what the Construction Grants
20 Program did in Pennsylvania the previous 30 years. So
21 it's been very successful, but nonetheless our needs

22 tend to grow at a faster pace than our infrastructure
23 financing is available. So we haven't caught up and
24 we're not catching up. We've falling further behind.

25 So the concept of sustainability takes

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01 that one step further and takes it into our systems
02 being managed properly, our user rates truly
03 reflective of what the cost is to operate a system.
04 So that when a system runs to the end of its useful
05 life, it doesn't have to go to the government to look
06 for a funding source. It may have reserves in the
07 bank. So that's the concept of sustainability.

08 And they define it four ways. The first
09 one is better management. The second one is improved
10 efficiency, system efficiency. The third is
11 infrastructure financing, and the fourth is looking at
12 things on a watershed basis and taking watershed
13 management approach. So those are the kind of
14 sustainability concepts we as a Department are
15 latching onto, and trying to build into a lot of these
16 task force and work group discussions.

17 Now, today is the last of our statewide
18 round of eight public meetings. We've been through

19 pretty much every part of the state at this point.
20 We're taking the public input we get back from all of
21 these meetings, compiling it and getting it ready for
22 the task force at their next meeting on June 3rd.
23 That meeting they will discuss, and we will present as
24 staff to the task force what we've compiled in the
25 comment and public concerns from around the state, and

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01 that will be discussed at length at that meeting.
02 Also, what will be on the agenda are
03 reports from each of the work groups that have met
04 thus far. Two of the work groups have already met.
05 The Needs Assessment Work Group and the Financial
06 Resources Work Group have met this week. The other
07 work groups are scheduled to meet next week or the
08 following week. So where there are reports available,
09 they will also be presented and discussed. So the
10 point being that the beginning of June 3rd, that's
11 when the real work begins and we roll up our sleeves
12 and get started.

13 The report to the Governor is due October
14 1st. That's a very tight time frame. Many have told
15 us that's unrealistic, but unfortunately that's when

16 we start preparing the budget for next year. So we
17 really don't have a whole lot of extra time. We
18 really have to be prepared by then.

19 We are continuing to take comments until
20 next week. So if you have something that you think of
21 and you don't get a chance to present tonight or you'd
22 like to present, you may e-mail it to us. The e-mail
23 address is capital RA-sitaskforce@state.pa.us. And
24 thank you very much.

25 CHAIRMAN SAYLOR:

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01 The most important question just in case
02 someone needs to use the restrooms they're outside the
03 door to the right.

04 Starting off this evening I'm going to
05 invite Velma Redmond from the National Association of
06 Water Companies, Pennsylvania Chapter to come up and
07 give her testimony.

08 MS. REDMOND:

09 Thank you, Representative Saylor. Ladies
10 and gentlemen, my name is Velma Redmond. I am Vice
11 President and General Counsel of Pennsylvania American
12 Water Companies. I also serve as director and past

13 chairman of the National Association of Water
14 Companies, Pennsylvania Chapter. I'd also like to
15 recognize Jeff Hines, who's our immediate past
16 president. He's with York Water Company, and he will
17 be speaking later.

18 On behalf of the Pennsylvania Chapter, I
19 thank you for the opportunity to provide comments
20 regarding sustainable water infrastructure.
21 Specifically, my remarks will address the subject of
22 workforce development and why developing workforce
23 capabilities through a comprehensive and coordinated
24 approach is integral to creating a coherent plan to
25 achieve sustainability broadly across the

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01 Commonwealth.

02 I will start with a brief description of
03 our association. The National Association of Water
04 Companies is a nonprofit trade association
05 representing private or investor-owned drinking water
06 and waste water utilities. We are involved in all
07 aspects of the water industry, including ownership of
08 regulated drinking water and waste water utilities,
09 and many forms of public/private partnerships as well

10 as management contract arrangements.

11 The Pennsylvania Chapter consists of 12
12 member companies that provide reliable drinking water
13 to more than 3.5 million Pennsylvanians every day in
14 43 of the Commonwealth's 67 counties. In addition to
15 delivering potable water, two of our member companies
16 also own and operate waste water systems.

17 The scope and projected costs of the
18 state's water and waste water infrastructure needs are
19 well documented. We know that a significant portion
20 of Pennsylvania's water and waste water infrastructure
21 is reaching the end of its useful life. Not only can
22 we expect it to be very costly to replace our
23 infrastructure, but it will also require a trained
24 workforce of water and waste water professionals in
25 sufficient numbers and possessing the necessary

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01 knowledge and skills to design, rebuild, operate and
02 maintain that infrastructure. Simply put, it will
03 take people skills and training, in addition to money
04 and materials, to achieve sustainability.

05 Why is it important that we start now to
06 build this workforce? Perhaps the most pressing

07 reason for the urgency is the aging of the workforce.
08 The industry is undergoing significant demographic
09 change as baby boomers are beginning to retire and
10 fewer younger workers are entering the water and waste
11 water industry. According to the Pennsylvania
12 Department of Environmental Protection, over 70
13 percent of water and waste water operators are over
14 the age of 50. An American Waterworks Research
15 Foundation study conducted in 2005 found that more
16 than 50 percent of current workers will no longer be
17 at their utility in ten years. These demographic and
18 industry trends are evident in the experience of our
19 own chapter's member companies.

20 For example, at United Water Pennsylvania
21 over 50 percent of the workforce is over the age 50.
22 And at my company, Pennsylvania American Water, nearly
23 one third of employees will be eligible for retirement
24 over the next five years. At the same time that an
25 unprecedented number of workers are exiting the

01 workforce, the pool of technically-skilled workers is
02 shrinking and drinking water treatment and ancillary
03 technologies are becoming increasingly more complex.

04 In Pennsylvania, we are continually
05 challenged by the fact that the water and waste water
06 industry is highly fragmented. Pennsylvania is home
07 to an estimated 2,200 municipal authority and investor
08 and community-owned drinking water systems and over a
09 thousand waste water systems of varying size,
10 ownership structure and capabilities.

11 We find various stakeholders looking at
12 individual training programs and practices, but few
13 stakeholders working together in a comprehensive way
14 to engage in a coordinated strategy to address utility
15 workforce development and knowledge retention issues.

16 Although the challenge may seem somewhat
17 daunting, there are a number of very positive
18 attributes that place our state in a very good
19 position to address the industry's workforce issues.

20 First, the jobs that require training are
21 good jobs such as treatment plant operators,
22 maintenance service worker and meter service person.
23 These are the types of jobs that have provided steady
24 work and income to incumbent workers and their
25 families over many years.

01 Second, in addition to the training
02 provided by the industry itself, we have the potential
03 to forge partnerships among an array of educational
04 institutions in the state such as community colleges,
05 vocational-technical schools and even high schools.

06 Third, we have already achieved some
07 positive results through collaboration, although a lot
08 more needs to be done. For example, at Pennsylvania
09 American Water we have established a Labor Management
10 Training Committee with the assistance of the
11 nonprofit Keystone Development Partnership. With
12 representation from management and labor and with the
13 assistance of grant funding available through the
14 Pennsylvania Department of Labor and Industry, the
15 committee has sponsored courses such as Class E
16 Distribution License Preparation and Training, Asset
17 Maintenance Management and Basic Water Business for
18 new employees.

19 Also, the Utility Industry Partnership
20 has brought together the water/waste water industry
21 together with the energy industry to provide training
22 across several disciplines.

23 Additionally, the Pennsylvania Section of

24 American Waterworks Association, the Waterworks
25 Operators Association of Pennsylvania and the

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01 Pennsylvania Rural Water Association provide operator
02 training.

03 Water plant operators are among the more
04 skilled workforce positions, and therefore, one of the
05 hardest to fill. With new technologies, stricter
06 water quality regulations and plant automation, the
07 need for these skills is increasing and the bar for
08 qualification is rising.

09 These are but a few examples of how
10 forging relationships among various groups can provide
11 effective solutions. We should continue to explore
12 partnerships with other educational venues to enhance
13 ongoing training efforts and meet the ever-increasing
14 need for these skills.

15 In conclusion, given the demographics and
16 industry fragmentation, we cannot expect that the work
17 force needed to achieve sustainability will evolve on
18 its own. It is imperative that we focus on workforce
19 planning and replenishment as an integral component of
20 sustainability.

21 As we plan the replacement of the
22 physical infrastructure, we must take steps to develop
23 a human infrastructure. We must identify the specific
24 knowledge and job skills at risk, and develop a
25 comprehensive private/public approach among a broad

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01 array of stakeholders to address these issues.

02 This could be achieved by involving both
03 private and public water and waste water systems,
04 reaching out to educators, bringing together labor and
05 management, and connecting younger workers to older
06 workers. The goal is to ensure that the next
07 generation workforce can meet our state's water and
08 waste water needs.

09 We applaud Governor Randall for creating
10 the Sustainable Water Infrastructure Task Force, and
11 we encourage you, Representative Saylor, and your
12 fellow members on the task force to take a
13 comprehensive view of workforce development and
14 bringing together an array of resources to rebuild our
15 state's water and waste water infrastructure to
16 achieve sustainability.

17 Thank you.

18 CHAIRMAN SAYLOR:

19 Thank you. Next is John Klinedinst,
20 president and chief executive officer of C.S.
21 Davidson.

22 MR. KLINEDINST:

23 Thank you, Representative Taylor. My
24 name's John Klinedinst. I'm a professional engineer
25 and a sewage enforcement officer, so I bring a little

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01 bit of a different twist here. And I currently serve
02 as president and chief executive officer of C.S.
03 Davidson, Incorporated who are a 125-member consulting
04 engineering firm with offices in York, Gettysburg and
05 Lancaster. Our firm serves 37 municipalities in south
06 central Pennsylvania including boroughs, townships,
07 cities and counties and 15 authorities as engineer of
08 record. I've personally represented municipalities
09 and authorities as their engineer for over 35 years
10 including those with water and sewer systems, and
11 those without any water or sewer system service. I
12 currently am a member of two of the task force work
13 groups, for which I thank Representative Saylor, Needs
14 Assessment and Legislative and Regulatory Issues and

15 you may note that my testimony emphasizes those two
16 areas.

17 The first major point I'd like to raise
18 with you this evening among the four major issues that
19 I'll raise related to the task force is education, but
20 from a little bit of a different twist from the
21 workforce development. Education includes the public,
22 system owners and most elected public officials.

23 In my opinion, safe drinking water and
24 environmentally-sound waste water disposal are either
25 taken for granted, since we have had no large

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01 outbreaks of illness from any contaminated drinking
02 water systems for a significant period of time, or
03 ignored by the general public. Regardless of which,
04 the value of such infrastructure is not highly held
05 until an issue develops such as a boil water advisory
06 or a fish kill. I would suggest that if a random poll
07 were taken of the general public they would value
08 their cable television service or cell phone
09 availability as higher priorities from an expense
10 standpoint. I remember arguing years ago with a
11 resident about to get sanitary sewer. He was livid

12 about the \$30 per month sewer charge. Then I asked
13 him how much he paid for cable television and the
14 discussion was over.

15 At the cost of potable water, why is so
16 much bottled water sold at \$1.49 per 12-ounce bottle
17 in areas served by public potable water systems? And
18 let's not forget the value of adequate fire protection
19 provided by most public water systems preventing
20 catastrophic widespread fires. In my opinion, the
21 public and its elected officials need to be educated
22 on the costs and benefits of safe water and sound
23 waste water disposal, as opposed to the view, which I
24 think is widespread, that it is regulatory imposition
25 of unnecessary utilities.

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01 What is the real value in dollars for
02 safe water and sound waste water disposal? And let me
03 be clear, I'm not referring only to the public or
04 private systems, centralized systems. I'm also
05 referring to the wells which are currently not
06 regulated and on-site septic systems. The lack of
07 private system regulation has created artificially low
08 operation and maintenance costs.

09 While probably the third largest
10 investment in people's lives, they are little
11 considered and lead to the future need for public
12 systems to cure problems that result from improper
13 operation and maintenance. Unfortunately, our
14 Department of Environmental Protection is currently
15 seen as a heavy-handed enforcement agency, not an
16 advocate for better practices or an agency to resolve
17 technical problems or an educational agency. In my
18 opinion that needs to change. The view of the
19 Commonwealth needs to be pro-active in my opinion, not
20 reactive. This task force is a possibility to effect
21 change through education.

22 My second point is about financing
23 upgrades and expansion costs above and beyond the
24 operating and maintenance costs. I am mostly familiar
25 with municipal ownership and operations, but have

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01 worked with private systems with Public Utility
02 Commission oversight. Mostly I've worked with
03 municipal operating authorities.

04 There is an unfortunate financial system
05 in place in general with public systems, a constant

06 struggle to keep user fees and rates as low as
07 possible while only meeting regulatory standards. The
08 result? Only enough revenues to operate the system,
09 not to improve or replace or upgrade.

10 New regulations or requirements with no
11 financial assistance such as the Chesapeake Bay
12 Tributary Strategy are implemented with new borrowing
13 or major rate increases usually with great public
14 outcry to the new financial impact on their pockets.

15 Asset management including depreciation and retention
16 of capital reserves would greatly assist in meeting
17 the needs of aging infrastructure and new
18 requirements. And our infrastructure is aging. Many
19 of the systems that I worked with in the early '70s
20 are coming to the end of their design life and need
21 replacement or upgrade.

