

Senate Finance Committee

Deb Martone 271-4980

SB 230-FN-A, making an appropriation to the department of environmental services for wastewater infrastructure projects.

Hearing Date: February 7, 2023

Time Opened: 2:24 p.m.

Time Closed: 2:42 p.m.

Members of the Committee Present: Senators Gray, Innis, Bradley, Birdsell, Pearl and Rosenwald

Member of the Committee Absent: Senator D'Allesandro

Bill Analysis: This bill makes an appropriation to the department of environmental services for wastewater infrastructure projects.

Sponsors:

Sen. Ricciardi

Sen. Watters

Sen. Bradley

Sen. Chandley

Sen. Carson

Sen. Rosenwald

Sen. D'Allesandro

Rep. B. Boyd

Rep. N. Murphy

Rep. Notter

Rep. Mooney

Who supports the bill: Senators Ricciardi, Watters, Carson and Rosenwald; Representatives Paige and Boyd; Boyd Smith; Katherine Heck; Alex Koutroubas; Bill Hounsell; Mary Till; Susan Richman.

Summary of testimony presented in support:

Senator Ricciardi, Prime Sponsor:

- Wastewater projects present another challenge for our communities.
- In 1959 the Legislature enacted aid to municipalities for water pollution control.
- State and/or federal governments have required certain municipalities to construct wastewater control systems to control the pollution of its surface waters, thereby improving quality of such waters in the interest of having health, recreation and industry.
- These municipalities have in the past, and others in the future will expend significant taxpayer money to pay for these systems in accordance with developing federal and state laws and regulations.
- The program benefits not only the local municipalities, but the residents of our entire state as well.
- The state should assume its proportionate share of the financial obligations resulting from the installation of such systems, acting in the best interests of the general public health and welfare.

- The proper treatment of wastewater is essential to preserving and protecting water quality, especially during heavy rainstorms. From sewer improvements to grid sewer systems, towns all over New Hampshire are looking for assistance. However, replacing these systems is a huge financial challenge for all of our communities.
- Projects from Colebrook to Conway, Concord to Claremont have already qualified for state support. But the funding for these projects needs to be authorized before these projects can continue.
- SB 230-FN-A would allocate an additional \$30 million to these approved wastewater treatment projects. The bill also contains a nonlapsing clause allowing the availability of the money as the projects are approved by the NH Department of Environmental Services.

Boyd Smith, President/CEO, NH Water Works Association:

- Many of their association members deal with both drinking water and wastewater.
- Our wastewater has to be cleaned before we can use it again.
- These projects are big and expensive. Sometimes they are bonded for 20-30 years. It's a big lift for towns that have the need. Much of the infrastructure is aging.
- We are literally awash in federal money currently in this state. Originally, these projects were funded by the federal government back in the 1970s.
- The 20 percent of a project that is funded under this legislation can be a tipping point for individuals at Town Meeting. The State piece of that can make it possible.
- You have federal dollars coming in for capital; you have ratepayers bonding at the local level; and you have state dollars.
- If there is no clean public water for discharges everyone is impacted.
- There will continue to be cases of PFAS occurring. They are trying to determine how to treat it in the wastewater streams. It will be very expensive.
- The state should plan on investing on a regular basis to help leverage these other funds. It's not an easy ask, but an important one.

Katherine Heck, NH Municipal Association:

- This 20 percent match is critical.
- The cost to upgrade and do maintenance on a large wastewater facility is \$20-\$40 million. It takes \$1+ million to run one mile of pipe.
- We have aging infrastructure. These dollars make it palatable at the local level for these projects to move forward.
- Water and wastewater are becoming a critical component in housing density.
- Senator Rosenwald inquired as to an "efficiency payment" to communities for projects that have been publicly funded. Ms. Heck's understanding is that those are the annual bond payments the state has agreed to. Before the cities and towns complete the project, they get the eligibility criteria met by DES. Senator Rosenwald asked if these are the projects the cities and towns have already completed, and that the state will pay 20 percent for them once they are complete. Ms. Heck agreed.

Alex Koutroubas, American Council of Engineering Companies of NH:

- Many of their members work with local cities and towns on their wastewater infrastructure projects.
- In 1990 the State Aid Grant Program was established and administered by DES. The state reimburses municipalities 20 percent of the eligible costs during the design and construction of wastewater facilities, plus a proportional share of the interest borrowed on the project. That is all determined in the eligibility criteria set out by DES.
- Mr. Koutroubas distributed to committee members the State Aid Priority List from the department.

Bill Hounsell, Policy Analyst, Granite State Rural Water Association:

- Mr. Hounsell also represents North Conway Water Precinct and Lower Bartlett Water Precinct.
- The grant program comes from the General Fund and passes through DES. It takes the form of principal interest payments on the debt of the local municipal governments.
- This funding partnership leverages \$15 million per year on a quarter of a billion dollars of construction debt at the local level.
- In budget discussions the process is to develop the list of projects to a date certain. If the municipality doesn't meet the date, the money is returned as surplus. The municipality must then wait to receive the money.
- DES has asked for \$15,496,220 in FY 2025. They project, which they are not asking for, new awards of \$4,694,814, totaling \$20 million.
- We should have a flat line approach towards funding this program. Don't have a cutoff date, and have it nonlapsing. The department agrees as well. When they certify that project that is ready to be awarded the money, the money is available. Certification of completion can't pass the Governor and Executive Council without the money. You then have a list of projects from municipalities that end up paying the bond on their own because they can't default on the bond. It is passing a tough situation onto those municipalities.
- There is ARPA money and EPA funds that go to DES for the State Revolving Loan Fund grants. In the rural areas many of the municipalities under populations of 10,000 use the US Department of Agriculture Rural Utilities Program. It brings affordability to the municipalities to build the amount of infrastructure the state needs.
- The very essence of health is water. A community can't live without it.

dm

Date Hearing Report completed: February 9, 2023