
Committee Meeting

of

JOINT LEGISLATIVE TASK FORCE ON DRINKING WATER INFRASTRUCTURE

“The Task Force will meet to discuss recommendations concerning water infrastructure, and vote on its draft report”

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: January 8, 2018
3:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Linda R. Greenstein, Co-Chair
Assemblyman John F. McKeon, Co-Chair
Senator Christopher “Kip” Bateman
Assemblyman Raj Mukherji
Assemblyman John DiMaio



ALSO PRESENT:

Matthew H. Peterson
Office of Legislative Services
Task Force Aide

Alison Accettola
Senate Majority
Kate McDonnell
Assembly Majority
Task Force Aides

Rebecca Panitch
Senate Republican
Thea M. Sheridan
Assembly Republican
Task Force Aides

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

LINDA R. GREENSTEIN
Co-Chair

JOHN F. MCKEON
Co-Chair

SENATE

BOB SMITH
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TASK FORCE NOTICE

TO: MEMBERS OF THE JOINT LEGISLATIVE TASK FORCE ON DRINKING WATER INFRASTRUCTURE

FROM: SENATOR LINDA R. GREENSTEIN, CO-CHAIR AND ASSEMBLYMAN JOHN F. MCKEON, CO-CHAIR

SUBJECT: **TASK FORCE MEETING - JANUARY 8, 2018**

The public may address comments and questions to Matthew H. Peterson, Committee Aide, or make bill status and scheduling inquiries to Pamela Cocroft, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideTDWI@njleg.org. Written and electronic comments, questions and testimony submitted to the task force by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Joint Legislative Task Force on Drinking Water Infrastructure will meet on Monday, **January 8, 2018 at 3:00 PM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.

The task force will meet to discuss recommendations concerning water infrastructure and vote on its draft report.

Issued 12/27/17

*Rescheduled from 1/3/18 meeting date.

**Revised 1/5/18 – Please note time change to 3:00 PM.

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

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Joint Legislative Task Force on Drinking Water Infrastructure
Draft Final Report
submitted by
Joint Legislative Task Force on Drinking Water Infrastructure

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pnf:1-14

JOHN F. McKEON (Co-Chair): Welcome to everyone on an extraordinary day here in Trenton.

We are convening, I believe, our final meeting of the Task Force on Drinking Water Infrastructure.

May we have a roll call, please?

MR. PETERSON (Committee Aide): Senator Greenstein.

LINDA R. GREENSTEIN (Co-Chair): Here.

MR. PETERSON: Assemblyman McKeon.

ASSEMBLYMAN McKEON: Here.

MR. PETERSON: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Here.

MR. PETERSON: Senator Bateman.

SENATOR BATEMAN: Here.

MR. PETERSON: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Here.

ASSEMBLYMAN McKEON: That constitutes a quorum, I believe. Yes, Matt?

MR. PETERSON: Yes.

ASSEMBLYMAN McKEON: Yes.

I'm just going to start with thank-yous, and then I'm going to turn it over to my Co-Chair.

And although there are many, I just wanted to say thank you to Allison from the Senate Democratic Office; Kate from the Assembly Democratic Office; Rebecca from our side; and Thea from our side as well, from the Assembly.

Special thanks goes to Matt Peterson, on nonpartisan staff, who really helped get everything scheduled; did some wonderful draftsmanship with everybody's input regarding this very comprehensive report. And we all appreciate your public service, Matt.

MR. PETERSON: Thank you.

ASSEMBLYMAN McKEON: So with that, madam Chair, I'll let you lead off.

We are taking no testimony today.

SENATOR GREENSTEIN: Thank you very much.

Co-chairman McKeon, fellow members of the Committee, and the public, good afternoon and welcome.

We come together here today before you for what is likely the final meeting of the Joint Legislative Task Force on Drinking Water Infrastructure -- a Task Force that has been working together, with staff, on and off for the past 14 months -- looking for ways to ensure that we continue to have an adequate supply of safe, clean, and economically sustainable drinking water to our homes, schools, businesses, and communities at large.

As it turned out, our inquiry took us beyond that, as we'll hear more of in a moment.

We've had three public hearings and taken testimony from more than two dozen experts witnesses -- some, in turn, representing dozens of organizations; as well as members of the public, including distinguished and knowledgeable guests, such as our very first witness, former Governor Florio, a leader in his own right for decades in fighting for a clean, healthy environment in New Jersey, and across the nation.

We also had valuable input from New Jersey Future/Jersey Water Works consortium of more than 200 nonprofit agencies, for-profit companies, and city, town, and county governments and quasi-government entities, working together for cleaner water.

I had been thinking, somewhat facetiously, about how we meet at this late hour because of a perfect storm of scheduling. But in all seriousness, what we have in front of us, as a Joint Committee, regarding our charge on clean drinking water, is another kind of situation where the hour is getting late as we face a kind of perfect storm of a crisis to protect our drinking water and our environment.