22 Unfortunately, improvements that do not
23 result in revenues fall to the end of the list, unless
24 there's a crisis involved or a regulatory edict issued
25 requiring all income from users to be returned to the

01 infrastructure as opposed to balancing municipal
02 budgets is a must.

03 Oversight of user fee calculations with
04 guidance and education is a need. Requiring annual
05 financial reports, similar to the municipal reports
06 filed with the Department of Community and Economic
07 Development, may be an option. It would at least
08 offer an opportunity for review and recommendations
09 based on best practices.

10 Implementing a private sector financial
11 model, generation of a profit, on public systems would
12 provide reinvestment of excess revenues and
13 depreciation to fund a capital reserve account similar
14 to a bond redemption and improvement fund typically
15 found in a bond issue.

16 A third issue that affects sustainable
17 water and waste water infrastructure, I believe, are
18 the numerous disconnected regulations that affect
19 construction and operation of public, and to some
20 extent, private systems. From permit requirements
21 that seem to change daily, to the lack of direction
22 from the permitting agency, to the shortage of
23 regulatory staff to interpret policies and
24 requirements, compliance in construction seems both an
25 insurmountable hurdle and a moving target. From local

01 municipalities to DEP to DOT to COE to EPA,
02 regulations conflict and change constantly. An
03 organized, coordinated and supported permitting system
04 would improve the process, and I am certain, reduce
05 the cost of design and construction.

06 Then there are the municipal code bidding
07 requirements, mandatory three quotes from \$4,000 to
08 \$10,000 with bidding required over \$10,000, increasing
09 the cost of construction immensely even beyond the
10 astronomical cost of newspaper advertising. Does the
11 legislature not trust public officials to be
12 responsible for their rates or to their rate or
13 taxpayers?

14 Then the prevailing wages. Any project
15 over \$25,000 requires a wage determination so the
16 wages of workers are as high as possible. The
17 Department of Labor and Industry is extremely
18 efficient at issuing determinations using modern
19 technology, and that's a compliment to them. But the
20 use of prevailing wage rates increases the costs of
21 projects immensely. I'd guess 25 percent higher wage
22 rates than non-prevailing wage rates, increasing the

23 labor component of the costs.

24 Then the code requirement to bid separate
25 contracts, for some unknown reason transferring

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01 project management and accountability issues to the
02 project owner, causing work coordination issues and
03 increasing project costs. Then the UCC regulation of
04 building a public utility structure and facility.

05 They are superfluous in the already excessive review
06 and spending system.

07 And then the six percent sales tax.

08 There's not even a clear path of knowing if sales tax
09 must be paid or not. The Commonwealth collecting
10 sales tax on a public project seems somewhat ironic.

11 Most public agencies that I am familiar with simply
12 pay the contractor, who has included sales tax in his
13 purchasing for lack of clear direction, then do
14 nothing, which increases the cost of the project.

15 And PCU regulation rates? For public
16 systems, it just adds the cost of audits and rate
17 filings to the benefit of attorneys and accountants,
18 not that I think those professionals are not capable
19 or necessary, just that the process is cumbersome and

20 of marginal value in my opinion.

21 And let's not forget that tapping fees
22 are regulated and impact fees are prohibited and
23 growth is ignored for all practicality.

24 And lastly, money. It's my opinion that
25 if safe, sustainable, sound, and environmentally

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01 sensitive water and waste water systems, both public
02 and private, are a fundamental concern and priority of
03 the Commonwealth of Pennsylvania, and I think they
04 should be, then the Commonwealth has a duty to provide
05 assistance and finances and resources to support the
06 infrastructure.

07 The only direct funding that I can ever
08 recall for operations was the Act 339 grant which was
09 the Commonwealth's direct support of the waste water
10 system that it required. While modest at two percent
11 of eligible facilities, it at least represented for
12 about 50 years anyway, that the facilities were
13 important to the health of the residents of the
14 Commonwealth, and that the Commonwealth would share in
15 the cost. That program has since been abandoned with
16 no replacement. Funding today is limited to PennVEST,

17 which while very effective, is a very competitive
18 program with very limited resources and very little
19 flexibility.

20 If the Commonwealth of Pennsylvania is to
21 hold sustainable infrastructure as a priority, then I
22 believe it must facilitate the financing of
23 construction and operation of facilities through
24 grants, loans and assistance, not by edict or
25 regulation or law or requirement. Obviously, an

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01 affordability index should be established, probably in
02 the one to two percent of median income, to guide
03 public funds and resources to systems and users in
04 need, but the Commonwealth needs to assist in a
05 meaningful way to implement the policies and
06 priorities of the government to protect the health and
07 safety of the residents of the Commonwealth.

08 In closing, I fear that without a plan to
09 move forward to a sustainable infrastructure strategy,
10 we will continue to use the existing systems, public
11 and private, until we lurch from crisis to crisis
12 until the infrastructure that was provided to use by
13 those that preceded us, is used up and no longer

14 functions. That would be a failure of immense
15 proportion. We have an opportunity to change that
16 situation. Let's do it wisely for the future users.

17 I appreciate the opportunity to address
18 the task force members and the Representative tonight
19 through the public hearing and I thank you for your
20 invitation. I do also commend the Governor on issuing
21 the Executive Order commissioning the task force, and
22 wish all the members the best for a productive,
23 thought-provoking, change-making report with real
24 solutions. Thank you.

25 CHAIRMAN SAYLOR:

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01 Thanks. Mike Kyle is the Executive
02 Director of the Lancaster County Area Sewer Authority.

03 MR. KYLE:

04 Thank you, Representative Saylor and
05 members of the Sustainable Water Infrastructure Task
06 Force for the opportunity to speak with you this
07 evening about the challenges facing water and sewer
08 utilities in Pennsylvania.

09 To frame my comments, I'd like to give
10 you a brief overview of the authority. The Lancaster

11 Area Sewer Authority began operation in 1972 and
12 currently serves about 31,000 customers in seven
13 Lancaster County municipalities, covers a service area
14 largely suburban and rural in nature encompassing 150
15 square miles, population of about 108,000, about a
16 quarter of the population in Lancaster County.

17 The system itself is typical of most
18 non-urban systems in the state. It is a sprawling
19 system, with about 500 miles of pipelines, 36 pumping
20 stations ranging from 100,000 gallons up to 36 million
21 gallons per day.

22 Sewage treatment is provided by two
23 treatment plants. The authority owns one and operates
24 one and the City of Lancaster owns and operates one.
25 The Authority plant is a 15-million-gallon-per-day

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01 plant, which was just upgraded to a nitrogen removal
02 treatment plant, and that was partially funded through
03 a Growing Greener Grant.

04 The city plant is a 30-million-gallon-a-
05 day plant. We are a bulk customer of that facility,
06 and that was also recently upgraded with some DEP
07 money. Both treatment plants were upgraded to achieve

08 a total nitrogen of 8 mg/l. Our permits have eff.
09 loads based on six, so both plants are currently in
10 the planning stages for an upgrade.

11 The authority has 43 employees operating
12 revenues of about \$18 million a year. Currently we
13 carry \$76 million in debt. Our debt service accounts
14 for a little bit over half of our operating expenses.
15 A typical year we generate revenues of about \$3
16 million over expenses. That's about 20 percent of
17 gross revenue. That goes into a reserve account. We
18 currently maintain about \$20 million in capital
19 reserves.

20 The capital budget totals \$34 million
21 over the next five years. And that represents about a
22 quarter of the asset value of the entire system. Five
23 years ago we did set up a distinct capital account
24 that represents replacement. We call that the capital
25 asset replacement fund, and that account is funded

30

01 through a formula using depreciation.

02 In terms of capital spending, the largest
03 categories, the largest three categories, \$12 million
04 for sewer extensions, \$10.5 million for collection

05 system and pump station rehab, \$7 million for the
06 treatment plant.

07 Our service area is growing, 600 new
08 customers a year. That also involves about a dozen
09 new developments, about six miles of pipeline and
10 about 160 manholes per year on the average. In
11 addition to growth, we did acquire a system in 2003.
12 That was a 13,000-customer system. It boosted revenue
13 while moderating the need for future rate increases.

14 Speaking of rates, our residential rates
15 are currently \$24.40 a month. But like some
16 authorities and municipalities, we happened to go 16
17 consecutive years without a rate increase in the '70s
18 through the early '90s. It did take several
19 consecutive years of rate increases to catch up with
20 some of that deferred capital improvement. Our
21 current rates are still low. Doing a survey of
22 regional rates, we're about in the lower third. But
23 our five-year budget does call for a 4.5 percent rate
24 increases every other year.

25 So overall we're not in too bad a shape.

01 The system's fairly new in "sewer years" and we serve

02 an area that is, in terms of the economy, relatively
03 prosperous and still growing.

04 We do have needs. Our three top
05 infrastructure needs, number one, by far is our
06 collection system and pump system renovations.
07 Despite the relatively young age of the system, we've
08 already seen major failures, actually in the early
09 '90s, mostly due to deterioration from acids in the
10 system. We do use chemicals to prevent corrosion.
11 It's still cheaper than replacing pipes. In a system
12 like ours the underground assets are a constant worry.

13 We do contract out on an annual basis for
14 major rehab jobs, but we're barely keeping up. It's
15 especially difficult because as most of you know to
16 measure success when you're doing line rehab, since
17 flow metering in many cases just reflects changing
18 rainfall patterns. And it is tough to decide from a
19 management standpoint which rehab process gives you
20 the best return on investment, but you still plow
21 forward because again like most systems we do have
22 those occasional backups, sewer overflows and basement
23 flooding.

24 We have major problems with private sewer

25 line maintenance and repair. Go to any workshop and

32

01 there's always plenty of advice on how to deal with
02 property owners, but for most of us it's still a big
03 problem, both from a funding standpoint and as a
04 practical manner. I think many system owners simply
05 avoid dealing with that because it's such a hassle,
06 despite the fact that private lines do constitute over
07 half of the system infiltration and inflow.

08 As a result, we do many of the private
09 repairs at our cost as part of a larger rehab project
10 simply because we've seen that repairing private
11 laterals is often less costly and results in larger
12 benefits than repairs to the mains.

13 Number two priority is sludge handling
14 and treatment. With all the recent attention on
15 things like nutrients and CSOs, you don't hear much
16 about sludge handling anymore. One of our long-term
17 needs is to develop an alternative for our current
18 handling and processing of sludge.

19 Predictions of continued higher energy
20 costs, landfill capacity limitations, public and
21 political pressure against farmland applications are

22 pressuring us, the authority, to evaluate our current
23 method which is lime post treatment and 50 percent
24 land filling and 50 percent land application.
25 Continuing demise of the land application of Class B

33

01 biosolids is unfortunate because for many it has
02 proved to be a reliable, safe and low-cost disposal
03 alternative.

04 Our number three infrastructure need,
05 like many folks out here tonight, is nutrient removal
06 and other future unknown treatment demands. We
07 estimate that Chesapeake Bay's requirements may cost
08 us about \$20 million over the next 20 years. We have
09 no clue what our costs will be as the partner share of
10 the Lancaster City upgrade will be. The cost to the
11 region in terms of economic impact is yet to be
12 determined, and we question whether an assessment of
13 the benefits will ever be done.

14 This list of regulatory requirements for
15 treatment plants continue to grow with few
16 accompanying government subsidies. In addition, new
17 laboratory regulations mandate enhanced training for
18 lab employees, lab upgrades and new DEP fees. There

19 are also new regulations, as was mentioned, concerning
20 training and certification of operators at sewage
21 facilities. That does require additional training
22 that's typically paid for by the authority or the
23 municipality. Coupled with expected power cost
24 increases in the 30 to 50 percent range, the cost
25 compliance will be greater than ever.

34

01 But the biggest risk is due to
02 uncertainty. All of us in the Chesapeake Bay
03 watershed are in various stages of planning for and/or
04 constructing upgrades and we need to dispel or confirm
05 the rumors of more restrictive water quality based
06 limits on nitrogen and phosphorus now. Anything less
07 will certainly result in more expensive upgrades with
08 no real proportional additional value.

09 So we naturally look to government to
10 help. There are various bills circulating around
11 through the state House and Senate that would provide
12 needed assistance. In light of various funding
13 reductions as we mentioned, like Act 339, coupled with
14 increasing regulatory infrastructure costs, there is
15 an ever increasing demand for grants and low-interest

16 loans.

17 The Pennsylvania Fair Share for Clean
18 Water Plan would be a seven-year funding plan that
19 would invest \$500 million to help sewage plants meet
20 nutrient reduction and discharge limits imposed as a
21 result of the Clean Water Act. It would also reform
22 the state's nutrient credit trading program to make it
23 a more viable alternative to provide for environmental
24 improvements to the bay and future sewage capacity for
25 new development. In addition, significant funding is

35

01 included to ag operations to reduce nutrients.

02 As we mentioned, public sector utilities
03 are also saddled with purchasing requirements that
04 result in higher costs for infrastructure. They
05 include a requirement for public bids for purchases in
06 excess of \$10,000, the Separation Act which requires
07 separate bids for various trades for jobs over \$4,000
08 and prevailing wages for jobs in excess of \$25,000.

09 One of the bills that would make it more
10 efficient is House Bill 2016, which is a comprehensive
11 purchasing reform modeled after the Commonwealth's
12 Procurement Code. This bill will increase the bid

13 threshold to \$25,000 and would allow design/bid
14 contracts.

