

# Exploration of ALCOSAN \$3 Billion Settlement with EPA

(Calculations and exploratory suggestions for interested fact finding parties and concerned consumers)

## Background

The principal source for the information below is the **Third Party Review of the ALCOSAN Regional Long Term Wet Weather Control Concept Plan** (Third Party Review or the Review) that is now posted at <http://www.alcosancost.com/tpreview.pdf> on this ALCOSANcost web site\*. This fairly authoritative and reasonably readable study was done in June 2002 with the cooperation of ALCOSAN by a mix of third parties including: Greeley and Hanson LLC, HydroQual Inc, and McGuireWoods LLP.

In the above Executive Summary please note that CSO means ‘Central Sewer Overflow’ which is the heart of the issue during a rainfall. These sewers are designed so that all sanitary wastewater (sewage) and generally most or all storm water are conveyed in a single pipe. Flows in excess of the pipe’s capacity during wet weather are designed to overflow into streams and rivers. These represent a great deal of the program’s settlement cost and future ALCOSAN price increases.

The Executive Summary reports on page ES-10 that: *“The large CSO programs that were begun in the 1970s received substantial federal funding. The local costs of some of the programs have been funded by a combination of sales taxes, real estate taxes and sewer use fees. The federal grant program of the 1970s and 1980s has largely been converted to a state revolving fund (SRF) loan program. Although a substantial amount of this SRF money has gone to CSO work in other states, Pennsylvania has not funded CSO programs with its SRF money.”* [Underline added for emphasis. See page ES-10 at <http://www.alcosancost.com/estpreview.pdf>] Thus, unlike other systems that started earlier and received substantial federal funding, it appears that the homeowners here will be paying the lion’s share of the ALCOSAN \$3 billion settlement cost!

## Calculating the Actual Cost to Homeowners of ALCOSAN’s \$3 Billion Settlement

Page 6-6 of the Third Party Review [see <http://www.alcosancost.com/s6tpreview.pdf> ] states: *“3RWWD’s estimated cost of meeting the requirements of the first year of the proposed consent order for is \$20.8 million. Members of the local Engineering Community believe the actual cost will be substantially more and will fall disproportionately on the various communities. One local engineer has examined the costs to individual communities and believes some may see unaffordable costs in the immediate future. Assuming that the consent orders and institutional arrangements are revised in such a way that the \$20.8 million cost is spread evenly over the 294,683 ALCOSAN residential customers, and that residential customers will pay 66% of the cost, the annual cost impact of this program will be over \$46 and will increase to \$48 and \$53 for respectively for the following two years. The 66% factor is based on*

*ALCOSAN's estimate that this is the percentage of their revenues derived from residential customers. This is clearly a very rough generalization as in most ALCOSAN municipalities' residential customer bear most of the cost for the sewer system and there is a wide variation in the miles of sewer per capita between areas.*” [underline added for emphasis]

Page 6-7 at the same link states that: “*Based on a typical household of 2.9 people and a daily water consumption of 92 gallons per person, the following is estimated to be a reasonable breakdown of anticipated household wastewater costs in the ALCOSAN area in 2004, absent any costs for system improvements:*

**Projected Single Family Residence Billing by ALCOSAN**

<i>Present ALCOSAN costs to Homeowner*</i>	<i>\$294</i>
<i>Future ALCOSAN costs (without \$2 billion)</i>	
<i>Local collection costs</i>	<i>130</i>
<i>Consent order costs/MOM**</i>	<i>53</i>
<i>Storm water costs</i>	<i>46</i>
<i>Total New ALCOSAN Base Cost</i>	<u><i>\$523</i></u>

” [table text modified for clarity]

\* 2.9 people per household x 92 gallons per day per person x 365 days a year = 97,382 gallons of water use = 97,382 sewer billing because the billing practice is to assume that all water that goes through the water meter goes into the sewer!  
 The 2006 ALCOSAN charge was \$2.98 per 1000 gallons. Thus, \$2.98 x 97.38 thousand gallons = \$290.20 which is pretty close to the \$294 stated in the Review.

