



**TESTIMONY OF  
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CITY OF CARENCRO, LOUISIANA  
BEFORE THE  
TRANSPORTATION SAFETY, INFRASTRUCTURE SECURITY AND WATER QUALITY  
SUBCOMMITTEE HEARING  
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE  
U.S. SENATE  
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Good Morning Mr. Chairman and Members of the Committee – and a special greeting to my Senator; Mr. Vitter who is personally familiar with my little town of Carencro.

Thank you for allowing me to testify today on behalf of the over 50,000 small and rural communities with federally regulated public water and wastewater supplies. I am also testifying on behalf of my small city in Louisiana – the City of Carencro, the Louisiana Rural Water Association and the National Rural Water Association.

In order to focus my remarks, I would like to tell you about the water and funding challenges my community is facing – and then relate my situation to our key policy points that we would like the Committee to consider in any new state revolving funding legislation and in Congressional water appropriations.

I am the mayor of the city of Carencro, just outside of Lafayette Louisiana. We have a population of about 7,500 people – which means we have about 2,100 homes and businesses that we provide water and sewer service. We are a typical small city struggling to comply with federal mandates, take care of our infrastructure, finance the cost of running water and sewer systems, and at the same time keep water rates from overwhelming our citizens – especially our low income populations.

In Carencro, and thousands of similar small cities – we are just making it. Two years ago, the city self-financed, with tax-exempt municipal bonds, a \$1.5 million upgrade of a portion of the wastewater treatment system to comply with our permit and handle new growth, which has been dramatic since the hurricanes pushed numerous families north in Louisiana. We have been spending thousands of dollars, from our operating budget, to retrofit another part of the wastewater system – our old lagoon that is about 50 years old, to meet our permit. Recently we were grateful to receive a half million-dollar grant from the CDBG program to buy a new lift station, which was needed because whenever we had more than a 2-inch rainfall, we had sewage overwhelming the distribution system and flowing out of manholes into the ditches – an unacceptable situation. Keep in mind we have 13 more lift stations that need replacing or upgrading – some that are currently overwhelmed in significant rain events and release sewage in the streets. In addition to the pumping and treatment issues, we have hundreds of feet of old truss/cast-iron pipe that is failing – which means it collapses without warning. We have to call in a contractor to repair collapsed lines at typical \$5,000-10,000 an incident. Also, these older

sewer lines result in too much water getting into the system – and overwhelming the new treatment plant – this is the treatment that we just upgraded for \$1.5 million. The engineers tell us, in order to stop overwhelming the treatment plant, we need to spend another \$300,000-400,000 to build a temporary storage reservoir to hold excess water until we can treat it. The same engineers estimate it would take about \$7 million to fix all the old pipes, lift stations, crumbling manholes, and treatment plants – however that would take a long-time, so we would still need the temporary reservoir. It gets worse Mr. Chairman. On the drinking water side of the city’s operation – we just sold an additional \$3 million in city bonds to finance a new drinking water filtration treatment works and rebuild one of our five wells that was pumping sand. Our old drinking water treatment works was over 50 years old and was literally rusting away. We had to backwash our filters every four hours, where a new plant would only have to backwash once a day. Our energy and chemical costs have risen precipitously to comply with standards and meet the water demand of the community. And at times, our local courts will force small communities, like mine, to takeover very small failing sewer systems in our proximity to ensure public health protection, however, we often have to pay for the line extensions.

As I stated Mr. Chairman, we self-financed the two largest, and most recent funding proposals to finance the \$1.5 million for the wastewater upgrade and \$3 million for the water upgrade. We had looked at attempting to finance their project through the state revolving loan funds, however, the experts and engineers assisting us on these projects thought there was too much red tape involved with going through the state programs – and that it would be most effective and economical for the city to sell bonds to move these projects forward.