15 Better yet, there are ways that owners
16 and operators can actually be self-reliant. Number
17 one in my list is to regionalize. You hear about this
18 all the time. We've actually experienced that bigger
19 is often better. We continue to see proof that
20 properly-managed systems can take advantage of scale.
21 After the Authority acquired the 13,000-customer
22 system in 2003, we actually created separate accounts
23 to track those costs. And we saw that cost per
24 customer dropped significantly the following year and
25 they continue to be lower than they were the year we

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01 purchased the system in 2003. And of course, smaller
02 communities who regionalize would benefit even more
03 from those same types of efficiencies.

04 We do need additional incentives for
05 regionalization of sewer systems. There is an
06 inherent risk in acquisitions and usually more work is
07 involved during and after an acquisition. So most
08 managers avoid this like the plague. If there was
09 specific financial incentives for regionalization, I

10 believe more managers would be more likely to pursue
11 consolidation.

12 Number two, manage your assets and make
13 good decisions. Although most of us would like more
14 funding and could use more funding, we should admit
15 that we need even more help in managing the resources
16 we have. We cannot afford another round of grants
17 that are used irresponsibly.

18 Although there have been many asset
19 management workshops, I'm still waiting to see someone
20 from Pennsylvania actually implement a lot of those
21 tactics. Most of us still fail to realize that sewer
22 assets are forever. Pipelines will be here for
23 generations and we must evaluate them and maintain
24 them or replace them accordingly. Many public sector
25 waste water agencies continue to underfund their own

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01 needs and resist setting rates to capture all
02 operating, maintenance and capital needs on a
03 long-term basis.

04 I personally have endured too many
05 capital budget meetings where capital priorities were
06 set and decisions made based on opinions,

07 personalities and preferences with little or no cost/
08 benefit analysis. We can no longer afford to do that.
09 Public funds are too limited and the needs are too
10 great. So more practical education needs to be done
11 to teach our decision makers about analyses related to
12 long-term asset management.

13 And it is increasingly more difficult and
14 expensive to find qualified professionals, as was
15 mentioned, to operate, maintain and manage our assets
16 or to train those that we currently employ.

17 Maintaining assets can and should be
18 viewed from both an operating and capital standpoint.
19 Asset lives can clearly be improved through expert
20 operating and management techniques in deference to
21 capital improvements or replacement. To evaluate
22 total cost both capital and non-capital costs must
23 both be considered. For example, we use about
24 \$150,000 per year in anti-corrosion chemicals to avoid
25 pipeline damage that would cost many times that to

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01 repair.

02 And, of course, if we don't set our rates
03 to reflect true long-term costs of operation and

04 maintenance, we will be forever playing catch up.
05 And number three, use cost accounting to
06 identify potential savings and then contract out
07 portions of the operation. Believe it or not, and
08 I've done the study, there are over 70 tasks that many
09 of us do on a daily basis or periodic basis that can
10 potentially be contracted out to the private sector.
11 Before our authority adopted full cost accounting in
12 2000, we had no idea how much we spent on a total
13 basis in various activities such as lawn mowing, sewer
14 cleaning and bad debt collection. As a result of that
15 full cost accounting, we now contract out most of our
16 lawn mowing and sewer cleaning, but we still perform
17 the bad debt collection in-house because that's what
18 we found as the least costly way to perform those
19 activities.

20 There are many inherent benefits from
21 authority ownership and operation of sewer facilities,
22 but I can guarantee you that no public agency can do
23 everything more efficiently than the private sector.
24 Judicious contracting out of portions of the operation
25 usually ends up saving operating costs that can be

01 used elsewhere to improve the infrastructure.

02 And that's what it's all about, making
03 the right decisions in order to make the most of what
04 you have. Thank you again for the opportunity to
05 speak.

06 CHAIRMAN SAYLOR:

07 Thank you. Next we have Dr. Anthony
08 Skiptunas.

09 DR. SKIPTUNAS:

10 Good evening. My name is Dr. Anthony
11 Skiptunas and I thank you for inviting me to speak to
12 the task force today concerning safe and sustainable
13 drinking water in our local environment.

14 To say that this issue is simply an
15 important issue and undertaking is critical. I read
16 with interest the two-page summary that documents the
17 questions posed by the committee. I hope to address
18 at least some of these listed issues. Unfortunately,
19 I will also bring up other issues not identified in
20 the questionnaire.

21 In 2000, I moved to Lower Windsor
22 Township and I live 300 yards from the Susquehanna
23 River south of Wrightsville. I regularly boat on Lake

24 Clarke above Safe Harbor Dam and I'm a witness to the
25 general health of the river on a weekly if not daily

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01 basis.

02 My discussion will be restricted to the
03 Susquehanna River Basin and pollution. Various
04 reports have documented the pollution problems
05 occurring in the Susquehanna River Basin, and Save the
06 Bay reports from 2006 and 2007 have rated the
07 pollution indexes for nitrogen as F, phosphorus as a D
08 minus and other toxic chemicals as a D. I will
09 address the toxic chemical issue later.

10 The majority of the pollution is coming
11 to the bay from our rivers. I can't address the
12 nitrogen and phosphorus issues. These gentlemen,
13 engineers, water treatment plant managers, sewer
14 authority, can do a much better job than I can. I can
15 just say this. It's imperative that we act now to
16 reduce these compounds in the river from a health care
17 issue. You're going to understand why in a second.
18 There are over 190 point sources, sewage treatment
19 plants, located along the river dumping waste water
20 and storm water in on a daily basis. Many, not all,

21 are in need of upgrades and repairs. We've heard
22 that.

23 Maryland had the same problem and the
24 best bang for their buck was to immediately use what
25 federal money they had and what grant money they could

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01 get to upgrade those systems. They've already shown
02 benefit along the bay. I think we ought to consider
03 doing that as well.

04 The DEP has previously identified the
05 Susquehanna River Basin as a critical watershed area.
06 In my opinion, there should be a moratorium on any new
07 housing and industrial development within ten miles of
08 this river. Any new point source as licensed by the
09 DEP should exceed current federal standards for
10 nitrogen and phosphorus effluents. The technology
11 exists to create cleaner water utilizing new
12 technology such as the AdvanTex Textile Filter System
13 by Orenco Systems. It's costly. How do we get the
14 money to begin this? Well, we have to start thinking
15 out of the box.

16 My first question is this, what happened
17 to the \$650 million Growing Greener funds? I know

18 some of this has been used for demonstration projects.

19 What about the rest of it? Has some of it been used

20 to upgrade our sewer treatment plants? I hope so.

21 I think we need to think about a bond

22 fund. Recently I was at Cornell University and on my

23 way up I passed through Whitney Point and Lisle, which

24 is off of I-81. They had a large sign up next to a

25 small stream that runs right through Whitney Point and

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01 the State of New York floated a bond fund in 1999

02 specifically to clean up small rural streams and

03 rivers. I think this is a great idea and I think that

04 Pennsylvania should consider a bond fund.

05 I think we need to enlist industry

06 because it's to everybody's advantage to have clean

07 water. I think we specifically need to enlist

08 industries that are located along the Susquehanna

09 River.

10 And what about the health care industry?

11 I'm a physician. I think we should ask the large

12 insurance companies to help fund this as well. Why?

13 Because it's in everybody's best interest to have

14 clean drinking water. If the insurance companies are

15 really serious about preventive medicine, they should
16 be willing to invest in cleaner water in our state.

17 Finally, I think we should expand
18 PennVEST, which provides low-interest financing for
19 waste water systems for townships and on some private
20 on-site homeowners' systems. There should be no
21 income cap on borrowing to upgrade your septic system.
22 In fact, I think the state should be very happy if you
23 want to borrow some money to upgrade your system.

24 Finally, I think we ought to make it
25 financially attractive to do waste water cleanup

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01 business in this state. We need to address the new
02 technology and the research to do it correctly and to
03 do it cost efficiently. As an aside, this is a
04 marvelous area to invest in technology, waste water
05 cleanup. We could sell this technology to the rest of
06 the world and maybe reap back some of the money we're
07 losing to foreign debt on oil.

08 The last part of my discussion to this
09 committee concerns toxins in our watershed.

10 Unfortunately, they're also in our drinking water.

11 When I moved to Lower Windsor Township in 2000, I

12 built a home south of Wrightsville, 300 yards from the
13 river and I dug an 85-foot well. I sent a sample of
14 the water over to the Lancaster lab to be analyzed.
15 And to my shock, it came back as potable.

16 In 2006, the American Cancer Society had
17 released statistics concerning the epidemiology of
18 cancer in the United States. Forty-one (41) out of a
19 hundred people living today will develop some form of
20 cancer in their lifetime. By the year 2010, that will
21 increase to 50 percent. By the year 2020, that should
22 go to 75 percent. That's scary. One of the main
23 reasons is because of toxins in our environment. You
24 might say pervade our environment.

25 About 20 percent of all cancers are

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01 related to some form of inflammation or environmental
02 exposure. A common example is malignant melanoma,
03 exposure to UV radiation. Lung cancer, exposure to
04 cigarette smoke. And liver cancer secondary to chronic
05 hepatitis and exposure to other toxins that you drink
06 and eat. But what about drinking water in the
07 Susquehanna River?

08 In the name of progress, problem

09 chemicals, and I'm not talking about nitrogen and
10 phosphorus, are being released into the watershed at
11 alarming rates. These include mercury, PCBs,
12 petroleum distillates and compounds and oils that even
13 run off of our pavements during a bad storm and many
14 new chemicals such as antibiotics and steroids seen in
15 birth control pills, detergents and hand soaps all
16 flushed or down the drain every day. These are highly
17 purified chemicals. They're really dangerous.

18 We know very little about the open
19 environment effects of the majority of these
20 chemicals. But the ones we do know about are
21 extremely disturbing. Organic solvents such as
22 benzene and toluene are potent carcinogens. Other
23 hydrocarbon carcinogens include dimethylxanthine
24 benzopyrene and a number of others including
25 naphthalene and estrone (phonetic).

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01 Located within seven miles of the
02 Susquehanna River Basin are two major landfills, the
03 Manor Landfill visible from the river in Lancaster and
04 the Lower Windsor Landfill in York. All landfills
05 eventually will leak toxins into our aquifers. No

06 matter what the landfill industry tells us about

07 liners, all will eventually leak.

08 Many of the toxins I just mentioned are

09 byproducts of such things as plastics, Styrofoam,

10 textiles and other materials we daily throw away into

11 our landfills. Some of the above are found in paints,

12 inks and stains used in the production of newsprint

13 and periodicals. Many of these toxins, we now know, a

14 cellular pathway of mutagens. Our cells have

15 thousands of protein receptors embedded in their

16 memory that sense our environment on a daily basis.

17 In Petri dishes, when cells are exposed

18 to some of these toxins, the cells are stimulated to

19 proliferate and can't be turned off. This leads to

20 cancer. Other carcinogens directly alter our DNA or

21 RNA via mutagenesis, that also results in

22 proliferation.

23 Water samples from at least one of the

24 landfills listed above showed elevated levels of 1-

25 chlor-dichlorobenzene and toluene, which is metal-

01 based in April of 2007. These hydrocarbons are known

02 as fat solubles meaning that when consumed they are

03 readily stored in fat and accumulate in our bodies.
04 We really do not know the minimum toxic levels of
05 these compounds despite the EPA's minimum safe
06 estimates.

07 Folks, we're literally polluting
08 ourselves slowly to death. There's no better way to
09 say it. As the levels of toxin in our environment
10 rise, so will the incidence of cancers produced by
11 these toxins.

12 And I'm not just talking about cancers in
13 humans. I'm talking also in our flora and fauna.
14 Researchers at John Hopkins University have identified
15 a trilocarbon which is an active ingredient in hand
16 soap in our streams, drinking water and sewage
17 treatment waste water plants. Are we even measuring
18 for that? Do we even look for that when we take
19 samples? Are we aware that it's there? I don't think
20 so.

21 The increasing concentration of this type
22 of pollutant not only can cause cancer, but may also
23 lead to higher incidences of resistant bacteria. And
24 we're all familiar with methicillin-resistant bacteria
25 that are eating away at some people and we can't cure

01 it with antibiotics. Well, we may be causing that by
02 our detergents that we're pouring down the drain.

03 Swimming in the bay or in the river would
04 be analogous to swimming in a resistant bacterial suit
05 with devastating effects on the fish, crabs and other
06 wildlife. We're seeing this already.

07 Finally, I advocate an immediate and
08 extended moratorium on any new landfill projects or
09 expansion thereof in this state and a permanent
10 moratorium on any landfill located next to a river or
11 other major watershed. The decisions of the past
12 administrations to allow the current landfills to be
13 located so closely to the Susquehanna River Watershed
14 leaves much to be desired. We all will or have
15 suffered as a result of the pollution that we all
16 produce.

17 And I hope we can move forward in the
18 future without making the same mistakes that we've
19 made in the past.

20 I thank you for your time and attention
21 to these matters. If I can be of any help to this
22 task force or committee concerning the biology of

23 cancer and current research please don't hesitate to

24 contact me.

25 CHAIRMAN SAYLOR:

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01 Thank you. Next is Jim Holley with

02 Holley and Associates.

03 MR. HOLLEY:

04 Good evening. I want to thank the task

05 force for inviting me to make some comments on this.

06 Hopefully I will be brief, and not too repetitive of

07 previous speakers. I'm a consulting engineer and

08 surveyor. I've been in this business for 40 years,

09 just recently retired as president of Holley and

10 Associates. I still work. I'm just not the president

11 anymore.

