**Testimony of Carter H. Strickland, Jr., Commissioner**
**New York City Department of Environmental Protection**
**before the New York State Assembly**
**Standing Committee on Environmental Conservation and the Assembly Subcommittee on Oversight of the Department of Environmental Conservation**

**Impacts of the 2013-2014 State Budget on the Department of Environmental Conservation and the Need for a New Environmental Bond Act**
**Friday, September 6, 2013**
**Roosevelt Hearing Room, Legislative Office Building**

Good morning Chairmen Sweeney and Ryan, and Members. I am Carter Strickland, Commissioner of the New York City Department of Environmental Protection (DEP). Thank you for the opportunity to present testimony today.

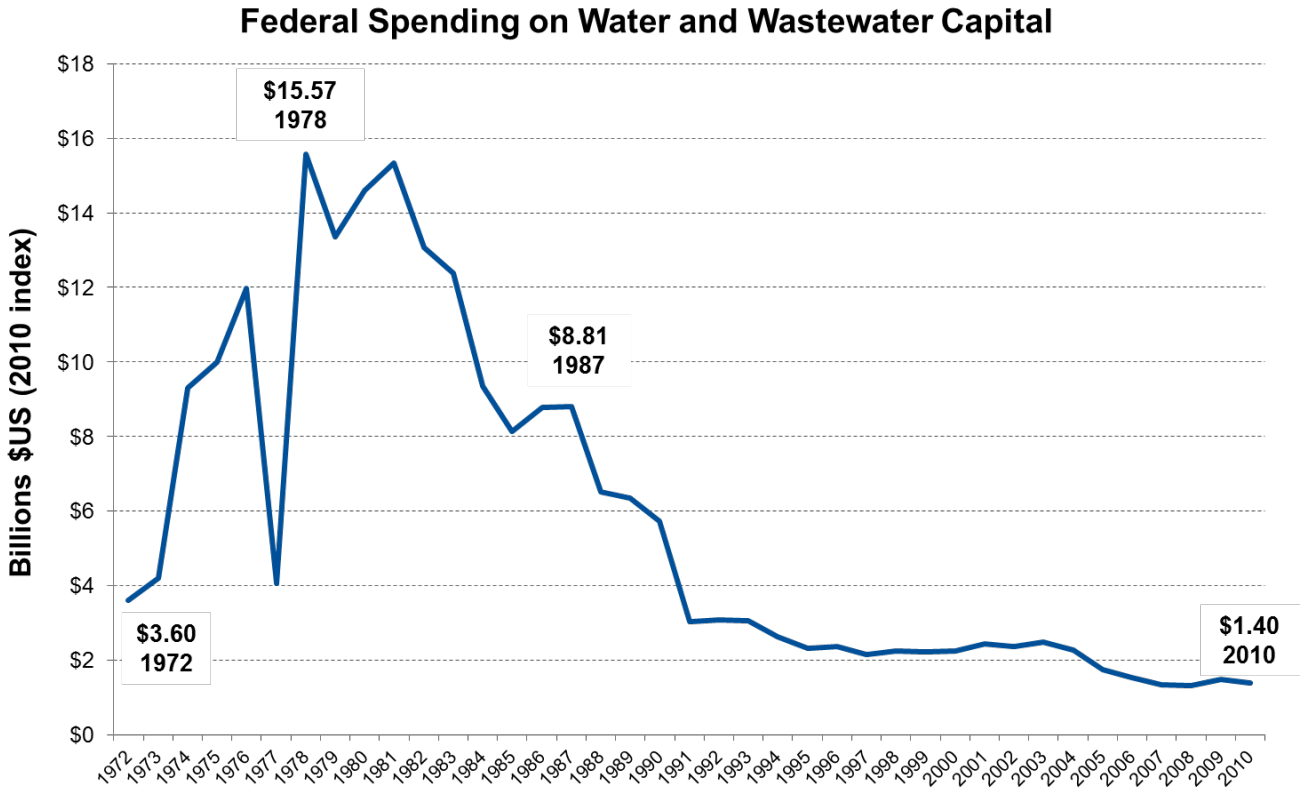
On behalf of Mayor Bloomberg, I am here to speak in favor of a new approach – including an environmental bond act and regulatory reform – to begin to address the massive infrastructure needs faced by the cities, towns, and villages throughout New York State.

