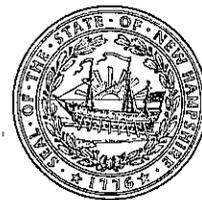




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

April 1, 2010

The Honorable Lou D'Allesandro, Chairman
Finance Committee
State House, Room 100
Concord, New Hampshire 03301

Re: HB 1606, As Amended, relative to state aid for wastewater and public water supply projects

Dear Chairman D'Allesandro:

Thank you for the opportunity to comment on HB 1606 as amended relative to state aid for wastewater and public water supply projects. The Department of Environmental Services (DES) supports this bill. HB 1606 as amended requires that projects that were eligible for state aid grants and were not funded in state fiscal years 2009, 2010 and 2011 will be funded on a first-in, first-out basis in the future as funds become available. HB 1606 is consistent with historic DES practices.

DES also understands and supports the need to address the underlying concern of the sponsors, which is the need to provide state aid grant payments to those eligible communities that have not received grants because no funds for new grants were included in the FY 2010-2011 budgets due to the state revenue shortfalls caused by the economic downturn. At this time, DES has a backlog of 58 wastewater projects and 8 water supply projects waiting for state aid grants (see attached table). Even if HB 1606 is not enacted into law, our hope is to provide state aid grant funding to support these projects on a first-in, first-out basis as funding becomes available in future state budgets.

In the long term, New Hampshire needs a sustainable funding source to support New Hampshire's environmental infrastructure needs, especially when project costs become unaffordable to the local ratepayers. Based on a recent EPA Needs Survey performed by our staff, DES estimates that wastewater facility upgrades will cost about \$1.2 billion over the next 10 years (\$120 million/year). This investment will be necessary to address aging infrastructure, capacity attainment, and more stringent federal water pollution discharge permits. We also estimate that there are about \$700 million in drinking water supply infrastructure needs that will need to be addressed. Additionally, state and municipal dams and stormwater systems require investment.

In 2009, in consideration of this issue and the lack of funding for state aid grants this biennium, the Legislature, by enactment of Senate Bill 60, formed the Commission to Study Water Infrastructure Sustainability Funding. When the Commission's report and recommendations are presented in November 2010, we hope that this will serve as a framework for New Hampshire to develop a long term funding strategy that will ensure the availability of state aid grants or equivalent funding mechanisms in the future to ensure that needed infrastructure can be constructed for New Hampshire's communities and be affordable for New Hampshire's citizens.

Thank you again for the opportunity to comment on this bill. If you have any questions, please call DES Water Division Director Harry Stewart, at 271-3308 or me at 271-2958.

Sincerely,

Thomas S. Burack
Commissioner

cc: Representatives Bucu, Baroody, Katsiantonis and Keans
Senator Gallus

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DEFERRED APPLICATIONS FOR WASTEWATER STATE AID GRANTS AND WATER SUPPLY SYSTEM INTERCONNECTION GRANTS, SORTED BY DATE RECEIVED