12 I'm going to briefly discuss need

13 assessment, financial resources and financial

14 sustainability and the legislative regulatory issues.

15 The task force passed out or presented to

16 me or gave me several questions. The first one was

17 should we include non-capital costs in grant or loan

18 program for sustainable infrastructure. And my answer

19 is simple to that question, yes, we should, because in

20 many projects 30 to 40 percent of the total project
21 cost can be non-construction related. I assume when
22 you asked the question, you were talking about capital
23 costs as being physical plant costs. So that's why my
24 answer is the way it is.

25 Should affordability be taken into

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01 account in estimating financing needs? And the simple
02 answer, yes. Now, this may not be easy to do, but it
03 definitely needs some type of formula to determine the
04 amount of financial participation.

05 Also, and this was brought out I believe
06 by John, systems that do not perform adequate
07 operation and maintenance and they purposely do this
08 to keep their rates lower should not be given an
09 advantage to get higher grants and loans. They should
10 be penalized for that. They should be required to get
11 their rates up to where they should be to do the
12 proper operation and maintenance, and maybe their
13 capital needs for infrastructure improvements and
14 upgrades wouldn't be as much as their application
15 would indicate. But I think it should be regulated
16 that --- or controlled in some way that those people,

17 those systems that are not spending the proper amounts
18 on proper operation and maintenance to keep their
19 infrastructure operating properly should not be given
20 a free ride.

21 Financial resources. What aspects of
22 operation of a system should be eligible for subsidy?
23 There may be those in the room that disagree with
24 this, but I don't think there should be any. I don't
25 think this money should be spent for operations and

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01 maintenance. That should be paid for by the users of
02 that system. And it should be the rates, like I
03 indicated, that sustain the proper operation of
04 maintenance in that system.

05 Where you can cut down on user costs is
06 reducing the debt. I think Mr. Kyle indicated
07 approximately 50 percent of their monthly fee is debt
08 service. If you have a grant and a low-interest loan
09 program for systems such as his or anybody's, to get
10 that type of money that keeps the rates down. You
11 don't cut back on operating and maintenance costs.
12 You cut back on debt service costs, and that will keep
13 the rates low. Just like Mr. Kyle said and John said

14 and this young lady said, you put your money into the
15 proper operation of sustaining of your infrastructure
16 because that's your business.

17 On-lot septic system management and
18 community sewage management programs should be funded
19 locally. In my experience and the fellows in our
20 office experience, and I don't know what yours is, but
21 there's not a township in this state that cannot
22 afford to do a program like that. I can't believe
23 there isn't a township that can't afford to do that.

24 Financial sustainability. Regionalization
25 of water and sewer systems is not always the answer.

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01 Mr. Kyle indicated his is very efficient, and I think
02 there's an answer for that. His system was built in
03 the '70s, the original system. As a matter of fact, I
04 was the Manor Township engineer when the bids were
05 turned in. It's an old established system and it's
06 been run through the years. They've gotten more
07 efficient. Just listening to that story, that's the
08 secret to their success.

09 To start a regionalization system like
10 that today, I very seriously doubt that it would be as

11 efficient. The cost --- John has a project that's
12 sort of a mini regional system. And the rates are
13 astronomical. You're talking \$24 a month for sewer.
14 John's are \$800 and \$900 a year. That's three times
15 yours. And they probably won't stop there. We have a
16 system that connects to his. The rates are \$900 a
17 year. So I think we need to --- there are areas where
18 the regional system will work. There's areas where
19 they won't. They have to be looked at. You can't
20 fund a regional system that's not going to be more
21 efficient.

22 Funding for water infrastructure is
23 needed, and the grants alone issued for a particular
24 project should be based on the economics of the
25 service area and whether or not the upgrades,

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01 replacement of facilities, is mandated. I think that
02 when the State of Pennsylvania or the federal
03 government mandates all sewage treatment plants or all
04 water systems have to do something there should be
05 financial assistance there for them to do that. One
06 of the biggest --- I'm on a school board, and one of
07 the biggest complaints you hear from school boards and

08 now I'm experiencing it myself, is everybody tells us
09 what to do and how to do it, but they don't send us
10 any money to help do it, to get it accomplished. And
11 what do we do? We raise taxes. It's time for the
12 state to step up and recognize their responsibility
13 financially.

14 Lastly, legislative and regulatory
15 issues. There's been a common theme in the previous
16 speakers except for Dr. Skiptunas who, as he said, is
17 not an engineer and doesn't deal with this on regular
18 basis, but that's workforce education and regulation.
19 Everything that these people have said --- I'll cut
20 some of mine short. I'm not going to repeat it. I'm
21 only going to repeat one part of it, and that's
22 regulations.

23 DEP needs to be more responsible and
24 develop reasonable processes for permits. The
25 permitting processes for waste water and NPDES is

01 years behind. Not only is the system we have set up
02 years behind, DEP can't even operate it. They're
03 years behind in issuing permits. We have a project
04 that waited three years for an NPDES permit because

05 DEP didn't make a decision. We have a project where
06 the NPDES permit expired a year ago. We just got it
07 in the mail this week, and it's not what they told us
08 it was going to be. And the new permit goes into
09 operation on June 1st and we can't use it. Now we
10 have to make another application to DEP to implement
11 something at that plant in order to meet those
12 requirements. It's not going to happen over the
13 weekend. You're probably wondering what this is. I
14 told Jeff Hines this is was my presentation.

15 John mentioned PennVEST. That's where
16 you go to get your money. This represents a project
17 that was just not a hundred percent complete. This
18 represents \$800,000 roughly and \$450,000 of it was
19 grant money and \$350,000 of it is loan. This is the
20 loan closing documents and two attorneys put this
21 together. Can you imagine what that cost? It didn't
22 cost hundreds of dollars. It costs tens of thousands
23 of dollars. Bet half to three quarters of the people
24 in this room know this. You get \$350,000 on a loan
25 with less work, less paperwork, shorter period of

01 time. I mean, it's just ridiculous what they put

02 these municipalities through to get this grant. I
03 mean, it's just --- if it was a \$10 million project, I
04 could understand. But a \$350,000 loan? It doesn't
05 make sense. A lot of the money that you get you spend
06 getting the money. Why not make it more efficient to
07 use more of that money towards the ultimate project?
08 Wage rates?

09 I've been in this business 40 years, and
10 it's the same thing every year. The legislature and
11 legislators don't seem to want to deal it and they
12 could just change it. That costs even in this state a
13 lot of money. The permitting processes in the state
14 --- I have worked --- in my previous life before I
15 started my own business, I worked for ten years and
16 did work in Georgia, West Virginia, Maryland, Ohio.
17 Their permitting procedures are far easier, more
18 direct, not a circumvention in the system, but it's a
19 whole easier task to get that approved. And
20 Pennsylvania just seems to want to continue to
21 perpetuate more work for the state employees rather
22 than, as John said, be proactive. Don't tell us how
23 bad we are or how stupid we are. Tell us. Help us.
24 Let's get it done. Don't always fight us every turn

25 of the way. Thank you.

55

01 CHAIRMAN SAYLOR:

02 Thank you. Next we have Jeffrey Hines
03 who is the President and Chief Executive Officer of
04 the York Water Company.

05 MR. HINES:

06 Thank you, Representative Saylor and
07 members of the task force. Yes, I work for The York
08 Water Company. I'm also a registered engineer and a
09 licensed water and waste water operator in
10 Pennsylvania.

11 We're here to discuss a turning point in
12 our infrastructure. Much of our water systems are
13 over a hundred years old. This aged infrastructure
14 although mostly unseen and taken for granted by the
15 public has been the essential building blocks for any
16 advanced society. We're all beneficiaries of this
17 magnificent network of treatment plants, pump stations
18 and pipes that have been handed down to us from
19 generations before.

20 However, studies have indicated this
21 infrastructure has an approximate life of about 120

22 years. If nothing is being done, these systems may
23 soon collapse. So we've arrived not at crisis, but at
24 a turning point. The choice we face is either to
25 adopt strategies, renew our water and waste water

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01 infrastructures, or accept the erosion over time of
02 reliable water and waste water service.

03 We believe that each and every water
04 system should be self sustainable. To be sustainable,
05 the rates that a water system or waste water system
06 should charge their customers should cover all of the
07 needs of that system. Since 1816 the York Water
08 Company's customers have paid for the operation and
09 maintenance of their water system. We do not demand
10 government grants or handouts and we do not expect
11 other systems to pay for our infrastructure. On the
12 same note, we do not think it's proper for our
13 customers to pay for some other water system's
14 problems or lack of foresight to pay for timely
15 replacement of their infrastructure.

16 So what does this cost? Well, York Water
17 Company --- York Water system like many systems across
18 the state, there are about 60 feet of pipe per

19 customer. Since the current lifespan of a water line
20 appears to be about 120 years, this means in order to
21 be sustainable that customer needs to be responsible
22 for replacement of one half foot of pipe per year.
23 Although it only costs about under \$2 per foot to put
24 that pipe in over a hundred years ago, it costs about
25 \$150 per foot to replace that pipe today. To do that

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01 math, each customer should be paying about \$75 per
02 year just to replace water pipe. Now, if we chose not
03 to replace that one half foot of pipe this year, the
04 problem doesn't go away. It just keeps building. So
05 you either pay \$75 per year now or all of a sudden due
06 to lack of involvement you pay thousands of dollars at
07 some point in the future due to lack of maintenance
08 and also suffer the consequences of a failing water
09 system or waste water system.

10 At York Water Company, we did replace
11 pipe at one half foot per year per customer.
12 Obviously that's why we're here. This is a very
13 expensive process. At York Water, we've recently
14 asked for a rate increase from the Public Utility
15 Commission. And a significant portion of that rate

16 increase goes towards replacement of over 30,000 feet
17 of pipe per year. That's 30,000 feet of pipe this
18 year, next year, every year.

19 So a well-managed, well-regulated water
20 system can self-sustain all these costs that I just
21 described plus all the other operation and maintenance
22 costs, all the debt and equity costs and deliver safe
23 potable drinking water to your tap still for under one
24 penny a gallon.

25 So in conclusion, the replacement of

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01 these older mains is critical if we desire to leave
02 the next generation with same reliable water system
03 and waste water system.

04 So how do we address this capital
05 intensive need of replacing underground
06 infrastructure, as well as the cost to upgrade
07 treatment facilities to ensure continued compliance
08 with new regulations? Self-sustainability, not
09 dependence on loans or grants, should be the goal of
10 water and waste water system and public policy should
11 seek to encourage and support self-sustainability.
12 Pennsylvania should adopt comprehensive strategies for

13 a sustainable water and waste water infrastructure
14 without putting additional burdens such as taxes or
15 surcharges on systems like the York Water Company that
16 have demonstrated, in our case, 192 straight years of
17 self-sustainability.

18 I'd like to thank the Governor's task
19 force and Representative Saylor for the opportunity to
20 speak to you tonight. Thank you.

21 CHAIRMAN SAYLOR:

22 Next we have Lamonte Garber from the
23 Chesapeake Bay Foundation.

24 MR. GARBER:

25 Thank you, Chairman Saylor. This is a

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01 side note. When you ask most people what scares them,
02 public speaking often comes to the top. But you
03 should try that when you're on a panel with engineers
04 and CEOs. I'm none of those things, but hopefully I'll
05 have some things of value to share tonight.

06 My name is Lamonte Garber and I'm the
07 senior agricultural program manager for the Chesapeake
08 Bay Foundation and assigned to the office in
09 Harrisburg. I'd like to thank the task force for the

10 opportunity to express our views on the very important
11 issues concerning water infrastructure and funding in
12 Pennsylvania.

13 Our organization has already submitted
14 written comments that I've provided tonight and I'll
15 include just a few of the details from the written
16 comments. But I will primarily address the topic of
17 financial resources.

18 A little bit about the Chesapeake Bay
19 Foundation. We are the largest nonprofit organization
20 dedicated to the protection and restoration of the
21 Chesapeake Bay and all of its tributaries and all of
22 the resources that go into the Chesapeake Bay. With
23 the support of nearly 200,000 members, our staff of
24 scientists, attorneys, educators and policy experts
25 work to ensure that policy, regulation and legislation

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01 are protective of the quality of the Chesapeake Bay
02 and its entire 64,000-square-mile watershed.

03 While there are extensive infrastructure
04 needs throughout the Commonwealth, half of
05 Pennsylvania exhibits very immediate and very pressing
06 needs throughout the Susquehanna and Potomac

07 Watersheds, needs that must be addressed by the end of
08 2010 or federal enforcement action will be taken. It
09 is the position of the Chesapeake Bay Foundation and
10 many representatives from government and the private
11 sector that significant state funding is needed now so
12 that these communities are not left shouldering the
13 entire burden for very costly waste water treatment
14 upgrades. There have been numerous media reports in
15 recent months focusing on the high cost to the
16 municipal water treatment plants associated with
17 compliance with the Chesapeake Bay Strategy on those
18 plants. A legal challenge to some of these issues
19 have been filed and over 20 plants have appealed their
20 draft permits.

21 The critical point that has received far
22 less attention is that these permit limits are not
23 arbitrary. They are clearly required by the Clean
24 Water Act. The federal Clean Water Act requires all
25 point source discharge permits to meet downstream

01 water quality standards, even the standards of another
02 state. Simply stated, any current issues for a waste
03 water treatment plant in the bay watershed that does

04 not contain these limits would be in violation of the
05 Clean Water Act.

