

Peter B. Harckham**Majority Leader**
Legislator, 2nd District
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Budget & Appropriations
Environment & Energy
Government Reform, Efficiency & Savings
Government Operations
Legislation
Public Safety & SecurityVia Electronic and Regular Mail

August 23, 2012

Mr. Matthew J. Driscoll
President and Chief Executive Officer
New York State Environmental Facilities Corporation
625 Broadway
Albany, New York 12207-2997**Subject: Assistance for Decentralized Wastewater Systems, Municipalities in the East of Hudson Watershed (Westchester and Putnam Counties)**

Dear Mr. Driscoll:

It was a pleasure to meet with you and Jon Sorenson on July 31st. Thank you for taking time to speak with myself and colleagues on wastewater financing. I write to provide a recap and to forward some information from our discussion.

East of Hudson Watershed Municipalities, Wastewater Needs

Many municipalities in the East of Hudson (EOH) portion of the New York City watershed are significantly challenged in addressing their wastewater infrastructure needs. While the 1997 Memorandum of Agreement (MOA) on the New York City watershed provided meaningful funds for the EOH communities, the anticipated wastewater facilities under the MOA have largely not been realized. Diversion of sewage outside of the EOH watershed, as contemplated under the MOA, has been vigorously opposed by communities that would receive the sewage. Permitting of new point sources within the watershed is very difficult, typically requiring a variance under the strict New York City watershed regulations. The construction of new centralized collection systems and treatment facilities is proving to be prohibitively costly. And, Westchester County must comply with a federal consent decree to build hundreds of new fair and affordable housing units, with many units expected to be in the northern portion of the County near the EOH watershed.

Given these challenges, EOH communities in Westchester and Putnam Counties are looking more closely at decentralized wastewater systems to address their wastewater needs. In many of our EOH communities, decentralized wastewater treatment systems should be able to provide lower-cost design, collection, treatment, dispersal, maintenance and operation choices while still meeting the same regulatory standards associated with centralized systems.

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The opportunity for both short term and long term savings with decentralized systems along with their proven high levels of treatment performance and environmental benefits represent an attractive alternative for our communities and taxpayers. Decentralized wastewater technologies and alternatives are increasingly gaining acceptance from regulating entities in New York State and across the United States.

A regional stakeholders group, the Septic System Sub-committee at the Westchester County Board of Legislators (“Sub-committee”), has been effective in considering policies and maintaining productive dialogue with New York State and New York City partners. The Sub-committee has developed legislative and administrative tools to facilitate septic system management, such as a model inspection ordinance and a shared database of septic systems. The Sub-committee has engaged NYSDEC, NYCDEP, and the Watershed Protection Partnership Council (WPPC) in discussing regulatory issues that affect local governments. In addition, the Sub-committee has explored the use of modern, proven and affordable septic (aka decentralized, onsite) technologies, such as enhanced treatment units, tertiary treatment systems that reduce nutrients such as phosphorus and nitrogen, and constructed wetlands. Bob Eichinger and Edward Barnett, both of whom you met on July 31st, are among the technical professionals that regularly contribute in this group. Further information on the Sub-committee, including archived video of meetings, is available at <http://westchesterlegislators.com/committees/2041.html> .

To help identify long-term needs, the Sub-committee tabulated information for New York State to utilize in the 2012-2015 Clean Water Needs Survey submission to Congress. In developing this information, the Sub-committee worked with Jason Denno at NYSEFC to emphasize decentralized system needs. The entire document is available at the following website, http://www.westchesterlegislators.com/pdf/07-22-11_2012_Clean_Water_Needs_Survey_Submittal_LegHarckham.pdf .

The EOH watershed communities have a history of collaboration and consultation, which facilitates opportunity for cost-sharing and developing solutions. A recent, novel initiative among these municipalities is the formation of a not-for-profit corporation, the East of Hudson Watershed Corporation, to help implement the requirements of the NYSDEC MS4 permit. As well, many of these municipalities are collaborating in the implementation of an energy efficiency retrofit program, assisted in part by an Energy Improvement Corporation. Mark Thielking, whom you also met in our meeting, has been instrumental in advancing this effort.

Potential Assistance Through NYSEFC

As discussed in our meeting, we seek assistance from NYSEFC to aid in the further development of decentralized wastewater systems in the EOH watershed. Specifically, the need to fund focused engineering reports for decentralized wastewater treatment options in our EOH communities is a critical next step (Town of Amenia in Dutchess County has recently done this). Through the existing collaboration of EOH municipalities, the Sub-committee stakeholders group, and new local entities, we anticipate that NYSEFC funding would be favorably leveraged by local resources and other available assistance to promote decentralized approaches. This could include techniques that we discussed and also examples listed below.

Intended Use Plan (IUP) Financing - The IUP provides several different grant and financing opportunities, some of which may be more appropriate than others for decentralized systems.

For example, in its list of potentially eligible projects, the Green Project Reserve (GPR) expressly includes decentralized wastewater systems that treat deficient septics (Draft IUP, Appendix F, Sec. 4.2-6). It is understood that the decentralized systems are considered a nonpoint source pollution control project (Draft IUP, Sec. 2.1.1.2). Other financing options through the IUP may be helpful, including the Green Innovation Grant Program and no-interest loans, especially to fund the necessary engineering reports for decentralized systems for many of our Westchester County communities. Also noteworthy is that several Westchester communities that are just outside the EOH watershed are nevertheless within a watershed that drains to Long Island Sound. Impacts from older, conventional septic systems have been identified in the Long Island Sound Comprehensive Conservation and Management Plan, as referenced in the CWSRF priority ranking criteria.

Pilot Community Decentralized Systems - NYSEFC presently provides financing for innovative technologies through its CWSRF Innovative Technology Demonstration program. Can similar programs be established for the pilot-scale demonstration of innovative decentralized wastewater systems? Such pilot projects could be for a cluster of residential systems, or it could include intermediate-sized systems or larger. Has NYSEFC worked with other agencies (e.g., USEPA, USDA) to support pilot-scale wastewater projects?

Leverage Interaction with Regional Entities - The EOH municipalities have formed a new local corporation for water quality issues, patterned somewhat after the Catskill Watershed Corporation (CWC) in the West of Hudson watershed. Because NYSEFC has had a long history of working with the CWC in the West of Hudson, some of the programs and approaches that have been used with CWC may be conceptually transferable to the East of Hudson municipalities, either using a local corporation or through another type of association. While the funding sources and relationships under the MOA are obviously different, the structure and programs may be transferable and streamlines the process (e.g., avoids “reinventing the wheel”). In addition, communication through a regional representative or association may facilitate the evaluation and funding of various projects that have impact or effect on a common regional resource, such as the EOH watershed.

Expansion of Septic System Rehabilitation Program - Presently, NYSEFC administers a program to reimburse septic system owners within the Kensico watershed for up to 50% of the costs of rehabilitating failing septic systems (max. of \$25,000). Can this type of program be expanded to include municipalities not within the Kensico watershed?

We look forward to further discussions with you/your staff on possible financing methods and fund sources to assist the municipalities in the East of Hudson watershed, particularly regarding decentralized wastewater systems. If I can provide any further information, please do not hesitate to contact me at (914) 995-2810. Again, thank you for meeting with us in person.

Very truly yours,



Peter B. Harckham
Chair, Septic System Sub-committee