



DNREC
Bond Bill Hearing
May 17, 2018



Water Infrastructure
Advisory Council
Briefing

Fiscal 2019 Bond Bill Committee Remarks
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Chair, Water Infrastructure Advisory Council (WIAC)

Good Morning. My name is Jeffrey Bross, I am honored to serve as Chair of the Water Infrastructure Advisory Council (WIAC).

As you know, the WIAC is a 13-member advisory body to the Governor, as well as to the Secretaries of DNREC and DHSS, on matters of wastewater collection and treatment, drainage, flooding abatement, and drinking water facilities in Delaware. My remarks today will provide updates regarding:

1. The Council's, DNREC's, and DHSS's progress in assessing and funding critical wastewater, stormwater, and drinking water infrastructure projects throughout our State;
2. The required 20 percent State matching funds for federal capitalization grants for the CWSRF and DWSRF programs; and
3. The Final Report of the Clean Water and Flood Abatement Task Force, established under Senate Concurrent Resolution 30.

In State Fiscal Year 2017, Delaware received \$6.52 million in Federal funds for our Clean Water State Revolving Fund (CWSRF) program. The General Assembly, through a State Bond Bill appropriation provided the required 20 percent State match of \$1.3 million for 2017; we thank you for that. This money helped fund eight (8) municipal/public loans totaling \$14.6 million. So far in Fiscal 2018, the CWSRF has funded four (4) municipal loans totaling ~\$66 million to the City of Wilmington, Rehoboth Beach, and New Castle County. Additionally there are another 17 loans under binding commitments totaling \$35 million and ready for settlement now.

Since the inception of the CWSRF program in 1990, the WIAC has reviewed and recommended funding for 102 municipal/public wastewater and stormwater related loans and 1,354 non-point source loans totaling over \$430 million.

In State Fiscal Year 2017, \$8.3 million in Federal funds were granted to our Drinking Water State Revolving Fund (DWSRF) program, which required a 20 percent State match of \$1.66 million. The required 20 percent State match did not come from a Bond Bill Appropriation but was provided from the DWSRF Non-Federal Administrative Account. During 2017, the WIAC recommended approval of four (4) DWSRF municipal loans totaling \$5.6 million. So far in Fiscal 2018, the DWSRF has funded three (3) municipal/public loans totaling ~\$2.3 million supporting drinking water for the Delmar, Selbyville, and the community of Holiday Pines. Additionally there are another 5 loans under binding commitments totaling \$3.77 million and ready for settlement.

The DWSRF program was added to the WIAC's oversight responsibilities in 2013; and since the inception of the program in 1997, \$184 million in financial assistance has been provided for drinking water projects in our State.

In State Fiscal Year 2018, federal capitalization grants for CWSRF and DWSRF have been awarded to the State totaling \$6.47 million and \$8.2 million, respectively. This brings the historical total of the General Assembly appropriations, through the Bond Bill and 21st Century Fund, to \$39 million and \$36 million respectively, for matching \$212 million and \$202 million in Federal funds for the CWSRF and DWSRF programs. This represented more than a five to one leveraging of State funds to address Delaware's wastewater, drinking water, and surface water related program needs. **Included with these remarks is a brief highlight of the 2018 water infrastructure projects underway and some of the upcoming project priorities throughout Delaware.**

The 2011-2016 Wastewater Assessment, with current updates initiated by the WIAC, estimates the total 5-year capital cost need for wastewater facilities in excess of \$581 million. Municipal/public borrowers plan to request approximately \$107 million from the CWSRF program and \$27.4 million from the DWSRF program in the coming year based on the recently received 2018 Notices-of-Intent.

The Council last completed a study of the Statewide Drinking Water Needs Assessment of public community drinking water systems in 2015. The studies were based on estimated Replacement Value and 20-Year Investment Needs for the State's drinking water facilities. The replacement value for small, medium, and large drinking water systems in Delaware is estimated at \$4 billion, and the investment needed is estimated at \$1.2 billion over 20 years. The majority of drinking water systems in Delaware date back to the 1960s, which means that they are approaching the end of their useful service life. Buried infrastructure is the most significant unknown cost driver for most drinking water systems.

The WIAC has initiated an update of both the Statewide Assessment of Wastewater and Drinking Water Facilities to examine the adequacy of existing facilities throughout the State, the need for upgrades and capital improvements, system revenues and user rates through 2023. This comprehensive assessment of wastewater and drinking water needs will be issued by spring 2019.

The earlier 2011 and 2015 assessments identified investor-owned utilities as being sustainable by design with the necessary technical, financial, managerial capacities, and a long-term focus on operational and investment needs.