06 Pennsylvania's waste water treatment
07 plants contribute to water quality problems not only
08 in the bay but also in our rivers and streams, and
09 thus are now legally required to limit their output of
10 nitrogen and phosphorus, the main polluting agents
11 contributing to the violation of Maryland's water
12 quality standards. Pennsylvania has a legal
13 obligation not only to clean up the bay but also our
14 own waters. Of the nearly 16,000 miles of impaired
15 streams in Pennsylvania over 2,600 miles of our own
16 streams and over 13,000 acres of our lakes fail to
17 meet standards because of nutrient pollution. Thus,
18 The Pennsylvania Bay Compliance Plan will also address
19 an important water quality concern here at home.

20 I'd like to shift gears and speak briefly
21 about agriculture. Some may wonder how agriculture
22 fits into a discussion about the state's
23 infrastructure needs. But I trust many of you are
24 well aware of the relationship between healthy farms
25 and good water quality. Indeed, it is important to

01 understand our farmland as an infrastructure that
02 needs investment and good management just as our
03 treatment plants, our dams, roads and other
04 infrastructure require good management and investment.

05 Here in the Susquehanna watershed, the
06 dominant working lands that do double duty as
07 infrastructure are our farms and our forests.
08 Productive farms following good conservation and
09 nutrient management practices, not only produce food
10 by delivering cleaner water to our watersheds and
11 greater recharge to our groundwater. Nevertheless,
12 our farms have come under increasing scrutiny as
13 sources of pollution to the bay and some people have
14 suggested that we can achieve the entire pollution
15 reduction if we simply focus on agriculture.

16 This view is not in keeping with the
17 facts. We need all sources to reduce pollution levels
18 in proportion to their contribution to aquatic
19 pollution if we are to comply with the Clean Water
20 Act. And while the pollution reductions from
21 agriculture are generally cheaper than other sources
22 like sewage treatment plants and storm water
23 management, the cost is still significant and most

24 farmers are in no position to meet all the
25 requirements on their own without any financial impact

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01 to his business.

02 Farmers, like sewage treatment plant
03 ratepayers in over 185 Pennsylvania communities, are
04 facing very substantial costs and they're facing them
05 now. The most recent cost estimate for the required
06 sewage treatment plant upgrades in the Chesapeake Bay
07 Watershed in Pennsylvania is one billion dollars. The
08 cost for farmers to comply with the required
09 reductions is nearly \$600 million.

10 Municipalities and ratepayers in
11 Pennsylvania are currently facing the full financial
12 brunt of constructing upgrades or buying nutrient
13 credits through the trading program, necessary to meet
14 nutrient limits through their NPDES permits as per the
15 federal Clean Water Act permits that DEP enforces.

16 The question in the short term is will it
17 be cost effective for waste water treatment facilities
18 to buy credits rather than to build new
19 infrastructure. Right now the trading market in
20 Pennsylvania is still in its infancy. Currently, the

21 cost per pound of nitrogen removed from capital
22 investments is lower than the cost per pound to buy
23 nutrient credits. Over time this may change. As the
24 trading market matures, cost competitiveness many
25 improve.

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01 Nonetheless, give that plants must decide
02 now which route to take, upgrade or credits. Many
03 plants will consider all the factors, including annual
04 cost, facility lifetime, risk liability, and they have
05 chosen to upgrade and that's okay. Trading is a tool
06 to be used where it works. It's not a strategy to be
07 universally applied.

08 But given these high hurdles of
09 municipality requirements, those faced with limited
10 financial resources will still have to meet these
11 obligations. The Chesapeake Bay Foundation believes
12 that the Commonwealth must provide financing to help
13 them achieve Clean Water Act compliance.

14 Recently a coalition represented by our
15 organization as well as the Pennsylvania Municipal
16 Authorities Association, the Pennsylvania Farm Bureau,
17 the Pennsylvania Association of Conservation

18 Districts, and the Pennsylvania Builders Association
19 called upon the state legislature and the governor to
20 enact in this year's budget a significant down payment
21 for reducing pollution in our streams and meeting our
22 mandates for the Chesapeake Bay.

23 Many organizations have since joined us
24 in calling for this funding. The proposal also calls
25 for modifications to the existing trading program that

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01 promised to offer more flexibility and reliability.

02 This plan that I talk about is called The
03 Pennsylvania Fair Share for Clean Water Plan. Mr.
04 Kyle mentioned it in his comments. In its first year,
05 the Fair Share Plan would invest \$170 million toward
06 half of the total cost of the waste water treatment
07 plant upgrades and water conservation practices and
08 the services needed to meet these looming bay
09 mandates.

10 So just for 2008 and 2009, the plan calls
11 for the following, \$100,000 million to help
12 municipalities finance waste water treatment plant
13 upgrades that are required by the Clean Water Act;
14 \$50,000 million to help farmers install conservation

15 practices; \$10 million for county conservation
16 districts to expand conservation assistance to farmers
17 statewide, because while these are installations that
18 farmers themselves take on on their own operations,
19 they typically need the technical assistance that
20 conservation districts provide them; and then finally
21 \$10 million to restore cuts to farm services provided
22 by the Department of Agriculture.

23 And we also call for changes that would
24 strengthen the state's nutrient credit trading program
25 to include a credit bank to provide flexible options

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01 for additional reductions in nutrients to accommodate
02 future growth and development. But that's just the
03 bare sketch of what's in the Fair Share Plan. I would
04 invite you to go to our web site, which is at
05 www.pafairshareplan.org.

06 In total, over the next seven years of
07 this seven-year plan, \$500,000 million in state
08 funding will be invested in a 50/50 state and local
09 partnership to meet those water treatment plant
10 upgrades. Representative Scott Perry introduced HB
11 2441 to implement this plan.

12 Delay in implementing the requirements,
13 the Chesapeake Bay requirements is something that
14 Pennsylvania can no longer afford to do. Simply put,
15 implementation by the end of 2010 is required by
16 federal law. But Pennsylvanians will be the first to
17 benefit from making investments to meet our Chesapeake
18 Bay obligations because it will be our streams and our
19 rivers that will be cleaner. We will have cleaner,
20 cheaper drinking water, improved recreational
21 opportunities and quality of life, improved animal
22 health on our farms, improved opportunities for
23 tourism, and a legacy of clean water to pass on to our
24 children and grandchildren.

25 I'll close with this, as your task force

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01 continues its very important work in assessing the
02 infrastructure needs and funding needs across
03 Pennsylvania that are quite substantial, we believe
04 the Commonwealth needs to act now to approve the Fair
05 Share Plan versus putting it off for another year as
06 that would simply be too late for many communities who
07 are facing these requirements right now. I'd like to
08 thank the Infrastructure Task Force for the

09 opportunity to meet with you. Thank you.

10 CHAIRMAN SAYLOR:

11 Next on the schedule to testify is Ed
12 Wilson of 10,000 Friends of Pennsylvania. Ed, come on
13 up.

14 MR. WILSON:

15 Good evening. My name's Ed Wilson. I'm
16 vice president for policy and research at 10,000
17 Friends of Pennsylvania. I would like to thank the
18 task force for giving me the opportunity to speak with
19 you this evening.

20 As some of you know, 10,000 Friends is a
21 nonprofit organization that promotes land use and
22 development policies to help Pennsylvania strengthen
23 its diverse communities and conserve natural
24 resources. We support growth and development that
25 revitalizes our cities and towns, and at the same time

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01 protects our natural environment and our rural
02 landscapes.

03 Over the past ten years since we've been
04 in existence, we've focused much of our attention in
05 infrastructure policy because we understand that few

06 factors influence development patterns more than the
07 way we invest in transportation, and of course, in our
08 water-related infrastructure.

09 As all of you are aware, the challenge we
10 face is not simply raising the billions of dollars
11 needed to fix and improve our crumbling water and
12 waste water infrastructure. As we debate how to pay
13 for these investments, we must also think carefully
14 about how these investments are being made. Now that
15 we've woken up to our water and infrastructure crisis,
16 we have an unprecedented opportunity to rethink the
17 policies and practices that got us into this mess.

18 As the task force considers
19 recommendations to guide future infrastructure
20 reinvestment policies, we urge you to keep in mind
21 four common sense principles.

22 First of all, our investments should be
23 efficient and that includes taking full advantage of
24 past investments by focusing on repairing and
25 upgrading existing infrastructure and limiting the

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01 need for costly infrastructure extensions.

02 Second, our infrastructure policies

03 should be equitable. Older communities typically have
04 the oldest infrastructure and the greatest need for
05 upgrades, and many of them are facing expensive
06 government mandates. These same communities typically
07 have poorer populations and mounting fiscal problems.
08 We should ensure that the costs of infrastructure
09 improvements don't fall disproportionately on those
10 least able to bear them.

11 Third, our investments should be
12 financially sustainable. To avert future funding
13 crises like the one we're facing now, we must budget
14 for the eventual replacement of worn out assets and
15 adopt full-cost pricing policies and build future
16 maintenance costs into current rate structures. And
17 of course, you've heard a lot about that tonight.

18 And fourth, our reinvestment policies
19 should be environmentally sustainable. To ensure that
20 water remains clean and plentiful, we need to
21 recognize that water infrastructure operates within
22 natural hydrological systems and should be managed so
23 as to respect and protect those systems.

24 10,000 Friends of Pennsylvania recently
25 released a report on water supply infrastructure and

01 its relationship to land use and planning development.
02 The report is called Water and Growth. And although
03 it focuses on the five counties of southeastern
04 Pennsylvania, its findings are relevant to the entire
05 state. And I have copies of the summary of this
06 report for anyone on the task force who would like to
07 see it.

08 The report makes it clear that our
09 current policies and practices don't always adhere to
10 these four principles that I just listed, and in fact,
11 our investments in water supply infrastructure have
12 been anything but efficient, equitable and
13 sustainable.

14 For example, during the 1990s,
15 southeastern Pennsylvania's population grew by just
16 three percent, yet the area served by public water
17 supply systems expanded by 23 percent. That means
18 that water supply infrastructure has been expanding
19 nearly eight times faster than the population. And as
20 the public water infrastructure expands rapidly into
21 previously undeveloped areas, it supports fewer people
22 on more land. And low-density development patterns

23 mean longer pipes and higher costs for building and
24 maintaining infrastructure.

25 Meanwhile, unused water capacity in older

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01 communities is going begging. Public water systems in
02 southeastern Pennsylvania have enough unused capacity
03 to serve more than a million people. So at a time
04 when new water infrastructure is being built at a
05 frenetic pace in outlying areas, older communities are
06 struggling to maintain aging water systems that have
07 far more capacity than they actually need.

08 So what accounts for this seemingly
09 irrational pattern in investment? Well, our research
10 suggests that it's largely the result of policies and
11 institutional arrangements that encourage disjointed,
12 uncoordinated decision-making and make it very
13 difficult to manage water resources and infrastructure
14 in ways that make sense. For example, Pennsylvania
15 law delegates land use planning to local governments,
16 but gives them very little authority over the
17 decisions of water purveyors.

18 Like our system of local government, our
19 water infrastructure is highly fragmented, as we've

20 already heard tonight, with responsibility divided
21 among thousands of municipalities, municipal
22 authorities and public utilities. This fragmentation
23 is functional as well as geographical. Water
24 infrastructure is governed by a complex set of laws
25 and institutional arrangements that for the most part

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01 treat drinking water, waste water, storm water,
02 surface water and ground water as separate domains,
03 none of which are well-integrated with land use.

04 State level policy reforms are needed to
05 break down these silos and create incentives that
06 encourage rather than discourage sound infrastructure
07 planning and investment. We strongly support current
08 steps toward more comprehensive approaches to water
09 resource management such as those contained in H.B.
10 2266, which would expand the current storm water plan
11 program to allow for the development of integrated
12 water resource management plans.

13 But we recognize that even in the absence
14 of state legislative reforms, there's a lot
15 communities can do to work across boundaries, both
16 geographic and institutional, to manage water

17 resources more efficiently and effectively.

18 Last week 10,000 Friends cosponsored a
19 conference along with the Environmental Law Institute
20 on Regional and Collaborative Approaches to Water,
21 Sewer and Storm Water Management. The purpose of this
22 conference was to highlight innovative ways in which
23 local governments and authorities are working together
24 to solve water infrastructure challenges.

25 And for example, we heard about the

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01 University Area Joint Authority in Centre County which
02 has been working with local governments and local
03 environmental organizations to come up with a plan for
04 expanding their waste water system in a way that's
05 consistent with local land use planning and also
06 protect Spring Creek which is a high quality fishery.

07 We heard about a recent study in the
08 Lehigh Valley that showed the consolidation of some 40
09 entities that currently provide water and waste water
10 services in the region could result in savings of \$57
11 million, enough to pay for all the needed
12 infrastructure upgrades without any rate increases.

13 And we heard about regional efforts to

14 deal with the severe infrastructure challenges in
15 western Pennsylvania such as the 3 Rivers Wet Weather,
16 which is advancing inter-municipal partnerships for
17 cost effective solutions to sewer and storm water
18 problems and the Regional Water Management Task Force,
19 which has recommended the creation of a new
20 organization that would provide planning services and
21 technical assistance to communities throughout the
22 region to help them deal with water infrastructure
23 challenges.

