

No. 1992-5

AN ACT

HB 1403

Providing for the establishment, implementation and administration of the Small Water Systems Technical and Management Assistance Program; providing for technical, financial and management assistance for small water systems; providing for the Small Water Systems Regionalization Grant Program; providing for financial assistance for comprehensive small water systems regionalization studies; imposing additional duties on the Department of Environmental Resources; authorizing the indebtedness, with the approval of the electors, of an additional \$350,000,000 for loans for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply, storm water control and sewage treatment systems; and transferring an appropriation.

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The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Small Water Systems Assistance Act.

Section 2. Legislative findings and declaration.

The General Assembly finds and declares as follows:

(1) Changing Federal and State regulations relative to the provision of water are creating financial problems for small water systems.

(2) Many communities depend mostly on small water systems as their primary source of public water and often do not have the technical expertise or the financial resources required to develop, maintain or operate

water supply systems which satisfy increasingly stringent environmental standards.

(3) Cooperative efforts between State and local governments and operators of small water systems could, in at least some circumstances, significantly help meet the water supply needs of rural areas by physically connecting small systems and operating them jointly or by otherwise merging the ownership or operation of small water systems.

(4) In order to help small water systems become or remain viable so that they are able to comply with Federal or State environmental requirements on a long-term basis, it is critical that efforts to provide technical and managerial assistance be accomplished in a coordinated and cooperative manner and that systems should be encouraged to form regional water systems.

(5) Creation of regionalized systems is in all respects for the health, welfare and benefit of the citizens of this Commonwealth.

(6) The Commonwealth must, in particular, give a priority to giving small water systems financial and technical assistance to comply with regulations requiring the filtration of surface water sources of water.

Section 3. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Department.” The Department of Environmental Resources of the Commonwealth.

“Local sponsor.” Any county, borough, township, authority or community water supplier as defined in the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act.

“Regionalized water system.” Water systems or any combination of water systems which are physically connected or operated or managed as a single unit.

“Secretary.” The Secretary of Environmental Resources of the Commonwealth.

“Small water system.” A community water system defined by the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act, which serves 3,300 or fewer people.

“Water system.” All lands, property, rights, rights-of-way, easements and related franchises deemed necessary or convenient for the operation of a water system, all water rights acquired in connection with the system, all means of conserving, controlling and distributing water, including, but not limited to, outlets, treatment plants, pumps, lift stations, service connections, mains, hydrants, wells, reservoirs, tanks and other appurtenances of water systems.

“Water systems regionalization study.” A study of the physical, operational or administrative consolidation or regionalization of water systems based upon the principles of hydrology, effective environmental protection, protection of public health and proven engineering, economic and water conservation principles to assure the most viable approach to providing safe and reliable water service.

Section 4. Small Water Systems Regionalization Grant Program.

(a) **Establishment.**—There is hereby established within the department a Small Water Systems Regionalization Grant Program for the purpose of making grants to local sponsors in order to assist small water systems with the cost of feasibility studies for the development of regionalized water systems.

(b) **Eligibility.**—Two types of grants shall be available:

(1) Grants to local sponsors where a small water system has issued a letter of intent as described in this section to develop water systems regionalization studies.

(2) Grants to counties, county authorities or authorities formed by more than two municipalities who are local sponsors to develop water systems regionalization studies.

Grants awarded under this act shall be used only for the development of a small water systems regionalization feasibility study and shall not exceed 75% of the total project cost, or \$75,000, whichever is less.

(c) **Letters of intent.**—An application for a grant shall be initiated by a letter of intent from a small water system, affirming their intent to study the feasibility of organizing into a regionalized water system, to a local sponsor whose jurisdiction includes the geographic territory of the proposed regionalized water system. The letter of intent shall include a brief explanation of why the small water systems are interested in determining the feasibility of a regionalized water system.

(d) **Applications.**—Local sponsors shall apply to the department for grants on forms containing the information prescribed by the department.

(e) **Evaluation of grants.**—The department shall use the following criteria when considering applications for grants:

(1) The degree of areawide involvement, including the total population to be served by the proposed regionalized water system.

(2) The potential feasibility of the proposed regionalized water system as may be determined by the department.

(3) The potential threat to public health and welfare resulting from deteriorated water facilities, conditions and practices.

(4) Whether the system must comply with the surface water treatment technique requirements authorized by the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act.

(5) Any other criteria as established by the department as necessary to accomplish the intent of this act.

(f) **Reports.**—The department shall require local sponsors to submit periodic progress reports on activities undertaken pursuant to the grants on a specific schedule established by the department. The local sponsor shall also be required to submit a final report to the department which includes the recommended actions and conclusions resulting from the study and the steps to be taken to implement the study if it determines consolidation or regionalization is feasible. The local sponsor shall also account for all moneys spent under the grant.

Section 5. Duties of the department.

The department shall administer the Small Water Systems Regionalization Grant Program and shall perform the following duties:

- (1) Notify local sponsors of final approval or disapproval of an application within a reasonable period of time following the receipt of the application.
- (2) Award grants to local sponsors for the purpose of initiating studies to determine the feasibility of creating regionalized water systems.
- (3) Prescribe application forms and promulgate guidelines, rules and regulations as may be necessary to carry out the provisions of this act.

Section 6. Small Water Systems Technical and Management Assistance Program.