DEP manages New York City's water supply, providing more than 1 billion gallons of water each day to 8.3 million residents of New York City and another 1 million residents of the State who live outside of the City. As the water supplier to half of the residents of the State of New York, we draw from a watershed that extends more than 125 miles from the City, and includes 19 reservoirs, three controlled lakes, and 303 miles of aqueducts and tunnels that run as deep as 1,100 feet below the surface of the earth. Our in-City distribution requires that we build and maintain approximately 7,000 miles of water mains to bring water to homes and businesses throughout the five boroughs. DEP also treats 1.3 billion gallons of wastewater every day at our wastewater treatment plants—14 in the five boroughs and the rest upstate.

I am proud to say that we deliver one of the only services in New York City that is less expensive than the national average, that the quality of our drinking water is world-renowned, and our harbor is cleaner than it has been in more than a century. This is not an easy record to maintain, and it

requires the hard work and dedication of approximately 5,700 DEP employees every day, in addition to the significant costs that DEP must spend on energy and chemicals to move and treat water.

These environmental gains also require funding for major capital improvements. Through the early '90s, more than $180 billion in federal spending helped local governments comply with the requirements of the Safe Drinking Water Act and the Clean Water Act passed in the '70s. Since then, federal funding for capital programs has all but dried up. Over the past decade, the federal government has spent approximately $1.8 billion on average per year on water and wastewater infrastructure, or a rate that is only 18% of the annual federal spending in the decade directly following the passage of the Clean Water Act, and far below the needs surveys conducted by the U.S. Environmental Protection Agency (EPA).




Furthermore, most federal grants have been replaced with contributions to State Revolving Funds, which offer loans that must be repaid. While subsidized interest rates provide some benefit, loans simply add to the debt burden of municipalities, and are not as helpful as grants. In New York City, for example, the debt service we pay to fund our enormous capital

program outstrips operations and maintenance, the other major component of our budget. Debt service represents 40% of our Fiscal Year 2014 budget. In fact, our debt service payments have increased 168% since 2002 to pay for years of unfunded federal and state mandates. That amounts to $258 a year for the average household.

Already burdened with the costs of replacing aging pipes, pumps, and treatment facilities to preserve and extend the significant gains made over the last 40 years, municipalities cannot afford the many additional unfunded mandates imposed by regulatory agencies. Over the past ten years, $15.2 billion or 65% of DEP's capital investments have been made to meet federal and state mandates, while just 1.3% of funds for those projects came from federal grants. In order to finance the remaining 98.7%, our customers have had to absorb a 164% increase in water and sewer bills since 2002. In short, the burden of paying for compliance with now-unfunded mandates has fallen entirely on municipalities, water providers, and their ratepayers.

Unfortunately, the mandates of EPA and the New York State Department of Environmental Conservation (DEC) are often imposed without regard for comparative public health benefits, competing economic priorities, or the likely impacts on consumers who pay the bills. It is neither sustainable nor responsible for our regulators to continue creating new mandates that require the investment of additional money when the result is that municipalities are forced to withdraw funds from non-mandated but still critical projects, such as investing in the state of good repair at treatment plants, replacing water and sewer pipes, controlling flooding, or adapting to the impacts of climate change. For example, DEP has been successful in attaining our original Safe Drinking Water Act and Clean Water Act goals— maintaining a state of good repair and continuing to build our water and sewer networks—yet we are now required to make new investments in efforts dealing with climate resiliency and rising energy costs.

Agencies like DEP are in the best position to understand local needs and to allocate scarce resources to deal with pollutants and any other potential risks to public health and the environment based on rigorous scientific and economic analyses. That is why municipalities across the country have united in support of regulatory reform for drinking water and clean water policies and regulations. We are at a critical juncture and must collectively support our environmental and public health goals with much-needed funding and regulatory flexibility; we need new models of regulatory

compliance to overcome more challenging and complex public health and environmental issues.

