



Testimony of
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On behalf of the
National Rural Water Association

and the
New York Rural Water Association

Before the
Subcommittee on Water Resources and Environment
United States House of Representatives

March 7, 2019

“The Clean Water State Revolving Fund: How Federal Infrastructure Investment Can Help Communities Modernize Water Infrastructure and Address Affordability Challenges”

Good morning, Chairwoman Napolitano and members of the committee. All small and rural communities in all of the states are very appreciative for the invitation to testify today about small community wastewater issues, the Clean Water Act, and water infrastructure financing.

I am John Mokszycki and I am the Water Superintendent for the Town of Greenport, a small municipality in rural New York on the Hudson River, located in the 19th Congressional District. We have a population of just over 4,000 people and an annual budget of \$5.3 million which includes the operating budgets for both the town’s water and sewer utilities. I want to thank our representative, Congressman Delgado, for getting on this very important committee for small communities and for his continued attention and help to all the municipalities in New York’s 19th District with environmental protection and economic development.

I would also like to thank you, Chairwoman Napolitano, and Representatives Young and Katko for introducing the “Water Quality Protection and Job Creation Act of 2019” today. Your legislation is very welcome, especially the provisions to increase funding for the Clean Water State Revolving Fund. My community and many just like it would not be operating today without the water infrastructure assistance from the state revolving funds.

I am testifying today on behalf of all the approximately 12,000 small and rural communities in all states that operate public wastewater utilities through my affiliation with the National Rural Water Association and the New York Rural Water Association. About 80% of the approximately 15,000 public wastewater utilities in the U.S. are in small or rural communities. Small and rural communities have a much more challenging time complying with our federal Clean Water Act

permits and operating complex wastewater treatment systems due to the lack of technical resources in small communities. While we have fewer resources, we are regulated in the exact same manner as a large community. While the cost of a small community's water infrastructure may only be a fraction of a large metropolitan community, the cost per household is often much higher because we have so few ratepayers to spread out the cost. Similarly, the compliance burden of Clean Water Act is more severe because we don't have the same technical resources as large communities. Many small communities may only have one operator with multiple duties, not just wastewater treatment – and we don't have staff engineers, compliance officers and attorneys to help with compliance. But we still have to stay current with all the new rules, maintain our treatment and collection systems, and manage our very complex federal sewer permits (i.e. the National Pollution Discharge Elimination System permit).

My main objective here today is to show you, through the experience in the Town of Greenport, that small communities are struggling with the burden of maintaining our wastewater infrastructure, that compliance is very expensive, that it is very complex, and that nobody wants to comply with the federal environmental standards, protect our community and protect the environment more than local governments.

Currently, our town is under a Clean Water Act enforcement order or consent order and struggling to pay for the needed sewer improvements which I will explain after providing a brief history of our situation.

Our initial sewer system was installed in the 1930s in large part by the depression era Works Progress Administration and Civilian Conservation Corps initiatives which trenched and laid 64,000 feet of clay sewer pipe or tile. This type of pipe, although now antiquated, cracks easily which allows rain water to flow into the collection system in the cracks and also in the joints between the 6 foot sections.

In order to modernize our collection system and keep all the rainwater from entering (i.e. infiltration), we need to insert a modern material into the old pipe which expands and seals the existing lines. This is called slip-lining and it is very expensive. However, it is less expensive and disruptive than the alternative of excavating and replacing all the old pipes which would include digging up the entire town, all the roads, and people's yards. In 1996, we started slip-lining our sewer lines and to date we have slip-lined about 1/3 of our clay tile collection system for approximately \$1,000,000 which we are still repaying. It is estimated that slip-lining the remaining clay pipes will cost approximately \$4.5 million.

