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GOVERNMENT RELATIONS UPDATE

From Milliron & Goodman Government Relations, LLC.

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Susquehanna River Basin Commission Meets December 5 to Consider Fee Changes

The Susquehanna River Basin Commission is scheduled to hold a business meeting on December 5 to consider, among other items, the proposed FY 2020 fee changes. (**Formal notice** <http://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol49/49-46/1727.html>)

Also on the agenda are actions related to water withdrawal requests, ratification of contracts and grants and an informational presentation of interest to the lower Susquehanna River region.

The meeting will be held at the SRBC Offices, 4423 North Front Street in Harrisburg starting at 9:00 a.m.

Visit the **SRBC Meetings and Events webpage** <https://www.srbc.net/about/meetings-events/business-meeting.html> for more information. Questions should be directed to Jason E. Oyler, General Counsel and Secretary, by calling 717-238-0423 or fax 717-238-2436.

For more information on programs, training opportunities and upcoming events, visit the **Susquehanna River Basin Commission website** <https://www.srbc.net/>.

Source: PA Environmental Digest, 11/18/2019

DEP identifies PFAS source in Bucks County as part of Ridge Run Investigation

The Pennsylvania Department of Environmental Protection (DEP) announced today that it has identified a source of perfluoroalkyl and polyfluoroalkyl substances (PFAS) contamination at the Ridge Run PFAS HSCA Site as part of its investigation in East and West Rockhill townships, Bucks County.

DEP began its initial investigation in 2016 after being notified that one public supply well was found to contain combined concentrations of perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) that exceeded the Health Advisory Level (HAL) established by the United States Environmental Protection Agency (EPA) of 70 parts per trillion (ppt). The supply well, which previously serviced several dozen homes, was taken offline and those previously served by it were connected to a nearby water supply. Between September 2016 and 2018, DEP focused its investigation on private drinking water wells, sampling over 150 homes in the area. DEP initiated an interim response action in 2018 to address the 14 homes that were found to be impacted above the HAL.

Throughout 2019, DEP's contractor installed monitoring wells in the area and performed soil, sediment, surface water, and groundwater sampling at 1419 Bethlehem Pike in West Rockhill Township. The investigation confirmed the presence of PFOS and PFOA contamination at this address, which historical records indicate was the location of a tire fire in 1986 that was extinguished with firefighting foam. DEP has since identified this location as a source of PFAS and its property owner and/or operator, Bergey's Realty Co. and/or Bergey's Retread Technologies, as a potentially responsible entity under the Pennsylvania Hazardous Sites Cleanup Act of 1988.

"We understand these investigations can take longer than expected and that the process can be frustrating to those living with impacts," said Southeast Regional Director Pat Patterson. "We appreciate the community's assistance in this investigation and their ongoing patience and coordination. While this is an important step, we still have much work to do."

DEP will work with its contractor and attempt to engage with the newly identified potentially responsible person to determine what additional sampling may be needed to further understand the extent of contamination and options for remediation. DEP continues to work with those homeowners with private drinking water wells above the HAL on the installation of in-home treatment systems to remove PFAS from their water.

Find more information about **DEP's Ridge Run investigation** https://www.dep.pa.gov/Citizens/My-Water/drinking_water/Perfluorinated%20Chemicals%20%E2%80%93PFOA%20and%20PFOS%20%E2%80%93in%20Pennsylvania/Pages/Ridge-Run-PFC-Site.aspx .

Source: DEP Press Release, 11/11/2019

Pennsylvania's Unemployment Rate at 4.2 Percent Total Nonfarm Jobs Reach New Record High

On November 15, 2019, the Pennsylvania Department of Labor & Industry (L&I) released its employment situation report for October 2019. Pennsylvania's unemployment rate was up two-tenths of a percentage point from September to 4.2 percent. The national rate was up one-tenth of a percentage point over the month to 3.6 percent. The commonwealth's unemployment rate matched last October's rate while the national rate was down two-tenths of a percentage point over the year.

Pennsylvania's civilian labor force – the estimated number of residents working or looking for work – was up 23,000 over the month to 6,516,000, the fourth straight gain. Employment was up by 13,000 and unemployment rose by 11,000.

The estimated number of jobs in Pennsylvania, referred to as total nonfarm jobs, increased 8,400 over the month to a record high of 6,065,000 in October. Jobs were up in 10 of the 11 industry supersectors. The largest supersector movement from September was a gain of 2,500 professional & business services jobs. Trade, transportation & utilities, education & health services all rose to record high levels in October.

Over the year, total nonfarm jobs in Pennsylvania were up 34,300 with gains in nine of the 11 supersectors. The largest volume change from last October among supersectors was an increase of 11,300 government jobs, buoyed by gains in all three component sectors (federal, state, and local).