As has been noted by many, the difference here is that the storm is taking place largely out of view -- in aged-out piping systems and infrastructure hidden below the ground. Except, that is, when one of these pipes burst, as they do in many places with increasing frequency. That shouldn't come as a big surprise when some of these pipes that are bursting -- seemingly daily in many of our communities -- date to the Civil War, in the middle 1800s, as some do.

And that has health and economic impacts, whether through boil water advisories, or disruptions in commerce and elsewhere in our communities. That was the case again just over the weekend, when CBS News Radio was reporting Saturday that a water main burst had forced the closure of entrances onto the Goethals Bridge from the New Jersey Turnpike.

The legislation setting up our Task Force was first proposed in February of 2016 in the aftermath of the crisis in Flint, Michigan, where thousands of children were exposed to elevated lead levels in the public

water supply. That case received national attention, including a Federal disaster declaration from then-President Obama, as well as congressional hearings.

And the aftermath of Flint led to testing by various authorities around the country, including here in New Jersey.

A month after Flint made headlines, State and Newark city officials reported finding elevated lead levels in drinking water in more than two dozen schools. Since then, lead has been found in the drinking water of many public schools around the state; and it turns out lead is only part of the problem.

Our underground piping system is aging to the point where the Federal EPA has declared much of that infrastructure, including New Jersey's, is in a *rehabilitation and replacement era*.

Of course, repair means costs; and, in this case, those estimated costs are nothing short of astronomical across the nation: a whopping \$384 billion. The estimate for New Jersey's share: \$8 billion.

And if that weren't enough, our hearings showed many of our sewage and water treatment plants need work; and combined sewer overflow piping systems dating back a century or more need to be replaced.

So we took a more holistic approach to our needs in a kind of *One Water* framework that includes drinking water, wastewater, and stormwater.

Of course, our taxpayers and the State Treasury are already burdened with heavy loads and commitments. But the costs of doing nothing will far outweigh the cost of preventative action, in pure dollars as

well as economic losses to ratepayers; and the cost of emergency repairs are estimated at 10 times the cost of a planned replacement.

Many of our delivery systems are small concerns without the resources to tackle major infrastructure, or even assessment projects, without some help.

That is why you will see in our final report we're proposing that the State borrow some \$400 million in General Obligation bonds to begin addressing these problems in our communities that affect our homes, schools, and businesses.

We recognize this could be considered -- given the extent of the need -- a drop in the bucket; but really, it's at least a step forward where we are proposing a system of matching grants for utilities and communities to begin addressing some of the needs many of our expert witnesses have identified.

Some of those needs include even documenting what we have underground. When these were placed in the ground, it was done haphazardly, with no documentation.

We'll also suggest requiring asset audits and inventories of water suppliers. We'll be talking about water loss audits as well. This, as findings show that as much as 30 percent of our treated water could be lost to leakage of aging pipes.

Efficiencies can also be gained with new technologies, including listening devices that can be attached to piping to ferret out some of the leaks responsible.

We're recommending replacement of lead service lines into schools and homes; and several others which I'm sure will be discussed here.

Now, we know that President Trump has said he plans an infrastructure improvement plan for the country of at least \$1 trillion. There is no more precious a resource than our drinking water, and we will definitely not be shy in seeking assistance from our Federal government. New Jersey is perennially among the leaders of the so-called *donor states* that pay more in Federal taxes than services we receive; and we hope to look for Federal aid, especially as this infrastructure program gets going.

Water is our most important resource; we would cease to exist without it. And for the sake of our own and future generations, we have a responsibility to maintain a safe, clean, sustainable, and affordable supply of drinking water.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Co-Chair.

And let me start by saying, it's been a pleasure to sit next to you--

SENATOR GREENSTEIN: Absolutely.

ASSEMBLYMAN McKEON: --and to serve.

I know in your life -- this was a difficult time; and all of us express our good thoughts and sympathies. And it just goes to your level of professionalism that, notwithstanding a personal sadness, you've been able to do great work.

SENATOR GREENSTEIN: Thank you so much.

It's been a pleasure to work with you as well.

ASSEMBLYMAN McKEON: Yes; we don't get along too well.

(laughter)

Going back to the days in the People's House--

SENATOR GREENSTEIN: That's right.

ASSEMBLYMAN McKEON: --you know, you didn't become like Kip -- like a big deal once you got there-- (laughter)

SENATOR BATEMAN: Yes, right. (laughter)

ASSEMBLYMAN McKEON: --once you got to the Senate.

But I let known my thank-yous to all of the partisan and nonpartisan staff, who really just did an amazing job.