DEFERRED WASTEWATER STATE AID GRANTS LISTED BY DATE RECEIVED			
Municipality	Project Title	Date Received	Total Grant Request (see note below)
WRBP	Dewatering Improvements Project	7/10/2008	\$2,778,857.00
Manchester	Cohas Brook Interceptor, Phase 2, Contract 1	7/24/2008	\$1,191,858.00
Manchester	Sludge Dewatering System Project	7/24/2008	\$927,737.00
Manchester	Valley St. Pipe Replacement Preliminary Design	7/24/2008	\$59,418.00
Manchester	CSO - South Main St. North	7/30/2008	\$498,138.00
Manchester	South Mammoth Rd. Sewer Extension	8/4/2008	\$352,273.00
Hillsborough	Contoocook River Anti-degradation Study	8/6/2008	\$7,901.00
Hillsborough	I/I Investigation/Sewer Collection Repairs	8/6/2008	\$8,238.00
Manchester	Cemetery Brook/Panacook St/Stark Brook CSO Basin Study	8/6/2008	\$230,405.00
Swanzey	North Swanzey Wastewater Improvements Amendment	8/22/2008	\$121,071.00
Bristol	Wastewater Treatment Plant Improvements, Contract 2	8/29/2008	\$32,469.00
Manchester	Cohas Brook Interceptor Phase II Contract Nos. 1&2, Design	9/18/2008	\$97,548.00
Manchester	West Bridge/Lorraine/Bremer	9/26/2008	\$1,313,912.00
Manchester	Crescent Rd. CSO Project, Design	9/3/2008	\$269,278.10
Portsmouth	Pleasant Point Sewer	9/4/2008	\$100,998.31
Manchester	Clarifier 1 & 2 Mechanism Replacement	9/29/2008	\$29,193.09
Concord	Penacook WWTP Modifications	10/1/2008	\$868,808.00
Manchester	Beech, Revere, & Jewett CSO Study	10/14/2008	\$33,798.05
Manchester	Beech, Cheney, & Dover Sewer Program	10/14/2008	\$66,204.25
Hanover	Industrial Pretreatment Program	10/30/2008	\$15,100.00
Concord	Headworks Improvements, Screening Facility Upgrade	11/3/2008	\$256,393.67
Lebanon	CSO, Contract 3 & Design for Contract 4	11/4/2008	\$250,416.84
Lebanon	CSO, Contract 2	11/4/2008	\$298,365.16
Lebanon	CSO, Contract 1	11/4/2008	\$147,619.54
Hinsdale	Canal Street Sewerage Improvements	11/5/2008	\$137,956.43
Newmarket	Cedar Street Pump Station Backup Pump	11/7/2008	\$4,628.40
Manchester	Sludge Dewatering System Project	11/19/2008	\$106,048.25
Newmarket	Sewer System Evaluation, I/I Analysis	12/1/2008	\$14,180.00
Allenstown	WWTF Capacity Analysis	12/11/2008	\$427.91
Allenstown	Intermunicipal Agreement Allenstown/Pembroke	12/11/2008	\$5,367.24
Allenstown	Canal Street Sewer	12/11/2008	\$45,436.43
Allenstown	WWTF Evaluation	12/11/2008	\$3,995.17
Amherst	Babooic Lake Phase 2: Community Wastewater System	12/12/2008	\$127,215.47
Exeter	Meadowood Gravity Sewers	12/19/2008	\$62,914.34
Piermont	WWTF Upgrade	2/13/2009	\$192,487.00
Derry	Wastewater Effluent Force Main Upgrade, Contract 1	3/4/2009	\$913,204.14
Derry	Wastewater Effluent Force Main Upgrade, Contract 2	3/4/2009	\$271,583.58
Salem	Elmwood & Marsh Area Sewer Extension	3/12/2009	\$184,572.88
Epping	WWTF Upgrade	3/16/2009	\$41,295.01
Littleton	Badger St & Kelly Lane Sanitary Sewer Replacement	4/13/2009	\$90,278.38
Nashua	Infiltration/Inflow Study	5/29/2009	\$56,071.00
Nashua	CSO II - East Dunstable Road	6/1/2009	\$144,070.00
Nashua	CSO VII - Ledge Street	6/1/2009	\$137,428.00
Newport	Guild Pump Station Project	6/11/2009	\$132,981.04
Claremont	Water/Main Street WW Collection System Improvements	6/25/2009	\$126,269.00
Nashua	CSO V - Sargents Ave Area	7/1/2009	\$62,314.00
Nashua	CSO IV - S. Main Street Area	7/1/2009	\$423,061.00
Nashua	CSO III - Temple Street Area	7/1/2009	\$326,328.00
Manchester	Poor & Schiller Street CSO	8/31/2009	\$1,178,600.00
Manchester	West Bridge/Lorraine/Bremer Street CSO	8/31/2009	\$4,285.00
Manchester	Cohas Brook Interceptor - Phase II Contract 3 (Design)	8/31/2009	\$27,064.00
Manchester	Cohas Brook Interceptor Phase II, Contract 1	8/31/2009	\$455.29
Hanover	Pump Station #3 Upgrade Project	9/14/2009	\$174,610.62
Hudson	Otteric Pond Sewer Installation	10/26/2009	\$117,892.40
Merrimack	Reed's Ferry Sewers	11/23/2009	\$136,073.36
Jaffrey	WWTF Upgrade	12/3/2009	\$6,592,045.00
Hanover	New Secondary Clarifier Project	12/24/2009	\$382,234.90
Manchester	Poor & Schiller Street CSO	1/19/2010	\$66,389.00
TOTAL			\$22,245,762.25
Total Number of Deferred State Aid Grants to Date:			58

DEFERRED WATER SUPPLY SYSTEM INTERCONNECTION GRANTS LISTED BY DATE			
Municipality	Project Title	Date Received	Total Grant Request (see note below)
Conway	Birch Hill Community	5/15/08	\$370,639
Bartlett	Lower Bartlett Precinct	6/24/08	\$1,716,624
Milford	Ashley Commons	6/27/08	\$109,620
Tilton	White Rock Cooperative	6/27/08	\$105,540
Hooksett	Central Hooksett W/P	7/1/08	\$555,320
Manchester	Manchester Water Works	7/3/08	\$250,740
Gilford	Brake Hill / LRW	7/10/08	\$54,000
Epping	Old Stagecoach Condos	9/27/08	\$77,412
TOTAL			\$3,239,895
Total Number of Deferred State Aid Grants to Date:			8

Note: For both wastewater and water supply system interconnection state aid grants, the "total grant request" represents the total eligible principal amount of the grant. For each project, the actual annual payments from the state aid grant accounts will vary with the loan payment terms (such as loan period which can be from 5 to 30 years). These loans are typically from the state revolving loan funds managed by DES, federal agencies such as the USDA Rural Development Administration, municipal bond bank or local sources. Projects where communities request "lump sums" will generally be reimbursed with uniform payments over 5 years.