24 What we've learned from this conference
25 has reinforced our conviction that comprehensive

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01 solutions to our water infrastructure challenges, that
02 is, solutions that are efficient, equitable and
03 financially and environmentally sustainable, require
04 overcoming our highly-fragmented system for managing
05 water resources. All around Pennsylvania communities
06 are already working together voluntarily to develop
07 more coordinated approaches to water infrastructure
08 management, but they need help.

09 In addition to money to pay for
10 infrastructure improvements, our communities need

11 resources, incentives and technical assistance to help
12 them work together across geographic and institutional
13 boundaries so that they can manage their water
14 infrastructure in ways that make sense.

15 And we hope the task force considers the
16 importance of inter-municipal and inter-agency
17 coordination as you develop your recommendations.

18 Thanks very much.

19 CHAIRMAN SAYLOR:

20 Thank you. Next we have Michael Helfrich
21 who is our Lower Susquehanna Riverkeeper.

22 MR. HELFRICH:

23 Thank you all for having me here and
24 thank you to the speaker that came before me because I
25 added a bunch of other notes now to what I was going

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01 to say. It won't be all disjointed here, though.

02 So I appreciate the opportunity to attend
03 this public meeting and provide comments to the
04 Sustainable Water Infrastructure Task Force. I'm here
05 tonight to speak as a Lower Susquehanna Riverkeeper
06 and as representative of Stewards of the Lower
07 Susquehanna, Inc.

08 Stewards of the Lower Susquehanna, Inc.
09 is a nonprofit watershed advocacy organization of over
10 a hundred members, and hundreds of volunteer stewards
11 that oversee over 9,000 square miles of the
12 Susquehanna Watershed from Sunbury to the Chesapeake
13 Bay. We believe that it is imperative that we improve
14 our waste water treatment plants and agricultural
15 lands so that we may have sustainable use of our
16 waterways, clean water for our citizens, commercial
17 and recreational fishing, recreational enjoyment and
18 aesthetic pleasure.

19 Drinkable, fishable and swimmable
20 waterways are a right guaranteed to all citizens of
21 the United States by the Clean Water Act, and we
22 support the Fair Share Plan that is being promoted by
23 CBF and many others. We support a plan to support our
24 farmers and municipalities in attaining this goal.

25 Now, although we do believe in this

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01 opportunity to get the money out there ahead of time
02 --- that's the real reason. These things need to get
03 done now. However, when I look at sustainable funding
04 and I'm very interested in true market costs to have a

05 balanced financial system, free market system, with
06 actual costs. So to me, I was very interested that
07 Lancaster seemed to be able to do a good bit of that.
08 Mr. Holley, I believe, also supported kind of a direct
09 payment by users method, and to me, that seems to be
10 the most cost effective. You got service. You pay
11 for the service. That's it.

12 The next level is what we're talking
13 about, which as I said I'm willing to agree with to
14 get it moving along, that state taxes are given back
15 to the system operators. So in that instance, we've
16 wasted a little bit of money --- no offense --- in
17 Harrisburg. I thought you'd appreciate that.

18 And the third and to me the most
19 ineffective way is the bond issue because of the
20 comments made about the huge amounts of interest and
21 payments and things like that. So I'm not a financial
22 expert, but I wanted to throw in my two cents.

23 And just one more financial thing. I
24 also agree on the almost unbearable waiting period to
25 get MPDES permits and other permits out there. I

01 believe that both parties need to support the DEP in

02 getting more staff, both for those kinds of things and
03 also for out on the ground.

04 I'm going to talk a little bit about
05 waste water treatment plants and I think Dr. Skiptunas
06 already began the discussion for me. We are in a
07 position now, unprecedented in world history, where
08 we're inputting --- EPA's estimate from just a couple
09 years ago was 80,000 industrial chemicals that are
10 going into our waste water treatment plants and into
11 waterways, anything from pharmaceuticals that we know.
12 This hormone mimicking compounds can have affects on
13 organisms at parts per billion, tiny things that none
14 of us measure. You know, we're not even looking at
15 these 80,000 chemicals right now, and we're going to
16 have to. That is a fact.

17 So I'm a little concerned --- I do
18 support the funding, but I'm a little concerned that
19 we're asking for \$10 when we know we're going to need
20 \$100 down the road. This is a huge issue. I mean,
21 you're not going to stop people from eating
22 pharmaceuticals. You're not going to stop these
23 inputs of all these different chemicals with cleaning
24 products, plastics and all that stuff from going into

25 our water system. And I know the treatment plant

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01 operators are doing a great job, but nobody's testing
02 for these 80,000 chemicals and they're getting into
03 our water basin. I believe --- you know, I work also
04 down with the Shenandoah Riverkeeper and the Potomac
05 Riverkeeper where the small mouth bass are getting
06 eggs in their testes. We know it's coming from some
07 kind of hormone mimickers. And to me I believe the
08 only reason we're blessed that we haven't seen that
09 yet is that we have a lot bigger quantity of water
10 coming down per person. So I think we've got some of
11 the same issues here, but we're not seeing the effects
12 here.

13 Unknown treatment costs to work on this
14 project. Once again, I do believe in a free market, a
15 true free market. And in that case, the industries
16 would have to pay every dollar it costs to remove
17 anything that they're polluting with, and then we're
18 going to have to work on our own pharmaceutical use
19 and stuff like that. I don't know how we're going to
20 work out the individuals. But at least the industry
21 should be responsible for removing these chemicals.

22 And it is at whatever cost it takes. Because that's
23 free market. You can't externalize costs. We've been
24 living in this world where we externalize pollution
25 onto the citizens and onto the environment and we're

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01 teenagers with credit cards. You know, that's exactly
02 the system we're living on right now.

03 So it's time to admit that this is an
04 issue and support innovation which I heard someone
05 else say earlier. I think that it's a great idea to
06 support innovation, and that would be great if we
07 could export technology around the world and
08 Pennsylvania like we're trying to do with some of the
09 things, and becomes the center of the world for this
10 technology.

11 So water quality --- oh, one more thing
12 on that. Water quantity. I accidentally stumbled
13 into the wrong room at DEP about four years ago, and
14 there was a guy giving a presentation on re-use of
15 grey water, grey water on-site storage so that all
16 your waste water would only use grey-water. We
17 wouldn't be using brand new clean water to flush our
18 stuff down the toilet. That seems kind of ridiculous.

19 So I think that is a great way that we might be able
20 to cut water use in half just by using that grey water
21 to flush away waste.

22 We have a crowd going to the other waste
23 side which is the sludge side. I believe some people
24 might have been calling you already. There are ---
25 this isn't safe. It's not safe. Just down in

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01 Shrewsbury, almost a dozen people have gotten sick
02 with rare skin rashes and Hershey Medical can't figure
03 out what they are. I was just at a meeting with them
04 and two of the guys realized that they had the exact
05 same rash and they'd been going to all the different
06 doctors, including Hershey Med, and nobody can figure
07 out what this stuff is.

08 When you've got 80,000 chemicals, it's
09 pretty hard to narrow it down to what's causing the
10 problem. So I think at this particular point we've
11 got plenty of manure in the Chesapeake Bay Watershed.
12 Let's use our manure --- and I'm sorry, I know it's
13 going to raise costs, and people are concerned with
14 that, but I think we should be --- and the expanding
15 plant bills. But I think if we don't know that it's

16 safe, we should be putting it aside somewhere else. I
17 think that's the safe way to go with that. And by the
18 way, people down in Shrewsbury have also come down
19 with MRSA, and their doctors told them flat out, yes,
20 it could be from sludge that has volatized, you know,
21 attached to little water particles that come across.

22 Resistant bacteria. They also tested
23 bacteria behind the Conowingo Dam. They are
24 resistant. A lot of the things that are living in the
25 river are resistant, and that was from a University of

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01 Maryland study.

02 Infrastructure. I rushed back from
03 Harrisburg today and I found out it was an
04 infrastructure issue. We had some crazy pink stuff
05 leaking into Codorus Creek and couldn't figure out
06 where it was coming from. And DEP, Joe Roth
07 (phonetic), did an awesome job tracing it back. He
08 found that it's coming from a plant not quite a mile
09 away from the creek, so it would come down the storm
10 drain. But they thought they were sending it to the
11 waste water treatment plant. There was some kind of
12 combined something in there that it actually got out

13 into the storm drains and came down into the Codorus.
14 And I find it --- I don't know how to say it exactly,
15 but, you know, the state capital is surrounded by the
16 biggest CSO, 64 combined sewage overflows that flow
17 into the Susquehanna and Paxton Creek. It's the
18 biggest sewage problem on the Susquehanna and it's in
19 our capitol, which might not be a surprise.

20 But it is a problem that they have to
21 deal with and it is an infrastructure and it's
22 certainly an example of what some of you folks were
23 talking about, the oldest infrastructure. And so
24 hopefully they've got until 2010 to do something about
25 that, but we want to encourage them any way we can.

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01 So on the drinking water, one cent per
02 gallon. Oh, my gosh. Is there a better bargain? We
03 should not be charging one cent per gallon. We should
04 be charging more. There has to be a better way to
05 encourage people to realize that this is a real
06 commodity and that it does need some kind of
07 conservation. I would promote something like a base -
08 -- you know, you get a base rate and I guess I'm
09 talking to you, but more than you, but a base rate

10 that would --- you know, \$15 a month or whatever that
11 is. Then you get your first thousand gallons free and
12 then you get charged a reasonable market rate, 10
13 cents a gallon, 15 cents a gallon. And industry has
14 to pay. I know industry gets a better rate than the
15 average citizen. But these are market costs. And it
16 should be a watershed basin system that we should pay
17 attention to. I had to hit you on out-of-basin
18 transfers.

19 Now, I'm back on the script so it won't
20 take long. So the Fair Share Plan is a good start.
21 Though, I believe the actual funding may need to be
22 increased. With nearly 200 treatment plants and
23 hundreds of miles of agricultural stream banks needing
24 improvement, we should be realistic about the funding
25 needs. And this funding also does not include

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01 restoring riparian buffers, riverside forested areas
02 in non-agricultural areas.

03 Here's another science lesson for the
04 night. Shaded streams have an ecosystem function that
05 actually removes nutrients from the water and
06 stabilizes the sediments on the bank. What are we on

07 the ropes for in 2010? Nutrients and sediments. Any
08 stream from which the forested buffer has been removed
09 no longer functions properly to remove nutrients from
10 the water.

11 The process by which streams remove
12 nutrients is relatively simple. Algae eats the
13 nutrients. The bugs eat the algae. The fish eat the
14 bugs and other animals such as Eagles, osprey,
15 raccoons, otters, humans and others remove the fish.
16 Thus, we removed nutrients from the system, the
17 absolute natural way that it has been before we
18 started changing everything around. Thus, nutrients
19 are removed before they can pollute the Susquehanna
20 River and Chesapeake Bay.

21 When there's no shade for the stream, the
22 algae gets a hundred percent sunlight and grows thick
23 and filamentous. The natural grazers, the cows of the
24 stream, May flies and things like that, they can't
25 chew the filamentous algae, so the nutrient removal

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01 process ends right there. So anywhere we cut the
02 trees down, it stops the natural process of removing
03 the nutrients and now we're asking the treatment

04 plants and the ag to take the brunt of that. And it's
05 not entirely --- it's everywhere. It's the mall.
06 It's the suburban neighborhood. It's the school yard.
07 It's everywhere we've gone in and cut things down.
08 We need to reforest as many streams as
09 possible to return the natural nutrient removal
10 process. And I reference Dr. Thomas Bott's studies
11 over at the Stroud Water Research Center in Avondale,
12 Pennsylvania. So this is 30 years' worth of work done
13 here in Pennsylvania to teach us that.

14 Also, little was said about construction
15 site runoff that we see on a daily basis. Much of
16 this construction is on old farmlands. Thus, the
17 sediment also carries nitrogen and phosphorus that
18 pollutes our water. Better practices need to be
19 mandated and enforced. These practices are not
20 expensive to follow, but they do need to be followed.

21 For instance, silt fences do almost
22 nothing. They do almost nothing to reduce the
23 sediment runoff. The fences do not act as filters but
24 only barriers until the water finds its way around.
25 The new silt socks that you might start seeing around,

01 the things filled with clean mulch make excellent
02 filters particularly when they're placed behind the
03 silt fence. Silt fences hold up the water coming
04 down, and that actually filters out nutrients and
05 sediments. Silt socks can be made of biodegradable
06 material and left in place. You can even add native
07 flower seeds and create a nice perimeter around the
08 site. They could possibly be of use also along
09 agricultural riparian lands.

10 Another problem with the construction
11 boom is the increase in paved and developed sites that
12 increased the peak in total flows of water downstream
13 that were not designed to handle --- downstreams that
14 were not designed to handle such flows.
15 Unfortunately, we have an example of this right
16 outside this school. Two landowners down here --- I
17 believe they might have called you as well. I know
18 they've called Gary. But folks living right down
19 there, they're losing their property because even
20 though this was designed to current standards, it's
21 eroding and wiping out their farmlands down there. So
22 we need to find better ways to deal with these things.

23 An increase in storm water erodes

24 downstream properties, causing damage to private
25 property and sending more nutrient-laden sediment to

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01 the Susquehanna River and Chesapeake Bay. More flood
02 plains and wetlands must be preserved if we are to
03 reduce this destructive force created by our need to
04 pave and build without concern for the natural geology
05 and hydrology of our communities.

