

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
PATRICK STARR
ON BEHALF OF PENNSYLVANIA ENVIRONMENTAL COUNCIL**

DATED: December 11, 2008

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Patrick Starr and my business address is 123 Chestnut Street, Suite 401,
3 Philadelphia, PA 19107.

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

5 A. I am Senior Vice President and serve as the director of the Southeast Regional Office of
6 the Pennsylvania Environmental Council. The Council is a statewide nonprofit
7 membership organization that protects and restores Pennsylvania's natural and built
8 environments through innovation, collaboration, education and advocacy. We are a
9 catalyst for legislative, regulatory and policy change that is in the best environmental and
10 economic interests of the Commonwealth. We develop new policies, programs and
11 projects that demonstrate replicable solutions to environmental problems using market-
12 based and science-driven solutions. We are one of the Commonwealth's oldest
13 environmental organizations founded in 1970.

14 I and a number of Council staff and members live and work in Philadelphia and are
15 customers of the Philadelphia Water Department.

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

17 A. The Council is a member of Next Great City and I actively participated in the
18 formulation of the top ten policy recommendations. One of the top recommendations is
19 to stop sewer backups and flooding, identified by polling as a top issue for Philadelphia's
20 businesses and residents. Additionally, respondents in that poll ranked the reduction of
21 sewage and other pollutants entering our rivers, as well as, fixing the city's water and
22 sewer infrastructure as two of their most important concerns. Council staff participated

1 in the Next Great City’s Stormwater Subcommittee formed to make findings and
2 recommendations to address these issues.

3 Additionally, the Council is engaged in many projects throughout the Commonwealth to
4 reduce the pollution impacts of urban stormwater run-off especially through the
5 implementation of “best management practices” on both private and public sites. In
6 Southeastern Pennsylvania, the Council is the creator of the Tidal Delaware Water Trail
7 guide designed to promote recreational use and stewardship of the Delaware River and its
8 tidal tributaries. We are currently designing and seeking to implement restoration of
9 critical habitat features including inter-tidal wetlands on the Delaware River. Both these
10 initiatives are impacted by urban stormwater pollution.

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

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

17 In looking at how other cities had addressed their own stormwater problems, Next Great
18 City found that over 400 cities and towns, such as Austin, Texas, Cincinnati, Ohio, Los
19 Angeles, California and Miami, Florida, charge a user fee for stormwater management
20 that is based wholly or in part on impervious area, which more accurately reflects the
21 amount of runoff that a property contributes to the stormwater problem. Properly pricing
22 stormwater runoff and providing landowners the opportunity to reduce payments if they

1 take actions to reduce runoff, provides an incentive to property owners to take action to
2 reduce runoff from their properties in order to reduce their user fees.

3 Market-based incentives are very attractive to the Council; therefore, we strongly
4 supported the Next Great City Stormwater Subcommittee recommendation that
5 Philadelphia charge a user fee for stormwater management that is based wholly or in part
6 on impervious area and offer credits and incentives to property owners who take effective
7 actions to minimize their property's contribution to our stormwater problem.

8 **Q. HAVE YOU REVIEWED THE STORMWATER COST REALLOCATION**
9 **PROGRAM THAT THE PHILADELPHIA WATER DEPARTMENT HAS**
10 **PROPOSED AS PART OF THESE PROCEEDINGS?**

11 A. Yes.

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

13 A. Yes. The stormwater cost reallocation program that the Philadelphia Water Department
14 has proposed is largely consistent with the recommendations made by Next Great City.
15 Under the proposed program, stormwater fees would be based on the characteristics
16 (gross size and imperviousness) of a property, and credits would be offered to incentivize
17 onsite stormwater management.

