

## Clean Water Act Report

Comments by Jeff Wennberg, Public Works Commissioner, City of Rutland

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1. The Treasurer and the Department of Environmental Conservation conducted a comprehensive process to reach out to and engage stakeholders.
2. The Treasurer's plan to fund the next two years' program and provide a 'bridge' to the permanent funding program is excellent and should be supported.
3. The Report should have presented a discussion of the level of uncertainty associated with the cost projections. The Legislature should be aware that many of the key projections represent optimistic guesses that cannot be verified until several additional years of planning and engineering are completed. Furthermore, there is strong reason to believe that costs have been significantly underestimated in several key areas. I cannot offer an alternative projection that has a more credible basis in fact, but I can state with confidence that projected costs will increase significantly above those presented in the Report as the planning and engineering proceed.
4. The Report treats loans – especially the Clean Water State Revolving Fund (CWSRF) – as revenue sources. They are financing mechanisms, not revenue sources. The actual revenue source for CWSRF loans are sewer fees paid by ratepayers.
5. The Report lacks an analysis of the impact of the recommended measures on ratepayers. Ratepayers will be responsible for:
  - a. Current water and sewer costs;
  - b. Tier 2 capital costs less grant funding to maintain wastewater and stormwater facilities;
  - c. Tier 1 capital costs less grant funding to construct new TMDL, CWA, CSO infrastructure;
  - d. Tier 1 O&M costs;
  - e. Parcel or Impervious Surface fees.
6. Based upon the cost and revenue estimates in the Treasurer's Report we estimate the increase to the average Vermont household water/sewer utility bill will be approximately \$857 per year if the Treasurer's recommendations are adopted. This represents a 140% increase over the current median water and sewer utility bill.
7. Rutland City W&S delinquencies are running around \$500,000. Increasing the utility bill by nearly \$900 per year will place substantially more stress on ratepayers who are already struggling to pay their bills.
8. Such increases may result in the defeat of local bond issues needed to finance infrastructure.
9. The Report proposes a 50% state subsidy to fund the Tier 1 'gap'. Given that the gap is likely to be much larger than projected and given that municipal property owners and ratepayers will be responsible for O&M and Tier 2 costs, the 'gap' is actually much larger than presented. Twenty-five million dollars a year is insufficient to bring about the total investment required by the CWA.
10. The Report recommends essentially a single new revenue source (a parcel or impervious surface fee) although a long list of potential sources is presented. Given that the lion's share of the

burden will be placed on municipal ratepayers and property owners, and given that municipalities have very few options for revenue enhancement compared with the state, does it not make sense for the state to fund the subsidy from a handful of sources, and preferably sources that do not overlap with the few that municipalities are able to use?

11. Four options for administration are presented but the Report strongly endorses the mandatory creation of local or regional stormwater utilities. It is our view that all of the other options, including a single state wide stormwater utility, are superior to the one recommended.
  - a. Effectiveness – the City of Rutland could raise \$20 million locally and do a wonderful job on Moon Brook but have no impact whatsoever on the condition of Lake Champlain. The State of Vermont could raise \$20 million in the City of Rutland and produce substantial benefits to the lake by spending the money in Franklin County.
  - b. Efficiency – There are 246 towns and cities in Vermont. Collecting a statewide fee through so many entities cannot be more efficient than centralized collection.
12. Many cities and towns will no doubt decide to create local utilities to fund these new local costs, and the option to do so should be retained and even streamlined. But there are 13 MS4s in Vermont and thus far only 3 have chosen to create utilities. We believe local control is enhanced by leaving utility formation a local option rather than making it a state mandate. We further believe that if the State wishes to subsidize this effort it should be done by utilizing state collected revenues and distributing them according to state directed priorities.