The development and implementation of Asset Management Plans were noted by municipal wastewater and drinking water utilities as a significant need. As a result, the WIAC initiated an innovative asset management program. I am pleased to inform you that 15 municipalities for drinking water; and 11 municipalities and 2 counties for wastewater have received Asset Management Planning Incentive Grants recommended by the Council, and are actively engaged in, or have completed the infrastructure planning process for their utilities.

The financial assistance provided by the WIAC will enable these communities to address the following critical questions to more effectively manage their drinking water and wastewater operations.

- **Current State of Assets** - What is the current state of my assets?
- **Level of Service** - What is my required "sustainable" level of service?
- **Critical Assets** - Which assets are critical to sustained performance?
- **Minimum Life Cycle Cost** - What are my minimum life-cycle costs?
- **Long Term Funding Plan** - What is my best long-term funding strategy?

Approximately \$57.7 million appropriated from the 21st Century Fund (since 2005) has been utilized by WIAC for investment in wastewater utility planning projects totaling \$1.1 million and for wastewater grants of \$56.6 million to make high priority projects affordable for communities and citizens throughout Delaware. However, remaining 21st Century Funds for planning and affordability grants are exhausted. A dedicated funding source for wastewater, drinking water, and surface water utilities would, over time, increase process efficiencies, as well as reduce project costs. Communities could plan for and approve key affordable infrastructure improvements. Ready-to-proceed projects could move to construction, creating additional jobs for Delawareans.

I would now like to discuss WIAC's role in addressing surface water issues throughout the State of Delaware. Since 1996, over \$70 million has been appropriated through the Bond Bill for drainage and water management projects statewide. These projects have had a huge beneficial impact on solving drainage and flooding problems as well as providing water quality improvements here in Delaware. In addition to DelDOT's investments for drainage related to State-maintained roadways and the contribution of some municipalities across the state, a large portion of the responsibility for managing our surface waters and drainage systems rests with DNREC and the Conservation Districts.

Together, these two agencies are responsible for completing dozens of statewide projects each year. However . . . hundreds of projects remain unfunded and more are added each year. There is still over \$93 million dollars in 886 drainage projects currently under funded. Both DNREC and the Conservation Districts have done a great job leveraging 21st Century Funds with CWSRF; and other federal, local, and legislative funds as they are available.

Only a few municipalities in Delaware have a stormwater service charge in place, and there is ongoing dialogue with others about how to establish and fund stormwater service districts. The Water Infrastructure Advisory Council supports this funding approach as fair, equitable and necessary.

The Council has stepped up our efforts in recent years and has recommended targeted grants and loans for surface water projects in all three counties. We are pleased that some municipalities have taken advantage of these programs to address their pressing surface water needs. In the past four years, the WIAC has committed over \$ 2.5 million for surface water planning and implementation grants. As a result, some projects were accomplished with a combination 21st Century Funds and CWSRF grants and loans. This funding provides a critical program for municipalities, non-profit organizations, and Conservation Districts to enable them to construct water quality projects throughout our state.

I don't need to tell you that serious flooding and drainage problems persist throughout our State. We continue to make slow but steady progress toward stormwater needs evaluations, watershed assessments and improved floodplain mapping to both prioritize needed projects and to prevent future flooding problems. The Council is committed to finding an equitable way to support these assessments, studies and mapping in order to ensure our limited resources are invested effectively and efficiently. It has been quite a while since a comprehensive state-wide assessment of stormwater and flood mitigation capital needs have been fully assessed. Shortly I will be asking the council to recommend funding to undertake just such a study. I hope that I will be able to report these findings to you by this time next year.

Fortunately, in the near term, the WIAC has been able to recommend funding approvals for projects that could not have been brought to fruition on their own. The WIAC underwrote those projects through a combination of CWSRF loans and grants (21st Century Grants). However, we continually hear from municipalities and counties that they need more financial support from the WIAC than just loans. In the absence of new means to support necessary and essential planning and grant funding for environmental infrastructure needs, the WIAC cannot adequately fulfill its responsibility going forward to assess, plan, and fund all the wastewater, drinking water, and surface water project needs that exist today.

The Clean Water and Flood Abatement Task Force, on which I served, was created by SCR 30 and was charged with identifying and recommending potential funding mechanisms to improve water quality and alleviate flooding in Delaware. Chaired by Senator Bryan Townsend and Representative Michael Mulrooney (and I would note that Representative Ron Gray and Senator Bryant Richardson were also members of the Task Force), the Task Force met 14 times as a group since July 28, 2015. The meetings were open to the public and included numerous presentations regarding legacy and current causes of water quality impairments and flooding; programs and policies to improve water quality and reduce flooding; and vigorous deliberations on how to pay for necessary improvements. In addition, there have been numerous working group meetings and meetings with interested organizations. These activities have culminated in the introduction of H.B. 270.

