

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** SB-415

**Title:** AN ACT CONCERNING GRANTS FOR COMBINED SEWER PROJECTS.

**Vote Date:** 4/5/2018

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/16/2018

**File No.:** 608

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### **SPONSORS OF BILL:**

Introduced by:  
Finance, Revenue and Bonding Committee

### **REASONS FOR BILL:**

This bill allows municipal combined sewer projects to receive an increased Clean Water Fund grant of up to 80% if (1) the aggregate amount of general obligation bonds authorized for the Clean Water Fund program is increased on or after July 1, 2018, and (2) no other project grant slated for a municipality is reduced or eliminated to provide the increased grant amount. Under current law, combined sewer projects are eligible for a 50% grant. By law, project costs that are not covered by a grant are eligible for a Clean Water Fund loan, not to exceed 100% of eligible costs. The interest rate on loans is 2% per year.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

#### **Connecticut Department of Energy & Environmental Protection (DEEP)**

DEEP testimony states that currently, the State of Connecticut through the Clean Water Fund offers a 50 percent grant for eligible combined sewer overflow (CSO) projects. This current level of grant commitment is generous and also includes low interest loans for the remainder of the eligible project costs. The Connecticut Clean Water Fund support to municipal wastewater projects exceeds that which is offered by the other New England states. CSO communities already are eligible for a 50 percent grant, as compared with the 20 percent grant offered for major wastewater plant upgrades. CSO communities include Hartford, New Haven, Norwich, and Bridgeport. DEEP is concerned that Connecticut's Clean Water Fund financing needs to balance progress on CSOs with other pressing water quality improvement needs across all 89 communities with municipal wastewater facilities.

### **NATURE AND SOURCES OF SUPPORT:**

**State Sen. Osten (19th), State Rep. Emmett Riley (46th), and State Rep. Kevin Ryan (139th)**

The group thanked the committee for introducing this important public health and safety legislation that they believe will have a tremendous impact on the well-being of the residents of the city of Norwich. The delegation noted that this important legislation will increase grant funding available for the critical work mandated by the 2016 Consent Agreement with the DEEP that NPU remove the remaining CSOs. They go onto explain that the environmental and economic benefits that would be produced by this bill will have enormous and positive impacts in the community.

**The Metropolitan District**

Recognizing that the entire State is a beneficiary of improvements to combined sewer systems, S.B. 415 proposes to increase the percentage of the grant portion of the project cost to no less than eighty percent of the cost of the project. This alteration in the formula is equitable and ensures that the projects will be affordable for those who will be required to repay that portion of the project that is financed through loans. The MDC acknowledges that elimination of CSO's is beneficial to the environment; however, under the current statutory formula, the cost that is borne by the resident ratepayer is close to prohibitive, especially when other economic stresses are considered. Adjusting the amount of the grants that are available to fund these projects, as provided for in S.B. 415, is fair, equitable and in the best interests of the State.

**Greater New Haven Water Pollution Control Authority**

The Greater New Haven Water Pollution Control Authority thanked the committee for raising Senate Bill 415 "An Act Concerning Grants for Combined Sewer Projects". This bill increases the state's grant for combined sewer overflow (CSO) projects. The Greater New Haven WPCA is committed to moving forward on these important CSO projects, as they have significant environmental benefit. The passage of this bill will allow them to move forward with these projects without burdening their ratepayers. The Greater New Haven WPCA hopes the Committee will move forward with this bill.

**Dr. Grace Jones, Chairwoman, Board of Commissioners for Norwich Public Utilities**

Dr. Jones's testimony notes that over the past 45 years, NPU has eliminated nearly 30 CSOs and have a strong plan in place to address the remainder in the years to come. They fully comprehend the importance and urgency of completing this work in the timeframe established in the DEEP's Consent Order. The City of Norwich has been classified as a 'distressed community' which reflects a diminished ability for the City's taxpayers to fund these improvements. Raised Bill 415 would increase the amount of grant funding from the state for this critical work from fifty percent to eighty percent of the project's costs. According to Dr. Jones the environmental and economic benefits that would be enabled by this legislation are enormous. By supporting Raised Bill 415, Norwich and the other CSO communities will complete this important work in an expedited and more efficient manner, compounding the environmental and economic benefits and improving the quality of life throughout Connecticut.

**NATURE AND SOURCES OF OPPOSITION:**

**State Rep. Mary Mushinsky, 85th District**

According to Rep. Mushinsky if MDC wins, other towns will lose. Wallingford is about to undertake a significant upgrade to their wastewater treatment plant, which is 30 years old and not functioning well enough to produce effluent meeting Clean Water Act standards. The town will be applying for funds for phosphorous removal in Phase I and nitrogen removal in Phase II, plus flood proofing critical structures and improving electrical service to the plant. If MDC receives an 80% grant instead of 50%, their allotment will starve the Clean Water Fund that serves the rest of the state's municipalities, because MDC is already the largest recipient of Clean Water Funds. Other municipalities on the Clean Water Fund list, like Wallingford, will lose out. If this bill is not amended to increase bonding in the Clean Water Fund to cover the additional 30% grant for MDC, then she will oppose it on behalf of her town.

**State Representative Liz Linehan, 103rd District**

Rep. Linehan's testimony states that if MDC and other CSO projects win under this bill, ten other towns will lose. She points out that Rep. Mushinsky has confirmed with the DEEP that an 80% grant for CSO towns per SB 415 will wipe out Clean Water funding for ten towns including Wallingford. She notes that if this proposal is not amended to increase general obligation bonding by \$83 million in the Clean Water Fund to cover the additional 30% grant for CSO's, then she will oppose it on behalf of her constituency and the other towns who will suffer based on this legislation which she believes clearly picks winners and losers.

**State Senator Joe Markley, 16<sup>th</sup> District**

Sen. Markley submitted testimony in alarm at the possible impact of SB 415, An Act Concerning Grants for Combined Sewer Projects. It is his understanding that the bill would increase funding to the MDC at the expense of wastewater grants to towns, including his home town of Southington. The wastewater projects are essential to meeting Clean Water Act standards, and their cost is simply greater than the towns involved can absorb. The entire state naturally benefits from these projects, which will improve the water quality downstream and into the Sound. He urges the Finance Committee to reject SB 415 in its current form and make sure that any assistance to the MDC does not come at the expense of our hard-pressed communities.

**Bill Lucey, Connecticut Fund for the Environment**

It is this groups understanding that the current 50% funding level is one of the most generous percentages of any state in the country. Though they acknowledge that combined sewer overflows (CSOs) constitute a large portion of the sewage delivered into Long Island Sound they feel that the current funding commitment is adequate. If more of the Clean Water Fund is shunted to the CSO communities it will limit opportunities for all other communities that are involved in other projects such as nutrient removal or non-point source abatement projects. They support maintaining the current grants program for CSO's as is.

**Reported by: Jean Holloway**

**Date: 4/12/2018**