Additional information is available on the L&I website at www.dli.pa.gov.

Note: The above data are seasonally adjusted. Seasonally adjusted data provide the most valid month-to-month comparison.

Source: PA Department of Labor & Industry Press Release, 11/15/2019

Independent Fiscal Office Releases Five-Year

Economic and Budget Outlook

On November 14, 2019, Director Matthew Knittel announced the release of the Independent Fiscal Office's five-year economic and budget outlook. The report, entitled *Economic & Budget Outlook: Fiscal Years 2019-20 to 2024-25*, is available for download on the office website (www.ifo.state.pa.us).

The report evaluates the demographic, economic, revenue and expenditure trends that will affect the Commonwealth's fiscal condition through fiscal year (FY) 2024-25 and includes a historical comparison of General Fund program expenditures and revenue trends. For the period FY 2014-15 through FY 2019-20, the data reveal that expenditures expanded at a rate of 4.0 percent per annum, or roughly 0.6 to 0.7 percentage points higher than average revenue growth of 3.3 percent per annum. "The growth rate differential represents the implied structural imbalance over the previous five fiscal years. **Although annual state budgets were brought into balance using temporary one-time measures, the underlying structural imbalance remains and is carried forward into future years,**" Knittel said.

Updated revenue and expenditure estimates suggest policymakers could face a **potential budget imbalance of \$409 million in the current fiscal year. The imbalance grows to \$1.33 billion in FY 2022-23, before declining to \$1.06 billion in FY 2024-25.** Overall, the results reflect an improved outlook compared to the prior year's report, as the imbalance falls by roughly \$500 million by the end of the forecast window. **The imbalance is described as "potential" because policymakers have various tools to control expenditures on a temporary or permanent basis.**

Various factors affect projections of the Commonwealth's fiscal condition in the forecast period:

- The projections include mandatory (also referred to as the cost-to-carry) and non-mandatory expenditures. The potential

imbalance grows to \$669 million in FY 2020-21 and results in a surplus by FY 2024-25 if the financial statement incorporates a flat level of spending for non-mandatory expenditures.

- The report assumes that the state economy operates at its long-term capacity over the five-year budget window. Therefore, the economic forecast represents a "best case" scenario, as a recession is more likely than not to occur over the next five years.
- There will be relatively fewer working-age residents to support the needs of rapidly expanding retiree and elderly populations. The contraction of the working-age cohort suggests that real per capita tax levels for that age group must increase to keep pace with the anticipated increase in demand for healthcare and other services.

Follow the Independent Fiscal Office on Twitter at www.twitter.com/ind_fisc_office.

Source: IFO Press Release, 11/14/2019

Auditor General DePasquale: State's Unfocused Efforts on Climate Change Crisis Risk Lives, Drive Costs to Taxpayers, Economy

Proactively addressing infrastructure needs would create new jobs

On November 13, 2019, Auditor General Eugene DePasquale said Pennsylvania must proactively plan for the changing climate, a problem that already threatens public safety and drives significant new costs for taxpayers.

"The longer we fail to act, the greater the risks to our environment, our economy and our future," DePasquale said. "Climate change is a challenge that also presents an opportunity: by acting and investing now, we can not only save lives but also

protect our economy and create jobs along the way.”

According to the U.S. Global Change Research Program, made up of 13 federal agencies, Earth’s climate is now changing faster than at any point in the history of modern civilization. A major **report** <https://nca2018.globalchange.gov/chapter/1/> issued by the program late last year details threats to public health and safety from extreme heat and flooding; concerns about severe weather impacts on aging power, **water, sewer** and transportation systems; and the impact of altered ecosystems on rural communities, farming, forestry and tourism.

DePasquale released a special report, “*Climate Crisis: The Rising Cost of Inaction*,” which noted that severe weather is already costing taxpayers hundreds of millions of dollars a year and that state government needs to do more to mitigate future impacts.

“My team and I documented at least \$261 million in climate-related costs to Pennsylvania in 2018 alone in this report,” DePasquale said. “Half of that amount, \$125.7 million, was in infrastructure damage statewide caused by record-breaking floods and landslides.”

Other projected costs of climate change include:

- Millions of dollars to equip public school buildings with air conditioning because of increased heat waves;
- Changes in growing zones and seasons, plus increasing numbers and varieties of pests, that will impact food availability and costs; and
- A rise in sea levels that will impact major shipping and transportation hubs, including Philadelphia International Airport. “What concerns me most are the potential impacts that we can’t yet see, driving new costs that will increasingly strain state and municipal budgets.” DePasquale said. “It’s difficult for most people to fathom the magnitude of the problems that lie ahead – which only makes the planning process even more challenging.”