As mayor, I recently supported a city sales tax increase just to pay for the increases in the cost of running the water and sewer. This initiative failed on a ballot measure by a 60%-40% vote of the citizens. I don’t think our current rates are unreasonable, however my view is not shared by a large percentage of the city – and no one thinks that rates can rise on the low-income households without causing economic hardship on these families. We are constantly looking for new sources of financing and grants. The city has reduced our emergency reserve account by about 40% over the last few years to funding water projects. I keep asking the city auditor if we can sell more bonds – and they tell me with our existing debt that we are getting on shaky ground. I am primarily here to talk about water, however, we are other challenges to the city has to deal with including: roads, social spending, police, schools, competitive city salaries, etc. And I just learned last month that we could become a non-attainment area for ozone under the Clean Air Act.

My situation is common in all the states because small communities make up the overwhelming percentage of water and wastewater utilities – over ninety percent of regulated communities. Due to a lack of economies of scale, small town consumers often pay high water and sewer rates. Water bills of \$50-\$100 for water are not uncommon in rural areas. This dynamic often results in very high compliance costs per household in rural systems. Simultaneously, the rural areas have a greater percentage of the nation's poor and a lower median household income. This results in very high compliance cost-per-household in rural systems coupled with a lesser ability to pay. Small communities often have limited technical and administrative resources to deal with compliance and navigate through funding programs. In the

smallest systems, one person may run both the water and sewer system and in some cases communities can only afford a part-time or volunteer operator. This lack of resources makes small systems a challenge for state agencies – the more complicated we make funding programs the more likely the small communities, which need the funds most, will not be able to participate.

As the Committee looks at new policies and legislation for assisting small and rural communities with water quality, financing, and compliance, please consider the following priorities of small communities that we believe need to be recognized in federal legislation. Most of these provisions were included in some manner in the drinking water SRF – balancing the federal priorities with the state’s flexibility to tailor individual programs and discretion on implementation of each these programs.

1. On-site rural water technical assistance is what the nation’s small communities depend on for compliance with the Clean Water Act and expertise in maintaining our water and sewer supplies. Carencro, and all the other small towns across the state and the nation depend on the technical assistance provided by their state association for most all water issues. Whenever we have a problem in Carencro we call Louisiana Rural Water and they send someone immediately. When our manhole covers were overflowing with sewage – rural water had a field technician on-site to provide us help, direction, and a plan within 3 hours. We called the state to report the problem, however, the state is not in a position to tell us how to fix the problem. Regulators can tell us that we must fix the problem, but only the rural water technicians will tell us how to fix it, and in the most economical manner. For that particular crisis, our engineers told us what we needed to do three weeks later with a consulting fee. There is nothing wrong with that, however, with all the complexity and constant pressure to comply with new and changing federal rules, we need access to rural water associations’ free and common-sense technical assistance. When Congress passed the mandate for all small communities to conduct a vulnerability assessment (under the 2002 Bio-Terrorism Act), the rural water association staff showed us how to complete this assessment without charge. Some consultants were charging thousands of dollars to assist communities in the same manner. Every community wants to provide the best possible water quality to their consumers. Rural Water provides the resources and training to achieve this objective in a common sense, hands-on manner systems can use. Please make funding for rural water technical assistance the key component of federal assistance under the Clean Water Act.
2. Communities exhibiting the greatest need should receive funding first. A significant portion of the funding should flow toward small systems because, generally, they need it more. Rates are often much higher per household in small communities – often from compliance requirements. EPA rules on the horizon will significantly increase water rates in rural systems. Also, rural communities often have lower median household incomes. The CWA and SDWA axiom in rural areas is: much higher cost per household with much lower income. No large system is facing cost increases on a per household basis comparable to what is facing small systems. It only makes sense that federally subsidized funding would flow toward the communities with the greatest need – that is to small systems.