(a) Management assistance.—The department shall establish the Small Water Systems Technical and Management Assistance Program for the operators of small water systems. Such a program shall include, but not be limited to, the following:

- (1) Training for system operators covering compliance with Federal and State drinking water system requirements.
- (2) Training for system operators on the administration and management aspects of operating small drinking water systems.
- (3) The development and promotion of methods of pooling and joint use of technical and management staff between small water systems, including the use of public or private system management companies, as options for effectively managing small systems.
- (4) Facilitate the development and approval of low-cost technologies to comply with Federal and State drinking water requirements for small systems, particularly related to water treatment and filtration.
- (5) The provisions of assistance to operators to pay for or provide reduced rates for the preparation of feasibility studies and permit applications needed to comply with Federal and State drinking water requirements.
- (6) The creation of a peer assistance program to solve small systems problems by matching experienced and capable small water systems operators with operators needing assistance.

(b) Technical assistance center.—

(1) The department shall establish the Small Water Systems Technical Assistance Center to act as a mechanism to coordinate the development and implementation of the Small Water Systems Technical and Management Assistance Program.

(2) The center shall be administered by the department and be directed by a 12-member board composed of the following:

- (i) The secretary or his designee.
- (ii) One member and an alternate appointed by each of the following organizations: Pennsylvania Rural Water Association, Pennsylvania Municipal Authorities Association, American Water Works Association - Pennsylvania Chapter, Water Works Operators Association of Pennsylvania, Pennsylvania Manufactured Housing Associa-

tion, the Pennsylvania State Association of Township Supervisors and the Pennsylvania State Association of County Commissioners.

(iii) Two members and alternates from public interest and environmental organizations and two members and alternates from building and land development interests appointed by the secretary.

(iv) The Chairman of the Pennsylvania Public Utility Commission, the Secretary of Community Affairs, the Chairman of the Pennsylvania Infrastructure Investment Authority, the Sewage Treatment Plant and Water Works Operators Certification Board and the Center for Rural Pennsylvania, or their designees, who shall serve as ex officio members of the board.

The secretary shall have the authority to suggest and the board may by majority vote approve additional members to the board.

(3) The members shall elect a chairman by majority vote and shall serve without compensation other than reimbursement for reasonable and necessary expenses in accordance with Commonwealth policy or regulations and shall serve for terms fixed by the secretary. Within 30 days of the effective date of this act, the secretary and the groups required to appoint members and alternates shall make those appointments. The board shall hold its first meeting within 60 days of the effective date of this act.

(4) The role of the center shall be to give the department advice on developing the Small Water Systems Technical and Management Assistance Program, to act as a clearinghouse to coordinate ongoing training between State agencies, local governments and authorities and water industry associations and to comment on policies and regulations as they may affect small water systems.

(c) Procedure.—The department is authorized to accomplish the purposes of the Small Water Systems Technical and Management Assistance Program by directly providing the functions outlined in this section or through qualified private or nonprofit organizations, academic institutions or industry associations.

Section 7. Reports by the department.

On or before March 1 of each year, the department shall submit to the General Assembly a written report of the assistance provided under this act by the department through the Small Water Systems Technical and Management Assistance Program. The report shall also review the activities of the Small Water Systems Technical Assistance Center. The report shall contain, at a minimum, a summary of program activities, including information on the number of grants awarded, the location of the small water systems assisted, the number of water systems included in successful regionalization programs and the amount of grant funds received by the systems.

Section 8. Incurring indebtedness.

Pursuant to the provisions of section 7(a)(3) of Article VIII of the Constitution of Pennsylvania, the question of incurring indebtedness of an additional \$350,000,000 for loans for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply, storm water control and sewage treatment systems, subject to imple-

mentation through the act of March 1, 1988 (P.L.82, No.16), known as the Pennsylvania Infrastructure Investment Authority Act, shall be submitted to the electors at the next primary, municipal or general election following enactment of this act.

Section 9. Certification of question.

The Secretary of the Commonwealth shall forthwith certify the question to the county boards of elections.

Section 10. Question to electorate.

The question shall be in substantially the following form:

Do you favor the incurring of indebtedness by the Commonwealth of an additional \$350,000,000 for use as loans to acquire, repair, construct, reconstruct, rehabilitate, extend, expand and improve water supply, storm water control and sewage treatment systems subject to implementation through the Pennsylvania Infrastructure Investment Authority Act (PENNVEST)?

Section 11. Conduct of election.

The election shall be conducted in accordance with the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code, except that the time limits for advertisement of notice of the election may be waived as to the question.

Section 12. Issuance of bonds.

As evidence of the indebtedness if authorized under section 10, general obligation bonds of the Commonwealth shall be issued from time to time for the purposes of this act in accordance with section 17 of the act of March 1, 1988 (P.L.82, No.16), known as the Pennsylvania Infrastructure Investment Authority Act.

Section 13. Funds or accounts.

The Pennsylvania Infrastructure Investment Authority may establish separate funds and accounts when determined by the authority to be necessary and convenient to deposit the proceeds from the sale of bonds issued under section 12.

Section 14. Continuing appropriation.

The General Assembly hereby appropriates on a continuing basis to the Pennsylvania Infrastructure Investment Authority proceeds of bonds authorized by section 12 in order to carry out the purposes of sections 8 through 14.

Section 15. Funding and transfer of appropriation.

The department is authorized to expend funds from the Safe Drinking Water Account established under the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act, or funds specifically appropriated for this purpose to implement the provisions of this act. Funds appropriated to the Department of Community Affairs for Small Water System Regionalization under section 211 of the act of August 4, 1991 (P.L.484, No.7A), known as the General Appropriation Act of 1991, are hereby transferred to the Department of Environmental Resources for the purpose of implementing the provisions of this act.

Section 16. Effective date.

This act shall take effect immediately.

APPROVED—The 16th day of March, A. D. 1992.

ROBERT P. CASEY