DePasquale held public hearings in Pittsburgh, State College and Harrisburg as part of developing his special report, which contains three observations and nine recommendations.

Observation 1: Local and state leaders are struggling to plan for extreme weather and other climate change impacts due to a lack of coordination and inadequate resources.

“Though some plans exist at the state, county and municipal levels, there needs to be more leadership and coordination at the state level,” DePasquale said. “As a state, we can and must do better.”

The report notes that communities are flooding that had not flooded before, but the state is not prioritizing action or funding to mitigate the risks to people and property. **One example of this problem is a lack of dedicated funding to upgrade or replace dangerously outdated municipal sewer systems.**

“Pennsylvania’s sewer systems are among the oldest in the nation,” DePasquale said. “Not only are those systems ill-suited to handle heavier rainfalls that cause increased flooding, some also release untreated sewage into the same rivers that supply drinking water to millions of people.”

Proper planning for increasingly severe weather and developing climate-resilient infrastructure will actually create family-sustaining jobs in industries such as construction and civil engineering.

Observation 2: Pennsylvania is not prepared for the severe impacts of climate change, and taking a solely reactive approach will lead to millions of dollars spent on recovery and remediation.

The report notes that, according to the National Institute of Building Sciences, every \$1 spent on natural disaster mitigation saves \$6 in recovery costs. However, because many people incorrectly believe that federal disaster assistance is always available, too little attention is paid to making proactive investments in mitigation.

“The federal government cannot, and will not, bail us out after every severe storm,” DePasquale said. “In fact, the Federal Emergency Management

Agency declined to cover \$63 million in damage to public infrastructure across Pennsylvania last year.”

Pennsylvania’s homes and businesses are underinsured against flooding that will continue to increase in frequency and severity. Only 15 percent of property owners who should purchase flood insurance actually obtain it, and that share is decreasing. In addition, communities often underestimate their risk of flooding because the tools available to them do not yet account for changing weather patterns.

Observation 3: Pennsylvania must join other states in reducing greenhouse gas emissions, especially carbon dioxide and methane, in the electricity, transportation, industrial and agricultural sectors.

“Nearly 90 percent of Pennsylvania’s greenhouse gases – which drive climate change – come from those four sectors,” DePasquale said. “Yet, there is virtually no coordinated effort to reduce emissions in three of the sectors: transportation, industry and agriculture.”

DePasquale noted that aside from a decrease in emissions from the electric power sector that resulted from transitioning electric generation largely from coal to natural gas, no real other reductions have been made.

“Because of Pennsylvania’s major role in energy production, we have a responsibility to be a leader among states – not a follower,” DePasquale said. “As a state, we are the fourth-largest emitter of greenhouse gases, and we have very few plans to help us improve that ranking.”

The report’s 9 recommendations are as follows:

1. The governor should expand the GreenGov Council into a climate hub to improve coordination, especially among the Department of Environmental Protection (DEP), state leaders, county leaders and local leaders to encourage and facilitate climate action at all levels of government.
2. DEP should improve upon its public awareness campaign that educates citizens on what they

can do to reduce greenhouse gas emissions and participate in climate action on the local, county and state levels.

3. DEP should develop and follow implementation measures for its Climate Action Plan to help Pennsylvania stakeholders learn how they can effect change.
4. The governor should include in his 2020-21 budget a funding increase for all state agencies – including DEP, PEMA, PennDOT, DCNR and DGS – that are involved in planning for and reacting to severe weather and other climate change effects.
5. The governor and General Assembly should prioritize proactive planning at all levels by:
 - fully funding applicable state agencies to lead this effort,
 - harmonizing regulations currently in place,
 - improving outreach and education to counties; and
 - implementing statewide planning, including an **updated state water plan**, a statewide land use plan, and guidance to implement these plans.
6. The General Assembly should create a resiliency fund that PennDOT and other state agencies could draw from to pay for natural disaster clean-up that is not funded by federal or other state sources.
7. DEP should take comprehensive and timely steps to measure and regulate methane emissions from the oil and gas sector.
8. The General Assembly and DEP should offer incentives to improve electric vehicle usage, sales and infrastructure in the state through targeted investments and consumer education.
9. The Department of Agriculture should better engage with the state’s agriculture sector to develop and release a plan of action for climate change, including best practices to reduce emissions and to improve resiliency.

Review the **full special report**

https://www.paauditor.gov/Media/Default/Reports/RPT_Climate_crisis_111219_FINAL.pdf and learn more about the Department of the Auditor General online at www.paauditor.gov.

Source: Auditor General DePasquale Press
Release, 11/13/2019

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