A Final Report of the Clean Water and Flood Abatement Task Force was issued on April 24, 2017, for the General Assembly and the citizens of Delaware. As someone who has spent an entire professional career solving environmental problems, I urge you to review the work of the Task Force in detail and consider ways to address their recommendations.

In summary, the fiscal year 2019 CWSRF and DWSRF Capitalization Grants from the Federal Government are expected to be slightly higher with a focus on water infrastructure and require a 20 percent State match of at least \$1.4 million and \$1.77 million, respectively. The 21st Century Fund for matching Federal funds are exhausted, and this hugely successful source of funding for surface water and flooding relief projects is no longer available. Therefore, on behalf of the WIAC, I respectfully request that you and your colleagues support the federal grant matching funds (2.17 million) request for the CWSRF and DWSRF programs, and the additional \$1.6 million and \$1.23 million recommended by the Governor for the Clean Water and Drinking Water Programs to ensure project affordability for low-income communities.

Moving forward, it is imperative that we establish a reliable dedicated source of funding in Delaware to protect and improve water quality and reduce flooding. These funds will make much needed wastewater, surface water, water quality, and drinking water grants available and enable important infrastructure projects to proceed. Such funding would provide an important stimulus for jobs and businesses in Delaware's construction industry as well as improving the quality of life for all Delawareans.

Thank you for your consideration of this request and your continued support of the work of the WIAC and the State of Delaware's CWSRF and DWSRF programs.

~Jeffrey M. Bross, P.E., Leed AP, FACEC, WIAC Chair

2017-2018 Project Highlights

New Castle County Christina River Force Main Emergency Repair

- ✓ CWSRF loan - \$10 million
- ✓ Construction - 25% complete



Sussex County – North Expansion of Angola SSD

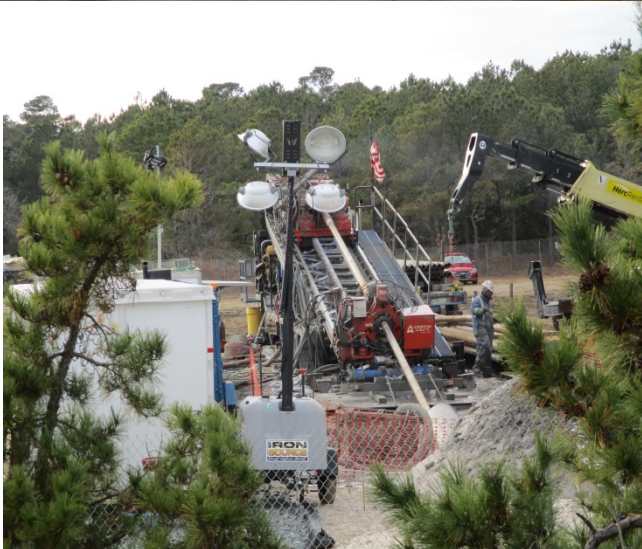
- ✓ CWSRF loan - \$6.5 million
- ✓ 21st Century Grant - \$1.5 million
- ✓ Construction - 56% complete



2017-2018 Project Highlights

Rehoboth Beach – Pump Station, Force Main & Ocean Outfall

- ✓ CWSRF loan - \$40.5 million
- ✓ Permit modifications received from all agencies
- ✓ Construction expected to be complete in May 2018



Town of Blades – Drinking Water Emergency Response

- ✓ Blades, DNREC, DPH, DEMA, & others responded in February
- ✓ Carbon Filter installed to remove contaminants
- ✓ Town resumed normal use
- ✓ DWSRF funding planned for 2018 to increase filter capacity and redundancy



2018-2019 Clean Water and Drinking Water Project Priority Highlights

Project applications, loan commitments, and construction continues on wastewater, surface water, and drinking water projects statewide. Water infrastructure project priorities total **\$27.4 million in DWSRF** and **\$107.2 million in CWSRF** planned for 2018-2019.