Back in 2007, we were under a Clean Water Act consent order for violating our sewer permit - largely as a result of all the rainwater infiltration from our clay pipes. A town typically does not feel pressured to sign a consent order unless they are in very severe violation of their Clean Water Act permit and, at that time, we were in severe violation. Our clay pipe-based sewer collection system was collecting and sending tremendous amounts of "extra" water to our central sewer plant every time it rained. The clay pipes themselves allowed much of the rain to infiltrate the system through cracks and failed joints. In addition, many of the homes in the town had their sump pumps, roof gutters, household drains, and every one of their yards' drainage systems to be connected to the sanitary sewer pipes. Every time we experienced a heavy rain, all the extra water overwhelmed the treatment plant and resulted in rainwater and sewage bypassing our treatment works and discharging to the Claverack Creek which drains to the Hudson River. In addition to the problem of the treatment bypass, the excess flow would also wash out all the biological processes that are needed to treat our sewage during normal flows and this would take a number of days to re-establish after any heavy rain event.

Fixing this situation was estimated to cost the town upwards of \$10 million to build a new and larger treatment plant. That was financially impossible for us. However, lucky for us, this occurred around the same time that Congress passed the American Recovery and Reinvestment Act of 2009. The funding provided to the Clean Water State Revolving Funds from the Act was used to fund our new sewer system. We received a \$9.5 million funding package which was about half for loan forgiveness (i.e. a grant) and the other half was a zero interest loan which we are still repaying. This funding package did result in water rate increases but the amount was feasible for the community to absorb. In addition to expanding the capacity of our treatment plant, we were also able to modernize our treatment process with a sequential batch reactor system and the use of ultraviolet light disinfection.

The new sewer plant allowed us to comply with our consent order; however, we still had all the clay pipes in the ground draining all the excess water during every heavy rain event. Additionally, at that time, we had up to 50 line breaks each year in our antiquated and deteriorating cast iron drinking water lines which needed replacement. Also, keep in mind that the town supervisors were facing all the financial challenges of the water system in addition to other community needs like roads, bridges, parks, schools, etc.

In 2014, not long after financing and building our new \$9.5 million sewer plant, when the community supervisor believed that water rates were high, when we were still struggling to fund replacement of our drinking water cast iron lines and when we needed a new drinking water filtration plant - we were pressured to sign another Clean Water Act enforcement order for sanitary sewer overflows or SSOs. All the rain water infiltration into the failing clay sewer pipes was not overwhelming the sewer plant anymore, but it was causing the sewage water to back up into people's homes, 26 homes to be exact - and as you can imagine, this results in a crisis in town for the individuals whose homes are impacted, for the town to respond and for our local political leaders. By the way, our town board of supervisors holds a monthly town public meeting which includes an opportunity for the public to speak out about their expenses and their ability to pay their water bills. Around this time, our state environmental agency presented the town with a second consent order to fix the sanitary sewer overflows which we signed to avoid the threat of very costly fines. We have taken a number of incremental steps to comply with our current consent order including installing backflow preventers in every home vulnerable to a backup, and separating the rainwater drainage from all the vulnerable houses to the sewer system (sump pumps, household drains, gutters, etc.). We did line about one-third of the clay sewer pipes and are still paying off that debt. So far, we have prevented any re-occurrence of the sewage backup into anyone's home. However, we are still operating under the consent order which may require the lining of additional sections of our faulty clay sewer pipes. This is something we want to do and needs to happen, but it is likely to cost another \$4.5 million and most of the community currently thinks they are maxed-out on their ability to pay. Raising rates at this time could actually threaten the political stability of the community.

Compounding our problems is the fact that the needs of our wastewater utility also competes with our drinking water needs. For our drinking water utility, we need to replace the antiquated cast iron water lines that were installed in the 1930s. These lines are frequently breaking, causing people to be without drinking water as well as civic and economic disruption. Before we started to replace the cast iron pipes in 2006, we were experiencing up to 50 line breaks a year which was affecting just about everyone in the community. Over the past 15 years we have replaced about 40% of our old cast iron lines with \$5.8 million in financing. This dramatically reduced the frequency of emergency line breaks to approximately 10 line breaks a year. Our annual debt payment is approximately \$400,000 per year for water alone. In June, we will be starting a drinking water line replacement project to replace approximately 14,000 feet of old water lines at a price of \$4.6 million. This will add about \$245,000 to our annual debt

service. The replacement cost for the rest of the lines needing replacement (30,000 feet) is estimated to cost an additional \$11 million. In addition to modernizing all the old lines, we also need a new pump, new pump house and a iron and manganese filtration system that will cost another \$1.5 million.