06 Once again, the Fair Share Plan is a good
07 start, but there are other sources of contribution to
08 the problem. Some of them such as riverside buffers,
09 better construction techniques and smarter zoning
10 could be very cost effective.

11 And I have a little quote that the CBF
12 sent me. Cleaning up our rivers, streams and the
13 Chesapeake Bay is required by the Clean Water Act now.
14 State assistance is crucial to the success of meeting
15 water quality requirements. Thank you.

16 CHAIRMAN SAYLOR:

17 I have just a few quick comments and then
18 we're going to ask for public input. There are a
19 number of things as a legislator over the years people
20 have approached me on, things I've talked with

21 Secretary McGinty on a number of times. I think one
22 of the things that we need to do, and I've heard some
23 of them tonight, is we need to do a better job in
24 communication because a lot of times --- just as until
25 9/11 a lot of people took fire companies and police

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01 services kind of for granted, we do the same thing
02 with our water systems and our sewer systems. When
03 they were developed, we paid a fee for those systems
04 to be developed. But nobody ever thought about what
05 it was going to cost to replace them. So now we're
06 talking surcharges.

07 And as a politician here tonight, I will
08 tell you my colleagues in the House and Senate,
09 whether you're talking about Washington or Harrisburg
10 or any other state capital, surcharges are known also
11 as tax increases. Whether you like it or not that's
12 how it's looked at. And so those are the kind of
13 things that taxpayers have to kind of understand is
14 that the system we have --- it's very interesting as a
15 legislator. I get to visit a lot of schools. I spent
16 a lot of time, particularly today I spent time, about
17 a hour and a half with fourth graders. We talked

18 about the environment and things like that that they
19 like to talk about. The fact is more kids in high
20 school talk about the environment than anybody I talk
21 with and are more concerned about it. And it's
22 interesting some of their solutions and they're a lot
23 more harsh than we are. If they were the judges out
24 there, if you were committing any kind of crime, let
25 alone pollution, you would be in trouble.

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01 But I think that that's one of the things
02 that we have to do a better job of communicating,
03 whether it's private companies or municipal
04 authorities in doing these things. We have to really
05 educate people about what the services mean and how we
06 have to maintain those things. But if you're going to
07 do a surcharge, you have to be held accountable for
08 the surcharge in how you spend those dollars because
09 taxpayers many times say, oh, that's just another tax,
10 another thing for profit and another thing for
11 whatever. If it's government doing the surcharging,
12 it's, you know, better-looking cars for state
13 employees and legislatures, or money going to our
14 expense accounts, whatever. So we have to be more

15 open and accountable for how we manage surcharges and
16 things like that.

17 I've taken up another issue with the
18 Secretary that I think has been ignored here in
19 Pennsylvania and elsewhere in the country as well and
20 that is we talk about farmers a lot, but nobody has
21 talked about the fertilizing lawn services out there,
22 licensed and unlicensed. You know, I get a call two
23 or three times every year from different ones and they
24 want to come out and spray fertilizer in my lawns
25 eight times. I do one application. I buy the cheap

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01 kind. And my lawn looks perfectly fine. It may not
02 win any awards. But what I find is when people are
03 putting lawn fertilizer on eight times a year,
04 something's wrong. And I think we're pushing too much
05 on farmers today, not that that isn't part of the
06 problem. But part of what we're looking at, is
07 everybody wants to compete with everybody for a
08 beautiful lawn, and so eight times a year these
09 chemicals go on. It bothers me because I realize
10 runoff from the yards is still going to go into the
11 same way runoff from farms do. And so we as

12 constituents, people out there got to understand that
13 if we're going to fertilize our lawns seven, eight
14 times a year, we're going to end up paying more in
15 sewer costs and everything else through regulations.

16 I have a great concern and have expressed
17 it for a number of years. We have the former
18 secretary of DEP, David Hess, back there whom I've
19 talked to a number of times and his successor now
20 Secretary McGinty, about the issue of sewer. As we
21 continue to expand sewer, I am real concerned that our
22 water table will go lower. We've already seen it.
23 When a development goes next to another development,
24 sometimes the well system goes dry. And the more you
25 add sewer and you're not putting that water back into

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01 the ground, but shipping it into the stream and down
02 to the Chesapeake Bay. My great concern --- I'm not
03 an engineer and I'm not a scientist or anything else,
04 but that has to affect our overall water supply with
05 the sewer expansion we have.

06 We in Pennsylvania need to come up with a
07 better system for keeping on-site septic systems or
08 some kind of thing like that rather than just

09 constantly expanding sewer systems and making land
10 more buildable for commercial and residential property
11 because when you do that you're lowering your water
12 table. And I happened to have a house that had a
13 sewer by a well, and I always wondered how that was
14 affecting my water table. Never checked it out.
15 Currently, now I have a septic system and I have a
16 spring house and a well. So I wonder about the
17 development that's going to go in next to me now, down
18 on Pleasant Grove Road, how that's going to affect my
19 water table. And I think that municipalities need to
20 start looking at the minimal standards for homes that
21 are going in if you're doing to have, particularly
22 wells, there should be a minimum standard for what
23 wells have to produce in gallons per minute. And
24 I, again, don't know what that should be. That's
25 something for an expert to do.

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01 But far too often, I'm seeing huge
02 expense by municipalities running water lines to new
03 developments that have been there two, three years and
04 everybody complains about it. But nobody thought
05 about it how much water do I need when I have two or

06 three children in my household to do all the things I
07 need to do. And I think again the public needs to be
08 aware of it. If you're not in that kind of an
09 industry, you don't think what your water use is. If
10 you're buying a house, you're assuming that you're
11 going to have plenty of water for whatever. And then
12 the next development comes along next to your
13 development, builds, and now you're getting muddy
14 water after you do a couple loads of wash or a couple
15 showers.

16 So I think that's something mostly that
17 will come out of some of the things that we're doing
18 today. You know, I have great concern. I fought with
19 Baltimore City a number of years ago when I first was
20 elected over the issue of how much water they take out
21 of the Susquehanna River. We're tapping a tremendous
22 amount of water out of there, and I think they should
23 not be permitted. There's other things that Baltimore
24 City can do in tapping water. I still think that
25 Baltimore City can look into desalinization for water

01 systems. There's any number of innovative systems out
02 there today for it, and I think that adds up.

03 Baltimore is critical somewhat in Maryland because I
04 don't think they've got enough either for the
05 Chesapeake Bay. And I think we in Pennsylvania have a
06 burden, but I still, having dealt with Maryland on a
07 number of environmental issues along the border
08 because my district borders Maryland, I know their DEP
09 agency whatever they call it down there is, in fact,
10 isn't exactly the most eager in getting the job done.

11 So I would compliment Pennsylvania DEP
12 and Secretary McGinty for the job they've done over
13 the years. I can't say the same when I've had
14 dealings with DEP agencies in Maryland. I don't know
15 what it's called. MDE. But a friend of mine kind of
16 was involved in that as well, a former delegate from
17 Maryland.

18 So there are a number of things, I think,
19 that we need to address and talk about for our
20 infrastructure, sewer, storm water runoff. But I do
21 think that education of consumers is going to have to
22 take place because any time you raise the water rates,
23 as Jeff is finding out right now, all the nasty
24 letters to the editor about it, it's tough, but we
25 have to do a better job whether it's governmental and

01 businesses in justifying what we do and making sure
02 we're more accountable for how we spend those dollars.

03 And last, I know Mike you hit on sludge.
04 I still don't know that I agree that what's happening
05 in Shrewsbury is based upon sludge. It could be any
06 number of things. We haven't experienced that in a
07 lot of other places in Pennsylvania where a number of
08 agencies have said it's perfectly fine and other
09 institutions have done research on it. Not saying
10 you're wrong. I'm just saying that I don't want to
11 scare people because we've seen it and seen it tested
12 on farms, and it's not caused any problems. If that
13 was wrong, then I would say that we need to change our
14 policies. But there's scientific evidence that backs
15 it up. Penn State has done research and they find
16 nothing wrong with it. That doesn't say I'm
17 encouraging we spray more sludge everywhere. But what
18 it does say is I don't want to scare people with
19 diseases. We have not found enough evidence.

20 As you say, those people are making
21 suggestions that it's sludge, but that's just their
22 suggestions. I hate to scare people about sludge

23 prior to. We have to do it either way. Sludge is
24 part of our system. You can put it in landfills, and
25 then the question is, who wants a landfill in their

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01 backyard? We're putting ash from incinerator. But
02 it's because of our incinerator that we're saving a
03 lot of that space. So just caution anybody on making
04 accusations about sludge.

05 I think DEP does a fantastic job on the
06 way they monitor the thing. I'm not saying it because
07 they're here. I'd say it whether they were here or
08 not. I think they're one of the finest environmental
09 agencies in the country of any state, not that I don't
10 have my differences sometimes. That's for sure. But
11 they do a great job and I've seen it over the years
12 through a number of administrations. We're very
13 fortunate to have a very good agency.

14 At this point, I did want to thank
15 Secretary McGinty because she really is a big part of
16 this issue. And all the testimony that's been
17 submitted will be online at the DEP site. Do you want
18 to repeat that site again, in case you want to pull up
19 any of this testimony?

20 MS. KASI:
21 RA-sitaskforce@state.pa.us. That's the
22 e-mail address to contact the task force. There is a
23 web site for the task force where you'll be able to
24 see everything. You can get at that through the main
25 DEP web site. Under hot topics, you can get at the

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01 task force and all this stuff will be there. So you
02 can either e-mail them or just go to the web site into
03 hot topics.

04 CHAIRMAN SAYLOR:
05 Okay. Any other comments, public
06 comments tonight?

07 MR. HELFRICH:
08 I just wanted to point out that's
09 assuming the waste water treatment --- we aren't
10 testing for the other 80,000 chemicals. There's very
11 little testing. And the other things that are in it
12 like the cryptosporidium and things like that, they've
13 got a survival rate of things like point two percent.
14 And in our world, point two percent is acceptable, but
15 catch the wrong day, catch the wrong wind, all those
16 people who live right along the stream where it was

17 spread might have a problem. So it's not perfect.

18 CHAIRMAN SAYLOR:

19 Right. Yes?

20 MS. REIGLE:

21 At the hearing yesterday in Bethlehem,
22 there happened to be a gentleman from Milton Sewer
23 Authority which is looking at a new system, and
24 they're going to take their sludge or their waste I'll
25 call it and do it anaerobically rather than

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01 aerobically and turn it into methane gas, run a diesel
02 generator to power their equipment and sell the other
03 50 percent of the electricity for other uses. So I
04 think that's pretty innovative and it may be some
05 other folks may be interested in looking into that
06 option.

07 CHAIRMAN SAYLOR:

08 Didn't you bring something like a piece
09 of pipe?

10 MS. REIGLE:

11 I did. If you want me to show that ---.
12 This is a water main that was taken out of an eastern
13 Pennsylvania system and after about 80 years this is

14 what it looks like. And this is what a lot of pipes
15 --- one my contractors yesterday brought two other
16 ones and his didn't look much better than mine. So
17 this is what contractors are encountering almost
18 everywhere we are in the State of Pennsylvania.

19 MR. MENDUSKY:

20 I'd like to follow up on that, too, if I
21 can. One of the reasons I came tonight was actually
22 for the same type of discussion.

23 MS. KASI:

24 Can in interrupt just for a second just
25 for the sake of the stenographer? Could you that are

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01 speaking identify who you are?

02 MS. REIGLE:

03 Okay. I'm Brenda Reigle, R-E-I-G-L-E.

04 And I'm with the Pennsylvania Utility Contractors
05 Association.

06 MS. KASI:

07 I'm sorry. I didn't mean to interrupt,
08 but we need to catch your name.

09 MR. MENDUSKY:

10 No, that's fine. My name is Justine

11 Mendusky, and I work with Herbert, Rowland & Grubic
12 Engineers in Harrisburg. One of the reasons I came
13 here tonight was to talk about one of the small
14 authorities that we represent. And honestly, I'm not
15 going to say anything earth-shattering here. I think
16 we all know, you know, encumbrances that
17 municipalities and municipal authorities face. But
18 they've got water mains from 1915 era, and I would
19 suggest that they're probably even more prohibitively
20 restricted than that when at certain points in their
21 water system I've done flow hydrotesting,
22 environmental flow testing, opened a hydrant and can't
23 even register a pressure and flow on my gauge.

24 So that would suggest to me that their
25 system is in very bad shape. It obviously poses a lot

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01 of dangers when your fire hydrant that is supposed to
02 protect your local community can't even product a flow
03 of pressure from the gauge, how would it ever put out
04 a fire?

05 So that was one of the things I wanted to
06 bring up. They've got a number of issues, and I'm
07 going to e-mail a little memorandum I've prepared to

08 the task force. But I think one of the things that
09 I'm glad to see that that would be considered, the age
10 of these mains, the problems they pose not only to
11 repairing and replacing, but also to the community
12 health, fire safety, et cetera. So I'm glad that
13 someone brought that up. So thank you.

14 CHAIRMAN SAYLOR:

15 Yes. Please stand and state your name.

16 MR. PEACOCK:

17 My name is Gary Peacock and I'm speaking
18 as citizen Gary Peacock tonight. I was pleasantly
19 surprised that I agree with almost everything I've
20 heard tonight. I would like to mention one thing that
21 I didn't hear. I think there's a higher calling, a
22 moral imperative here to do what is right for
23 everybody, because we're all in this together.