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

19 A. As an initial matter, we endorse the services that stormwater fees support. Stormwater
20 runoff quantity and quality have been identified by the Environmental Protection Agency
21 as the number one source of pollution to our rivers and streams. Money spent to better
22 manage stormwater in Philadelphia is money well invested, as clean rivers and streams
23 are critical to the health and safety of all ratepayers. Stormwater runoff also has caused

1 flooding and basement backups in several city neighborhoods. Money spent to abate
2 these conditions also is money well invested, as it will improve the quality of life for
3 many ratepayers who have been unfairly burdened by the city’s stormwater problem.
4 Better stormwater management in Philadelphia also should help the city to comply with
5 the law and avoid potentially devastating liability, the costs of which could well exceed
6 the costs that ratepayers now pay to better manage stormwater. For example, the city has
7 spent and will spend millions of dollars on the Basement Backflow Prevention Program,
8 a remedial program that could have been avoided through better stormwater management.
9 The stormwater cost reallocation program also appeals to us from a fairness standpoint.
10 Under the existing system, customers have been billed for stormwater services based on
11 the size of the drinking water meters serving their properties, which does not in any way
12 reflect the contributions of those properties to the stormwater problem that stormwater
13 services seek to address. Under the proposed program, customers would be billed for
14 stormwater services based on the characteristics of their properties, which should result in
15 more equitable stormwater charges that more closely reflect the actual cost of managing
16 stormwater runoff from a property (i.e., a truer “cost of service”).
17 Very importantly, the reallocation program would, for the first time, bill customers whose
18 properties are not served by a meter (such as surface parking lots) but nevertheless
19 contribute to the stormwater problem and therefore to the cost of stormwater services.
20 Up until now, these customers have been receiving a “free ride.” Billing these
21 “stormwater only” customers would have the effect of spreading stormwater costs over a
22 larger base to the benefit of all existing ratepayers.

1 Perhaps most importantly, however, we support the stormwater cost reallocation program
2 because it would incentivize private onsite stormwater management as some customers,
3 to receive stormwater credits that would reduce their stormwater fees, may implement
4 Stormwater Management Practices (SMPs), which would reduce their contributions to
5 the stormwater problem. An overall reduction in stormwater runoff would reduce the
6 pollution of our streams, alleviate flooding and basement backups, diminish the exposure
7 of the city to potentially crushing liability, and lessen the need for many of the services
8 that stormwater fees support, which would effectively reduce stormwater fees for all
9 ratepayers. Many of these SMPs (e.g., rain gardens, infiltration islands, vegetated swales,
10 green roofs, and trees) also contribute secondary quality of life benefits for all ratepayers,
11 such as cleaner air, more attractive surroundings, lower energy costs, higher property
12 values, and new “green jobs” (as the demand for SMP technologies increases) that could
13 help to stimulate our slumping economy.

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

16 A. Yes. Under the proposed program, stormwater credits are only available for non-
17 residential customers. Some form of stormwater credit should be available for residential
18 customers who implement SMPs that reduce their contributions to the stormwater
19 problem. Taken as a whole, runoff from residential properties contributes significantly to
20 our stormwater problem, so reducing such runoff should be a part of any solution aimed
21 at addressing that problem. Collectively, SMPs implemented on residential properties
22 could significantly assist in mitigating the stormwater problem, which would carry all of

1 the same benefits to ratepayers set forth above. Residential SMPs also would contribute
2 many of the same secondary quality of life benefits mentioned above.

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 Large residential property owners should be granted the opportunity to obtain rate
9 reductions on-site (parcels exceeding .5 acres and up). In light of the complexity of small
10 residential property credits, the PWD should commit to implement two or more
11 neighborhood-based pilot projects to demonstrate how residential stormwater reduction
12 credits might be achieved and managed. Perhaps projects implemented at the scale of an
13 entire block of residents might be a practical approach, and the “credit” to residential
14 ratepayers might be in the form of street trees planted or rain barrels installed.
15 Implemented as a pilot, the details could be worked out and benefits quantified before
16 proceeding to a city-wide initiative.

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

18 A. Yes, it does.