Examples include:

Drinking Water SRF

Town of Blades

- PFOA and PFOS Removal

Town of Laurel

- Phase 3 Water Main Replacement
- W 7th Street Distribution System Improvements

City of Milford

- Lead Service Line Replacement

City of Wilmington

- Water Distribution Mains

City of Newark

- Water Main Replacement
- Water Tank Maintenance

Clean Water SRF

Sussex County

- Western Sussex Sewer District

City of Lewes

- Abbott Park Sewer Improvements

Kent County Levy Court

- US Route 13 Force Main

City of Dover

- Pump Station Replacements

Town of Smyrna

- South Main Utility Replacement

City of Newark

- Western Area Drainage

City of Wilmington

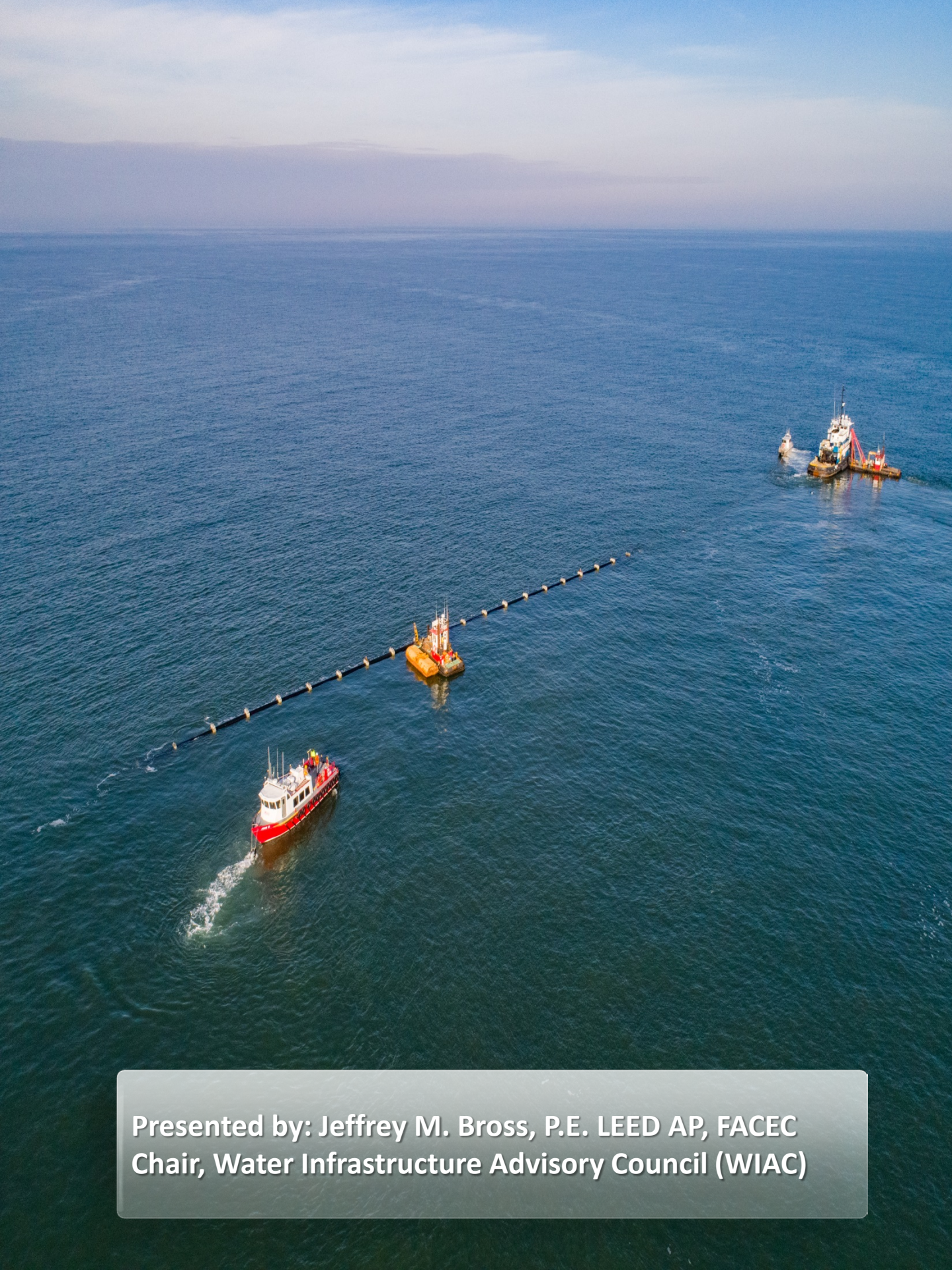
- South Wetlands Park

New Castle County

- Mill Creek Sanitary Sewer Repair

City of New Castle

- Delaware Street, Green Stormwater Street Renovation



**Presented by: Jeffrey M. Bross, P.E. LEED AP, FACEC
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