



Municipal Sewer Rates: Unintended Consequences for Public Health and Public Policy

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How are we spending this session?

We are going to talk about things at the macro level:

- Environmental justice and regulatory fault
- The choice for those on fixed incomes
- Will a rate rebellion finally change environmental policy
- Interactive questions, war stories and concerns

Disclaimer

- After a day and a half of low level detail on water regulatory issues, this presentation is to bring us back to real world reality.
- I participate, in part, in the role of provocateur regarding our public policy future. I am raising questions regarding what we deal with daily – the conflict between “what is clean” and “how much does it cost.”
- I do not intend to be critical of our regulatory partners; however, as they do their jobs, they too are drawn into the question of “how clean” versus “how much does it cost.”
- At the end of the day it all boils down to one word ...

RATES

A Flawed Paradigm

- People will pay hundreds of dollars for cable television. They should be willing to pay hundreds of dollars for clean water.
- This is simply untrue!
- They do not believe that they should pay hundreds of dollars to make a daily deposit!

Utility rates are cost of service

- Utility rates are presumed the purchase of a service. The service expectation is that all users pay for the cost of the service including elements of capital investment, debt service and operation, maintenance, and replacement.
- They are generally a mathematical exercise, defining the above over a period of time.
- Historically, there has been an expectation of some growth, but that is no longer the case in many of our communities.

Trends

- Trends in smaller an rural communities show the opposite.
- Negative growth.
- Aging population.
- Increased population on fixed income.
- Number of families declining.
- Loss of primary industry.

Quick Sewer Rate Extremes

- Thanks to MPUA
- Highest Rate: \$140.16 / month
- Lowest Rate: \$4.20 / month
- 52 communities over 2.0% MHI
- Highest MHI: 3.64%
- Only 5 communities in the MPUA survey exceed \$100.00
- 36 communities charge more than what I personally pay - \$58.00. That includes Kansas City and St. Joseph as listed in the survey.

My friend's north Missouri family

- Retired couple 83 and 80
- Fixed income Social Security and public employee pension
- Own house
- Population peak 6,800
- Population now 5,900 - a 13% loss since 2010
- Projected required expenditure to renovate sewer system - \$75M
- Median population age 42
- Current sewer rate \$50 /month
- Prior rate before program increases \$30/month
- Projected rate to repair system \$300/month
- MHI rate \$60/month

It's a big job to comply

- All major Missouri cities have billion dollar corrective measures necessary to bring systems up to standards.
- Most have some form of order that **REQUIRES** humongous financial outlays. Two are already approaching 2%.
- 52 communities already **OVER** 2%.
- The North Missouri family is at 2%

Here is what these people see

- Rising health care costs with no resolution in sight
- Rising food costs – loss of competition and grocery exits
- Explosive pharmaceutical costs
- Social Security cost of living adjustments – 2015 0.0, 2016 0.3
- Increased drinking water bills
- City governments providing less services
- Fixed income with little to no hope of increase
- The major town employer closing costing 1,500 jobs and 70% of utility revenue
- 66% increase in sewer rates in one year

In your face politics

- 300 cities defying Federal immigration law telling the Federal government to screw themselves as sanctuary cities.
- 29 states defying Federal drug laws allowing cannabis to be openly sold AND TAXED telling the Federal government to screw themselves.
- Bailouts for cities (Detroit, Flint) and soon States (Illinois) using the ratepayers tax money. Waiver of debt owed by cities to the Federal treasury for water treatment plants and sewage treatment facilities.
- Huge payouts for recovery to disaster communities with ratepayer tax money (including Sandy, Katrina, Harvey), including repairs to those cities' wastewater plants and sewer lines. Payments to cities following riots over statues and speaking engagements.
- BUT NOT THEIR TOWN! Nope, you law abiding citizens can fork over the bucks!

No new taxes, just say “NO!”

- What if we all just say “no more”?
- What are they going to do? Take over the city?
- They won’t defend the other Federal laws for immigration, drugs.
- What about environmental justice?

Environmental Justice

- Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or **income** with respect to the development, implementation, and enforcement of **environmental laws, regulations, and policies**.
- Does a cause of action exist when the injustice is caused by the regulator versus a company requesting a permit?

Consequences

- More difficult to pass infrastructure bond issues
- People in the most difficult financial positions harmed the most by increasing rate pressure, those on fixed incomes, the poor, Veterans will need to choose paying to make the daily deposit versus food, prescriptions, heat.
- Is this not the very definition of environmental justice and are not the regulations the cause of the injustice??
- Rate rebellion
- Will this finally cause Congress to take up laws that have existed for 40 years and reassess the benefit versus the cost as they were intended??

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