And it's a great point that you made, Senator, relative to the witnesses. You know, beyond Governor Florio and Congressman Pallone, Professor Van Abs gave us an incredible amount of time. I know, in drafting this report, he continued to be a resource as to all aspects of it. People from the BPU, from the EPA, the EIT, the DEP, all of my friends in the environmental community -- New Jersey Future, and the One Water movement -- have just been a great resource to us. I mean, we only had three hearings, if you will; probably, give or take, about 10 to 15 hours' worth or more. But beyond that I know, Senator, you and I both went to different kinds of seminars and continued to gather information as we collaboratively put this together.

Now, that having been said, you know, once I say a few words about at least my take as to where I think we should go with this in the long run, we will look to have a vote to accept the report as the report of this committee. We do know that although we worked in a bipartisan and bicameral way, there are others who might not tend to want to just sign on to the report in its present form. And if there's a minority -- not *report*, but *statement* to be made, I'm sure that will be forthcoming shortly, in due time,

and it will be very welcomed as a part of our whole picture to the community as a whole.

So in any event, we all know this by now, right? There are 60,000 miles of pipes; enough to go back and forth to California 10 different times. And half of it is more than -- it was 1920, was when it was put into play. So I mean, I'm not an expert, a metallurgist, or anything else; but we all know if those pipes were above-ground -- like our bridges and our roadways are -- boy, you'd get a lot of complaints. The only time we see it, as you said, Senator-- And I'll use Hoboken as an example, although there was a heck of a water main break today in New Brunswick, and a second one somewhere else in New Jersey. I forget--

SENATOR BATEMAN: The weather is really--

ASSEMBLYMAN McKEON: --precisely what.

But Hoboken -- and it makes sense, right? Because they're an older -- they're a city, and so it's that much longer ago when the pipes were put in place. They were reporting 20 water main breaks a year; that was the good news because, in the last four years, it's up to 30 water main breaks per year. The new Mayor of Hoboken was here earlier this morning on NJ Transit, and we kind of talked about that issue. And he was ready to just throw his hands up already, knowing the kind of disruption that is for the community and for all of us, just from a perspective of expenses.

So that's the key here. And I'll talk a little bit from a moral perspective. I mean, we all know the Blue Planet is 79 percent water, but only 1 percent of that is potable. And on top of that, 1 out of 8 people, maybe 1 out of 9, in this world doesn't have access to fresh water. So to me, it is just so immoral that we could, from reservoir to our taps, lose more

than 30 percent of that water to get there. And if you don't believe in it from a morality perspective -- when it should be closer to 10 to 15 percent for these pressurized -- then believe in it from an expense perspective. Imagine how expensive that is.

So I'm not for borrowing; I don't think any of us are, if we could avoid it. But if we're going to borrow for anything, infrastructure is something that you have and will keep, and can keep for another generation, if the generation of pipes built pre-1920 have lasted this long. So it's something to keep in mind.

I think \$7.9 billion is one of the numbers that is coming out of EPA as what it will take, over the next 20 years, for us, just here in New Jersey alone-- I think the number is \$1 trillion nationwide; gosh. I'm glad that you're optimistic, Senator, relative to what might come out of the Trump Administration. We were all, a year ago, hoping that we would see that by now. God knows; I know they're already holding 50 percent for the Gateway matching funds hostage, maybe so as to get an infrastructure bill through -- but, I am sad to say, probably not of which the majority is going to come here, or anything fair, to New Jersey -- truth be told -- as to what we see coming out of Washington of late.

So with that being the case, we have to look out for ourselves. And in that sense, you and I, and hopefully in a bipartisan way, are seeking the voters' approval for a \$400 million referendum, similar to what we did before we found a permanent source of funding for Open Space.

So as opposed to putting dollars on all ratepayers' bills, we'll do it and start in the form of a bond referendum; that's the way we get the imprimatur of the people. And then in the enabling legislation we could

look to the things that we know are important. We want to reward those places that have an asset management plan in play, that just haven't allowed things to get put together with Band-Aids for the sake of not doing what's right -- frankly, really, mostly with the ones that are publicly run, for the sake of not wanting to make the hard decisions and raise rates at all. Or even worse, John, taking surplus money that should be used for synching funds for infrastructure and just sticking it in the General Fund on the government's side.

So those things really need to be addressed. I talked about the loss of water; we need to get to the point where there are mandatory annual water audit loss surveys that are done, and that are published, and allow us to know what systems are the worst and what needs the most attention.

We have to pay attention. I won't call them *orphans*, but 55 percent of the systems are less than, like, a million gallons a year, right? Isn't that the number? That means that the economies of scale aren't with those with those smaller systems. And they have to be paid attention to as well. And certainly we have to take into account the economic wherewithal of some of the communities, and all of their respective challenges as it relates to access to those monies.

The great news for the State -- the Environmental Infrastructure Trust-- I can't think of her name; I wish I could. The seminar that we did at the League of Municipalities -- we had all of the water oligarchy that were--

SENATOR GREENSTEIN: Sturm?

