

BEFORE THE
PHILADELPHIA WATER COMMISSIONER

In the Matter of the Philadelphia Water Department's Proposed Increase in Rates for Water and Wastewater Utility Services	FY 2009-2012
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**DIRECT TESTIMONY OF
DAVID W. FELDMAN
ON BEHALF OF HABITAT FOR HUMANITY PHILADELPHIA**

DATED: December 11, 2008

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is David W. Feldman and my business address is 1829 N. 19th Street,
3 Philadelphia, PA 19121.

4 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the Executive Director of Habitat for Humanity Philadelphia (HFHP).

6 Q. **PLEASE EXPLAIN YOUR INTEREST IN THESE PROCEEDINGS.**

7 A. HFHP is a member of Next Great City, a coalition comprised of over 100 civic, health,
8 faith, labor, environmental and social service organizations within Philadelphia, all
9 supporting a common-sense, cost-effective agenda to improve the neighborhood
10 environment to truly make Philadelphia the “Next Great City.”

11 One of the ten policy recommendations advanced by Next Great City is to stop sewer
12 backups and flooding, identified by polling as a top issue for both Philadelphia’s
13 businesses and residents. In that polling, 21 percent of residents had a basement flood
14 after a rainstorm and 31 percent of businesses suffered property damage from flooding in
15 the previous year. Residents and business owners alike also ranked these as two of the
16 top five changes needed to improve the livability of the city: “Reduce the amount of
17 sewage and other pollution entering our rivers” and “fix the city’s water and sewer
18 system to stop leaks and water main breaks”. A Next Great City Stormwater
19 Subcommittee was formed to make findings and recommendations to address these
20 issues.

21 HFHP is further committed to Mayor Nutter’s goal of making Philadelphia “America’s
22 Greenest City”, and to that end is building and rehabbing homes to LEED (Leadership in
23 Energy and Environmental Design) standards. Part of these standards includes evaluation

1 of the infrastructure serving the homes we build, and the environmental impact of our
2 development. Water and sewer quality and stormwater management are factors in
3 evaluating the environmental quality of the homes we develop.

4 Over the past twenty-four years, HFHP has completed 150 homes now owned and
5 occupied by low income families who are all customers of the Philadelphia Water
6 Department (PWD). HFHP also owns several homes that are currently on lease purchase
7 agreements, and HFHP is the direct PWD customer for these houses.

8 **Q. WHAT FINDINGS AND RECOMMENDATIONS DID THE NEXT GREAT CITY**
9 **STORMWATER SUBCOMMITTEE MAKE?**

10 A. The Next Great City Stormwater Subcommittee found that Philadelphia currently collects
11 fees for stormwater services from its nonresidential customers through a charge related to
12 customer meter size, which it uses as a proxy for the amount of runoff that a property
13 contributes to the stormwater problem that stormwater services seek to address.

14 In looking at how other cities had addressed their own stormwater problems, Next Great
15 City found that over 400 cities and towns, such as Austin, Texas, Cincinnati, Ohio, Los
16 Angeles, California and Miami, Florida, charge a user fee for stormwater management
17 that is based wholly or in part on impervious area, which more accurately reflects the
18 amount of runoff that a property contributes to the stormwater problem, and which gives
19 property owners an incentive to take action to reduce the amount of runoff that their
20 properties contribute in order to reduce their user fees.

21 The Next Great City Stormwater Subcommittee therefore recommended that Philadelphia
22 charge a user fee for stormwater management that is based wholly or in part on

1 impervious area and offer credits and incentives to property owners who take effective
2 actions to minimize their property's contribution to our stormwater problem.

3 **Q. HAVE YOU REVIEWED THE STORMWATER COST REALLOCATION**
4 **PROGRAM THAT THE PHILADELPHIA WATER DEPARTMENT HAS**
5 **PROPOSED AS PART OF THESE PROCEEDINGS?**

6 A. Yes.

7 **Q. DO YOU SUPPORT THAT PROGRAM?**

8 A. Yes. The stormwater cost reallocation program that PWD has proposed is largely
9 consistent with the recommendations made by Next Great City. Under the proposed
10 program, stormwater fees would be based on the characteristics (gross size and
11 imperviousness) of a property, and credits would be offered to incentivize onsite
12 stormwater management.

13 **Q. PLEASE EXPLAIN WHY YOU SUPPORT THESE CHANGES.**

14 A. Stormwater management fees are a critical source of revenue to address the increasingly
15 severe storm events and the increasingly frequent incidences of damage to property from
16 excess storm runoff that overwhelms the existing stormwater management infrastructure.
17 In Philadelphia, stormwater runoff quantity and quality have been identified by the
18 Environmental Protection Agency as the number one source of pollution to our rivers and
19 streams. Addressing this problem now will avoid even more costly remedies in the future
20 and will stop the damage to residents' homes and emotional and financial strain on
21 families whose homes are experiencing flooding and sewage and stormwater backflow.
22 Under the current cost allocation system, major contributors to the problem are often the
23 ones paying the least towards PWD's cost of stormwater management, if they use little

1 potable water and have large impervious surface area, while many customers who are
2 responsibly managing stormwater runoff are being penalized if they use large quantities
3 of potable water. The proposed revised rate structure more fairly allocates costs of
4 stormwater management to PWD customers based upon each customer's impact on the
5 quantity of stormwater runoff that PWD's infrastructure has to handle with each storm
6 event.

7 An important aspect of the proposed new rate structure is the incentive program to
8 encourage site based remediation through Stormwater Management Practices (SMPs), to
9 increase on-site stormwater retention, and reduce the quantity and flow rate of runoff
10 during storm events. At HFHP, we have implemented some of these measures already for
11 our new construction, and hope the on-site retention we have implemented would be
12 encouraged and supported by PWD on a wide scale throughout the city, and especially in
13 areas where homeowners are suffering the impact of flooded basements and backflow
14 into their basements.

15 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR IMPROVING THE**
16 **STORMWATER COST REALLOCATION PROGRAM?**

17 A. Yes. The proposed program does not include any incentives for residential customers
18 who implement SMPs. Incentives should be offered for residential customers to actively
19 reduce stormwater runoff, as there are over 450,000 residential customers. While each
20 individual residential property has minimal impact on the environmental impact of
21 stormwater runoff, collectively this class of customer has an enormous cumulative impact
22 on the current problems. Education and easily installed and maintained SMPs are needed
23 to encourage widespread adoption of better stormwater management practices at the level

1 of the individual residential customer to reduce the cost and environmental impact of
2 addressing the problem only at the collective removal and treatment levels.
3 Several cities, such as Ann Arbor, Michigan, Portland, Oregon, and Minneapolis,
4 Minnesota, offer credits for residential onsite stormwater management. We recommend
5 that Philadelphia follow the lead of these other cities and offer some form of stormwater
6 credit or incentive for residential customers who implement SMPs that reduce their
7 contributions to the stormwater problem.

8 **Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?**

9 A. Yes, it does.

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