In reaction to the difficulties states and cities face in complying with the Clean Water Act, EPA published a memo in October 2011 citing the need for an integrated planning process that would prioritize investments by municipalities that would lead to more sustainable and comprehensive solutions. We have not seen an Integrated Planning Framework implemented in New York State, but it is clear that our federal regulators are intent on finding new and more appropriate models for environmental compliance than ever before. The good news is that DEC has stated that it is willing to adopt an Integrated Planning Framework. Of course, the details of any eventual framework will control whether it delivers real reform or is simply a way to repackage unfunded mandates.

We have also been able to craft creative regulatory solutions with our State regulators. In March 2012, DEP and DEC reached an historic agreement to reduce combined sewer overflows through a cost-effective combination of grey and green infrastructure. The revised agreement will reduce CSOs by approximately 12 billion gallons annually by 2030, approximately 2 billion gallons more than the traditional plan, and save our customers approximately $2.4 billion while adding thousands of green infrastructure installations across the city.

The Integrated Planning Framework signaled by EPA and our agreement with DEC are encouraging and support our need for flexibility. Being able to re-prioritize our capital investments makes it possible to focus on the kinds of projects in-City and upstate that will directly benefit the nine million New Yorkers—half the population of New York State—who rely on us for some of the highest quality drinking water and harbor water quality in the world.

Building on the recognition that New York State's water and wastewater resources and infrastructure provide a comparative economic advantage and are integral to economic development, and the EPA's stated flexibility in developing its Integrated Planning Framework, the New York Water and Environment Association (NYWEA) proposed a plan to modernize the regulatory framework and to address today's pressing issues, in keeping with New York State's historical leadership in this area.

On June 21, 2013, NYWEA submitted a letter to Commissioner Joe Martens outlining a program to put New York State at the fore of modernizing the Clean Water Act. Developed by NYWEA's Water Utility Executive's Committee and signed unanimously by the NYWEA Board of Directors, the proposal would revitalize New York State's Pure Waters Program. Established in the 1960s, the original Pure Waters Program provided direct assistance to municipalities through a $1 billion Pure Water Bond Act, tax incentives for industrial pollution facilities, and financial assistance for operations and maintenance of municipal sewage treatment facilities and sewage planning studies. New York needs to renew the Pure Waters Program through a new Environmental Bond Act and once again take the lead in investing in the waters that make our state such a vibrant, prospering place to work and live.

At DEP we have projected our spending over the next ten years; the percentage of mandated projects will decline to 18% of DEP's budget. This means we can fund state of good repair projects—the projects that will maintain the City's infrastructure to deliver clean water and treat wastewater. There is no better time to put in place a new Environmental Bond Act that would invest in critical and discretionary water and wastewater infrastructure projects, such as building sewers and water mains, and keeping our water and wastewater infrastructure in good repair. The public will support funding that will address popular concerns about flooding and pollution.

A new Environmental Bond Act would also benefit the city and our nine million customers by helping to minimize future water rate increases. I would now like to take a few minutes to highlight some of the projects budgeted in our ten year capital plan that could benefit from financial assistance in a new Environmental Bond Act. Over the next 10 years these include:

- $661 million citywide for green infrastructure
- $323 million in Bluebelt projects, which includes $269 million for land acquisition and construction in Staten Island, and $39 million for other Bluebelts, including some in the Bronx and Queens.
- $40 million to upgrade treatment plants, including North River in Manhattan, Wards Island, Hunts Point in the Bronx, Red Hook in Brooklyn, and Bowery Bay in Queens and for the pumping stations at 108th Street in Manhattan and City Island.

- $124 million to address flooding in Southeast Queens, including the $15 million in Bluebelt work referred to above, for storm sewer and sewer work including high level storm sewer build-outs.
- $483 million to address the leak in the Delaware Aqueduct and to ensure a reliable and resilient water supply for decades to come, including back-up supply projects, conservation, and $84 million for reactivating the Queens Groundwater supply.

There is no lack of work to maintain and improve our water and wastewater infrastructure and now to plan for and build in resiliency in the face of climate change. A new Environmental Bond Act would greatly support investments in drinking water and harbor water quality throughout New York State.

Thank you again for the opportunity to testify.