3. Programs should not be limited to making loans because in many situations, small communities will not have the ability to pay back a loan – even with very low interest rates.
4. A minimum portion of the funds should be set-aside for small systems. This ensures that a state must set up a process for dealing with small 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. We urge the Committee to include, at least, the same set-aside amounts for the wastewater and drinking water programs; 15% minimum for small systems as like the drinking water program and 30% disadvantaged community subsidy like in the drinking water programs. This parity will ensure states have the tools to help the systems most in need and will be especially important if the two funds have transfer authority between them.
5. Corporate water systems should not be eligible for state revolving funding. Taxpayer subsidies should be prohibited from profit generating companies or companies paying profits for shareholders/investors. Private companies argue that they have to comply with the same regulations. However, they voluntarily chose to get into this "business" and compliance is not the over-riding principle that should be considered in this discussion. We believe that the distinction in mission between public and private is the core principal that should be considered. Private systems are in the business to maximize profit. Public water utilities were and are created to provide for public welfare (the reason why public water continues to expand to underserved and non-profitable populations). This is a significant difference. And while we believe that maximizing profit is a noble virtue and as American as safe water, we do not think that taxpayers should help the cause of privately owned systems. In addition, the needs of less affluent public water systems and families with no piped water dwarf the current SRF allocations. The state of Florida has a novel compromise to this issue. Florida limits SRF funds to private water systems less than 1,500 people – ensuring funds are limited to the class of private water systems that did not get into the business as a corporate enterprise.
6. Consolidation and privatization are limited solutions for small systems. Consolidation can work in some situations, but only for a small portion of small systems and only when the systems are in close proximity and the economics make sense. Rural water associations are the lead proponents of consolidation when it makes sense -- when it results in better service for the consumer, and we have consolidated numerous communities in all the states. Consolidation and regionalization that is in the consumers' best interest will happen naturally at the local level regardless of federal policy on issue. Privatization is rarely a less costly solution for very small communities. In the very small communities it is, perhaps, more common to see private systems being transferred to public bodies so they can obtain better financing and local governmental control. The missions of private water and rural water systems are fundamentally different, the reason being the lack of profitability in sparse rural populations.
7. The 1996 Safe Drinking Water Act State Revolving Fund made a significant policy change in the Safe Drinking Water Act funding by including as much flexibility as possible. Nowhere is this more apparent than in the state revolving fund section. Under this approach, states

were given all sorts of discretion on how to spend the money to meet their local priorities. For example, a state can make grants, can fund set-asides, expand technical assistance efforts, create new prevention programs, increase state staff, or choose to do none of these and retain the traditional low interest loan focus. Small communities' message here today is that this was a monumental step in the right direction. This flexibility has made state SRFs better and more responsive to nearly every stakeholder. Small systems have seen a level of inclusion and benefits from the drinking water SRF that we could not imagine based on our experience with the wastewater SRF that does not include these flexible provisions.

8. Local Responsibility and Growth - The amount of the “appropriate” federal contribution to local water supplies depends on what one considers the local responsibility to provide and pay for that service. The more you place responsibility on the locals for paying for service, the lower the federal obligation and cost. Rural water associations believe that local governments have the primary responsibility for providing water and sewer service. We believe that the federal government should subsidize the local community when there is a clear federal welfare interest to increase public health, assist low-income communities, protect the environment, or create economic development. Public health and environmental protection interests are often tied to a federal unfunded mandate, which should also be a priority of federal funding. However, we do not believe that the federal government is responsible for all water funding - and this is why we believe it is critical to target federal funding towards well-defined federal priorities. Due to the unique realities and characteristics of small communities, they are often in greater need of federal subsidies to accomplish federal objectives.
9. Small communities are experiencing water problems due to aging infrastructure. We commonly see pipes that are decades old that contain outdated asbestos and cement materials that are failing and resulting in public health and environmental threats. Ruptures in wastewater pipes can lead to sanitary sewer overflows in varying degrees of environmental risk and possibly contaminating water supplies. Inflow and infiltration (I&I) of sanitary sewer systems is a widespread problem in rural and small communities. This can result in communities violating their NPDES permits, especially in wet weather, and cause mechanical facilities to need replacing more often. Aging water distribution lines can leak and cause significant loss of water and energy. In 2006, rural water associations assisted over 6,000 communities with problems of aging infrastructure directly resulting in water loss or I&I problems.
10. Complexity of the Application Processes - In the smallest systems, one person may run both the water and sewer system and in some cases communities can only afford a part-time or volunteer operator. This lack of resources makes small systems a challenge for state agencies – the more complicated we make funding programs the more likely the small communities, which need the funds most, will not be able to participate. We urge you to exercise caution for increasing demands on applicants as each new demand makes the process too complicated for small systems and therefore less attractive. We believe that the current review process is fully adequate to ensure repayment of loans, progressive environmental planning, and long-term capacity of applicants.