Our water and sewer rates have been climbing over the past few years to the point where many people in the community, especially our low and fixed income citizens, are struggling to pay their bills. Financing our water infrastructure has also resulted in increasing the property tax rates. The average family water bill is over \$100 a month and we are not a wealthy community. In the 2010 census, the median income for a household in the town was \$37,394, and the median income for a family was \$47,452. Much of the town's historic industry moved away in the 1980s including three cement plants, a match factory, a Canada Dry bottling facility, and other businesses.

The current debt service for our drinking water utility is \$6.8 million with annual payments of approximately \$400,000. This does not include the new project beginning in June as financing has not been finalized. The debt service for the sewer utility is \$4.6 million with an annual payment of approximately \$250,000.

Most of the financing for water infrastructure repairs and replacements including the partial replacement of our water lines and sewer lines, the construction of a new wastewater treatment plant, and the abatement of our sanitary sewer overflows has only been made possible with funding from the Clean Water State Revolving Fund (SRF) and we are very grateful to this committee for that funding. And only because of the loan forgiveness and zero interest loan provisions with the program were we able to make the financing work for the citizens of Greenport. Again, thank you for including those critical assistance provisions that make the SRFs work for small and rural communities.

As the committee considers modifications to the SRFs, we urge you to retain these provisions and continue to target the federal funding within the SRFs to the communities and citizens most in need of the federal subsidies through the following provisions:

First, local communities have an obligation to pay for their water infrastructure and the federal government should only subsidize water infrastructure when the local community can't afford it and there is a compelling federal interest such as public health or compliance. To the maximum extent possible, the state revolving loans should prioritize funding to the communities most in need based on their economic challenges combined with the public health necessity of the project. **This evaluation should be made on a per capita or impact per citizens (ratepayer) analysis that is sensitive to local economic conditions (i.e. affordability analysis).**

Second, communities out of compliance with the Clean Water Act should receive prioritization for SRF funding where the most severely in non-compliance (environmental and economic) are moved to the top of the list for funding.

Third, a small percentage of water funding programs should be set-aside for technical assistance and assistance to complete the applications for water infrastructure funding. Small communities often lack the technical and administrative resources to achieve compliance and complete the necessary applications to access the federal funding programs. Providing these small communities with shared technical resources allows small communities access to technical resources that large common communities have and are needed to operate and maintain water infrastructure, comply with standards in the most economical way, and obtain

assistance in applying for state revolving loan funds. Often, this assistance saves thousands of dollars for the community and keeps the systems in long-term compliance with EPA rules.

Fourth, allow infrastructure funds some ability to provide grants (i.e. loan forgiveness and zero interest financing) – not just loans. Commonly, low-income communities do not have the ability to pay back a loan, even with very low interest rates, and require some portion of grant or principal forgiveness funding to make a project affordable to the ratepayers.

Fifth, a minimum portion of the funds should be set-aside for small and rural communities. This ensures that any infrastructure program must set-up a process for dealing with small and rural communities. Once established, local pressures and priorities will determine the actual portion directed to small systems which we expect will often be greater than the minimum prescribed.

In closing, I would to thank this committee which is very important to rural and small town America; every federal dollar that has been granted to the many thousands of small towns to build, expand, and maintain their wastewater infrastructure through the state revolving funds was authorized by this committee. Also, every federal regulation under the Clean Water Act was likewise authorized by this committee. We are grateful to be able to testify today and grateful for the numerous opportunities this committee has provided rural America to testify and be included in the crafting of federal water and environmental legislation.