24 CHAIRMAN SAYLOR:

25 Yes. Your name?

99

01 MR. FISHER:

02 I'm Bob Fisher. I'm an engineer with
03 R.J. Fisher and Associates. I also worked with
04 Lamonte on the Fair Share Plan. I represent the

05 Builders Association. And the Fair Share Plan has a
06 very unique coalition. It's not often we see the
07 Builders Association, the Chesapeake Bay Association,
08 the Farm Bureau, the Conservation Districts and
09 Municipal Authorities Association all on the same side
10 of the table. And part of the reason for that is we
11 recognize the Chesapeake Bay Strategy is calling for
12 us to spend about a billion dollars to upgrade our
13 treatment plants. As you've all recognized, a big
14 portion of the problem is not really with the
15 treatment plants. If we spend a billion dollars, we
16 don't fix it. We only remove maybe 15 to 16 percent
17 of the total problem.

18 So one of the critical parts of the Fair
19 Share Plan is to have a more viable, a more vibrant
20 nutrient trading program where we might use some of
21 that money to help the farmers to create riparian
22 buffers along streams. Pull up Google maps and go up
23 the Susquehanna River tributaries. It's pretty
24 obvious you can see what the problem with the
25 Chesapeake Bay is. A lot of the farms that are

01 farming along the tributaries. So I think the task

02 force has a lot --- we have limited funds available to
03 us, so it's important that we spend those limited
04 funds wisely. And I think that's a lot of what the
05 Fair Share Plan does. Especially with that unique
06 coalition of partners together agreeing on how to
07 structure the funds, and it always would be nice to
08 have more funds. But we're trying to be realistic in
09 what we realistically think we can fund as a state.

10 And although Virginia and Maryland
11 definitely don't do their part with the Chesapeake
12 Bay, they did start about four or five years ago
13 funding their obligations to the bay. So they're
14 light years ahead of us in providing the money to do
15 the improvements they need. Their problems are a
16 little bit more direct. They've got the Baltimore,
17 Washington D.C. plants. That's where they have to go
18 spend the money. Our problem, the problem that has
19 been mapped is primarily Lancaster, Adams and York
20 County farms. That's where the nitrogen and
21 phosphorus is coming from. So we need to find a way
22 to maybe redirect some of the money from the treatment
23 plants to the farms and give those treatment plants
24 credits for directing that money to the farms and

25 create a trading program.

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01 The other thing that's important to
02 builders is that's the only way to keep our economy
03 going. The way the system's structured right now we
04 can potentially see within the next couple years if we
05 can't get sewer permits, we can't build, and we might
06 as well not even try to attract additional residents
07 to the state because we won't have the sewer capacity.
08 So the trading program also provides a way for us to
09 fund additional growth, to allow the growth, and to
10 fix our environmental problems at the same time.
11 Thank you.

12 CHAIRMAN SAYLOR:

13 Any other comments from anybody else?

14 Yes, sir? Before you do ---.

15 MR. RANDALL:

16 Oh, I'm sorry. Rich Randall. There are
17 technologies that I'd encourage you again to get
18 information on. This high energy pulse plasma
19 technology cleans the water, destroying chemicals and
20 even has a fixed waste application. I submit that
21 that should be investigated for a cost/benefit

22 analysis. It's conceivable that Pennsylvania could
23 make a lot of money developing that and selling it to
24 the rest of the country.

25 On more regulations, I think we need to

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01 somehow correct our grey water problem. Grey water is
02 something that the southwest has learned to promote as
03 a way of conserving water. There are regulations and
04 an example would be the Thunderbolt Farm. It's a
05 community of only 14 houses, because there's a
06 regulation problem, but the kind of development
07 they've done could be promoted into a larger scale.
08 They treat their own water using plant life, plants,
09 to get clean water. They also use solar energy.
10 Certainly we've heard about it, but we need to promote
11 it. Recycling, we need to promote more. Conowago has
12 this permeable concrete. It's concrete that actually
13 allows the water to go through it. I'm sure it's more
14 expensive than normal pavement, but that's the way to
15 go. We've got to encourage these things.

16 I also agree that public education I
17 think is a major problem. I think I as a citizen try
18 to move things in a certain direction, but I have no

19 way to educate people. So thank you very much.

20 CHAIRMAN SAYLOR:

21 Thank you.

22 MS. MILLER:

23 I'm Susan Miller. I spent a lot of time
24 on the phone with people with on-lot septic systems,
25 explaining to them just like you did, how important it

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01 is. And I just think it would be really helpful to
02 educate more people with on-lot systems just how
03 valuable a resource they have. I do it daily, but
04 it'd be nice to have more public.

05 CHAIRMAN SAYLOR:

06 Next? Back there, then up here.

07 MR. MILLER:

08 Good evening. I'm Kevin Miller, Monroe
09 Township Municipal Authority, Cumberland County.
10 Something that was mentioned this evening was in
11 reference to water usage and storm water. One of the
12 ways that we could reduce storm water would be if we
13 start to collect our rainwater at the home. That
14 source of rainwater could be stored. You could use
15 that for your washing. You could use that for

16 flushing your toilets. That would be a good way to
17 help reduce storm water in many ways leading out to
18 our streets that takes the oils and that and washes it
19 down into the rivers, streams and that. You know, it
20 just provides a viable way. Currently our fire
21 company does collect all the rainwater and they
22 actually use that to help put fires out in our
23 township. So I think we as a model as a state for new
24 housing developments or single family homes collecting
25 that water could reduce your water demands on your

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01 well as well as the demand from the public service
02 water. Thank you.

03 CHAIRMAN SAYLOR:

04 Actually, that's one of the things that I
05 think every township should have a requirement that
06 all homes basically have rainwater collection at their
07 homes. The township were I live has such a
08 requirement. We really need to look at saving those
09 resources. Again, it comes down to education of
10 officials as well. You know, many of these people,
11 borough officials or township officials, are part time
12 or all of them are part time, and they can't be

13 experts on everything. That's why I say education
14 with township supervisor association and borough
15 council association should do a better job of
16 educating people. This isn't just coming to light. We
17 see droughts all over the place. We see in the
18 southeast United States last year how important water
19 is in our system.

20 MR. MILLER:

21 Well, just the use here at the school
22 when you mentioned about the erosion. I mean, if they
23 used some of that storm water here, that would reduce
24 erosion that's occurring downstream.

25 CHAIRMAN SAYLOR:

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01 I've always thought any water that runs
02 off should stay on the property, because I think it's
03 good for our groundwater.

04 MS. BLIERS:

05 My name's Rolleta Bliers. I'm from
06 Gannett Fleming. And I've heard a lot of people
07 testify on the grey water issue. Representative
08 Saylor, you were discussing the fact that we're
09 carrying a lot of waste water away from its original

10 watershed areas. One thing that I don't see being
11 explored by many or anybody in Pennsylvania is spray
12 irrigation, drip irrigation, other forms of
13 reclamation. I just don't see a lot of that being
14 considered. There is a lot of farmland. There's a
15 lot of agricultural land. There are a lot of
16 opportunities for that to happen and it's beneficial
17 use of that water. The nutrients get used to
18 replenish crops that are basically used for animal
19 feed. They're not used for human consumption, but I
20 just think that that is a consideration that needs to
21 be made.

22 CHAIRMAN SAYLOR:

23 Thank you. Anybody else? Yes, sir.

24 MR. RYAN:

25 My name is Craig Ryan, Red Lion. I'm

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01 just a private citizen. A couple comments I have to
02 make here. You know, number one, to say that we
03 should all have some kind of rainwater collection
04 system on our homes, between Memorial Day last year
05 and Labor Day, I don't think I had enough ran to brush
06 my teeth once. And I live around the corner here. Why

07 do I want to bear that expense?

08 Number two, who's going to pay to test
09 for 80,000 chemicals? You know, everybody here that
10 I've heard tonight seems very willing to spend
11 taxpayer money. You know, sooner or later we're going
12 to run out of money. We know that our school taxes
13 are going up. Gasoline prices are going up. Nobody's
14 giving us a break with that. Yet, everybody here just
15 seems to say we can't possibly spend enough to save
16 the bay. Well, sooner or later, you know, there's
17 nothing left to spend. When the new administration
18 comes in, I know my taxes are going up. So what's
19 going to be left to pay for the bay?

20 Everybody here, let's just spend. That's
21 all we got to do. Global warming an all that. Sooner
22 or later somebody's got to say, you know, we got to do
23 this responsibly and just not keep taxing people that
24 are taxed to here.

25 Mr. Wilson I think from the 10,000

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01 Friends, the one comment that I think if I understood
02 it correctly was, you know, those of us that have have
03 to help those of us that don't. It's kind of

04 socialist comment to me. You know, I don't mind
05 paying for what I have. I don't want to pay for
06 something for everybody else. And that's all. Thank
07 you. It just seems like spend, spend, spend. Who's
08 accountable for all of this?

09 CHAIRMAN SAYLOR:

10 Well, I think one of the things the task
11 force is trying to look at is not necessarily to
12 increase the taxes or borrowing or any number of
13 things. We'll have to wait and see what comes out in
14 October. But the key is how do we redirect our
15 resources to a better way of doing this. I think
16 that's not being ignored. But how we spend our
17 resources. You know, you heard earlier about waste in
18 Harrisburg on certain programs. So those are the kind
19 of things we're going to look at, what works and what
20 doesn't work.

21 That's the whole point of the public
22 meetings around the state, is for the Secretary, the
23 Governor and everybody on the task force to take in
24 ideas and be innovative because not everything
25 necessarily means that we have to raise taxes or add

01 surcharges on. But in some cases it means redirecting
02 our current resources that we already have to those
03 programs that work, rather than just putting money out
04 there and saying, okay, we got to throw money at this
05 and it's going to solve it.

06 One of the arguments I've used over the
07 years is when a program fails to do what it's supposed
08 to do we never change it. We never put it in the
09 right place it needs to be. And that's the whole
10 point tonight, as it has been at the other meetings,
11 is to gather the information from taxpayers and people
12 who are experts in the field. And we have a number of
13 these that we'll have been now and October 1st to try
14 gather information to educate us because those of us
15 in government surely are not experts in this
16 particular field. And for us, we really need to know
17 from the experts where they see, whether it's the
18 township, municipal authority or the public water
19 company or it's people like Michael here who's in
20 charge of the Susquehanna River and monitoring it.

21 We really need to know what works and how
22 to put the program together because you could do any
23 number of studies. And as I've seen as a legislator,

24 I've seen more studies done and sit on the shelves
25 after they're done and not really followed through on.

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01 And that's the real trick, to get something that has a
02 large amount of input from the public, whether the
03 public is companies, municipal government or the
04 taxpayers. When it comes about and is complete, that
05 truly can be enacted because it doesn't do any good
06 for this task force to come up with a program that
07 spends a lot of money, but yet it doesn't get public
08 support.

09 So that is the hope, I think, of this
10 task force --- I think Secretary McGinty is hoping
11 that the public, whatever the task force comes up with
12 --- and I'm not speaking for her, or the Governor, is
13 that it's a program that most Pennsylvanians, put it
14 that way, will stand behind. And it doesn't
15 necessarily mean --- I'm not saying it doesn't mean
16 increasing --- having surcharges or having some kind
17 of tax increases.

18 But in particular with the water off the
19 roof, that's for new housing. We wouldn't go back and
20 make it retroactive. But that's what a lot of

21 townships are doing because there's more runoff. But
22 that's kind of the goal.

23 MR. RYAN:

24 Somebody said the definition of an expert
25 is somebody that doesn't have to back up their own

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01 words.

02 MR. WILSON:

03 If I could respond to the comment. What
04 I said was that we should make sure that the cost
05 doesn't fall disproportionately on the older
06 communities which are facing fiscal problems and
07 destabilize them. That doesn't necessarily mean a
08 Robin Hood approach that takes from the rich and gives
09 to the poor. One way to do that, for example, to
10 promote a more equitable system, would be to take
11 advantage of the excess capacity that already exists
12 in these older communities so that they can actually
13 sell water to newer communities and reduce the need to
14 invest infrastructure in those older communities. It
15 would be a win/win situation. It would help the older
16 communities by helping them gain revenue for resources
17 they already have, and it would reduce the need to

18 expand systems in the newer communities.

19 MR. RYAN:

20 I'm sorry if I misunderstood you. But
21 that could still be taking tax dollars for schools
22 from this area here and they wind up in the southeast
23 part of the state. That's sort of unfair. I would
24 hate to see that same thing happen here.

25 MR. HELFRICH:

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01 One sentence response also is that I
02 would expect the industry who's making money to pay
03 for the testing. I'm not hoping --- I'm not
04 looking ---.

05 MR. RYAN:

06 Pay for the testing, but who pays for the
07 products of the industry? The industry is not going
08 to pay for it. We're going to pay for it. Just like
09 companies don't pay taxes. We pay the taxes for it.

10 MR. HELFRICH:

11 But if you externalize costs for the
12 company, then you don't have a real capitalist system.
13 You have a socialist system, but it's an industry
14 socialist system.

15 MR. RYAN:

16 I beg to differ.

17 CHAIRMAN SAYLOR:

18 Any other comments? If you have not
19 already when you came in, please sign in at the back
20 so we have a record of you being here. And I
21 appreciate that. Seeing that there's no other
22 comments, the meeting's adjourned.

23 * * * * *

24 MEETING CONCLUDED AT 8:29 P.M.

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