ASSEMBLYMAN McKEON: No, it wasn't Ms. Sturm; but it was a person who works for the Environmental Infrastructure Trust. And

everyone was saying-- You know, I have her name; now I'm going to find it, because I've been saying it. (laughter)

(Looks through notes)

Here we go; Mary Pearsall. I've never heard a public servant -- as much as we're extolling all their virtues today -- everyone there was saying, "Oh, Mary Pearsall; call her at EIT. She'll set you all up; she makes it easy, and we get it ready." We've got a great system in play; but their money, as much as they've given out billions, comes-- It's not money; it's low-interest loans. Now, that has to continue on some level, but to incentivize, to do the right thing, we need part of that money to be grants, for sure.

And again, the devil will be in the details, as we all work collaboratively to come up with enabling legislation -- that should be known before the fact that we put \$400 million out there as a good start to all of this.

I also note that as much as we're talking about freshwater, wastewater is so -- wastewater and stormwater are huge; stormwater, in particular, as to all of the effects it has on the environment and, frankly, on the clean water system. That's something else where we really don't have any mechanisms in place that are systemic for towns, or for counties, or for new authorities to deal with stormwater issues. And I think enabling legislation to allow, permissively, municipalities, or groups of them, or counties to go in that direction, similar to what we do for stormwater, is important as well.

So I'm understanding and being mindful of the day this is, with all of us needing to get back to the floor, and knowing that there's been an

awful lot of work up to this point -- we'll just cease in further comment and look to entertain a motion to release the report as capably drafted.

ASSEMBLYMAN MUKHERJI: So moved.

ASSEMBLYMAN McKEON: That's moved; and second?

SENATOR GREENSTEIN: Second.

ASSEMBLYMAN McKEON: Moved and seconded.

And, obviously, every member has the right to speak at least as long as I did, so feel free to go ahead and do so. And we can ask for a roll call as we go through it.

MR. PETERSON: On the motion to approve the final report, Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. PETERSON: Assemblyman McKeon.

ASSEMBLYMAN McKEON: Yes.

MR. PETERSON: Assemblyman Mukherji.

ASSEMBLYMAN MUKHERJI: Yes.

MR. PETERSON: Senator Bateman.

SENATOR BATEMAN: Yes; and let me just take this moment to thank both Co-Chairs and staff for doing an outstanding job.

There's no question that there's nothing more important than our water. And this is not a partisan issue, it's not politics. We need to work together, both in the Assembly and the Senate, to draft some comprehensive legislation that is going to address some of these issues throughout New Jersey.

I know a lot of work has gone into this. Unfortunately, I couldn't make all the meetings, but I know how hard both the Chairs worked, and the staff.

So I commend you on that, and I think that we may have -- we might add a short minority statement to the report; but overall, I agree with the contents of it, and I vote "yes."

MR. PETERSON: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes; thank you, Mr. Chair and Madam Chair, for your interest and work on this issue.

This is something I've lived for over 20 years, being involved in my own community on our Utilities Authority.

There are a few points that I think we need to address. The majority of the report I totally agree with. The mission of the report I agree with. We need to address this. I have long worried about the unaccounted water in the State of New Jersey, and it needs to be attacked.

I would just hope that -- and I will make my points brief -- number one, we prioritize the needs of the big three items that were enumerated in the report, and we put the water infrastructure first. Certainly, by now something should have been going on with replacing any lead surfaces that serve any public or school building. That needs to be a priority. The piece with the stormwater interconnection with sewer mains -- which I never knew existed until I read the report a few months ago, that spelled that out -- I can't believe it still exists in this day and age. It certainly needs to be addressed down the road.

I spoke with Chairman McKeon earlier; I said that that 5 percent skim needs to go away. We should write a law as soon as we can to

eliminate any municipality from taking 5 percent out of that money. Because there are fees being charged for that water; and if there is a fee that's being used for something other than its intended use, it's a tax and it should be going back into the systems.

So along these lines, you'll see -- there are a few things that you might see in the minority statement, should Senator Bateman agree, that we would like to suggest as a plan of action. But we need to come up with a long-term, strategic plan on the issue. It's easy to say we're going to do all this; but \$400 million, obviously, by the numbers we've read, is not going to come close to covering it.

So I will absolutely vote "yes" for the report. But we will -- I think there's a lot of work ahead.

I vote "yes."

ASSEMBLYMAN McKEON: Again, thank you all. It's terrible when government works like it's supposed to, huh? (laughter)

I really appreciate, again, this bicameral and bipartisan effort; and especially all the input of many out there in the audience, and all their professionalisms.

So the Task Force stands adjourned, with the next chapter to be written.

SENATOR GREENSTEIN: Thank you.

(MEETING CONCLUDED)