\*\* MOM stands for added EPA required ALCOSAN Management, Operation, and Maintenance, a lot of which is paperwork

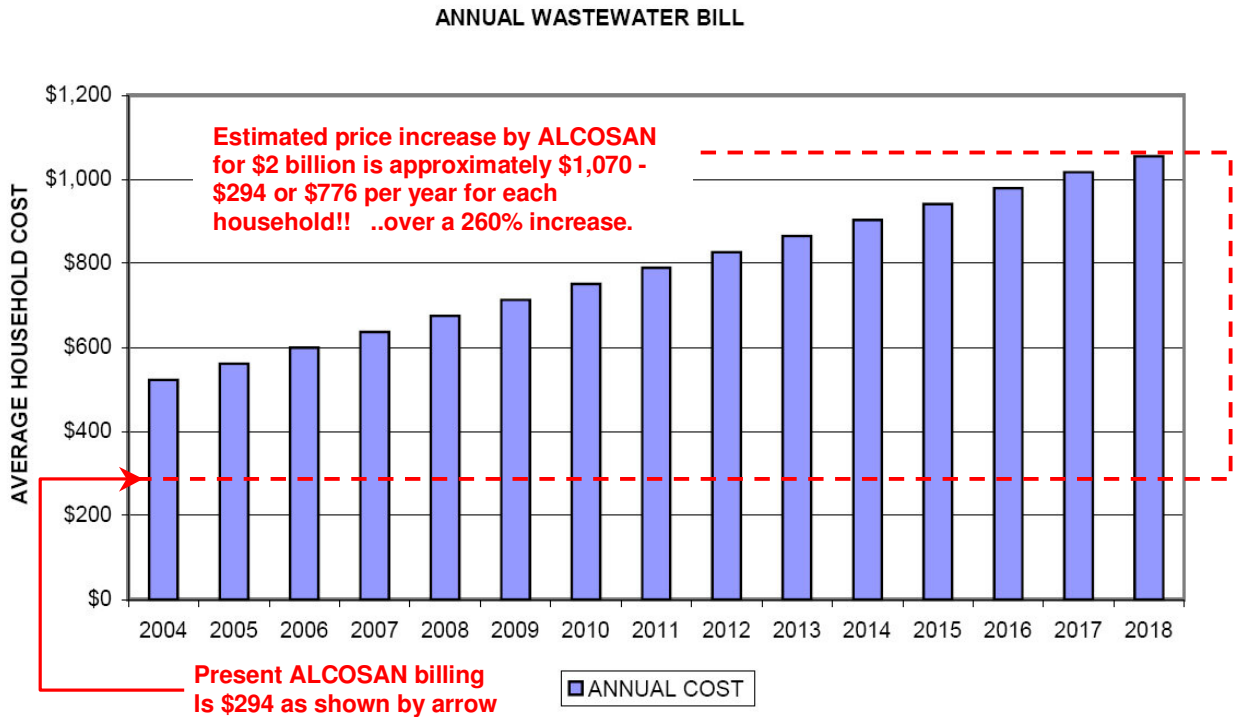
Although page 6-7 does not note it, the above table shows a 78% ALCOSAN rate increase (( $\$523 - \$294$ )/ $\$294$ ) even before any application of the \$2 billion consent work described in the next paragraph!

Further page 6-8 of the above link assesses: “*As indicated above, this cost does not include any costs for system improvement of the Concept Plan with the exception of the costs for determining the condition of the systems that are contained in the proposed consent order. In order to demonstrate in a very simplistic manner the impact of the magnitude of costs facing ALCOSAN customers, the following model is offered:*

- *Assume that the combined cost of ALCOSAN and municipal sewer rehabilitation program is \$2.0 billion and is spread evenly over 15 years as called for in the draft satellite consent orders.*
- *These costs are paid for by the issuance of bonds at a cost of 8.5% of the funds needed for system remediation.*
- *That the above base cost of \$523 is used for the starting point in 2004 and is held constant over the fifteen-year period.*
- *The construction costs are not inflated over the fifteen-year period.”*

“*All costs for system remediation not funded by outside monies such as grants, whether incurred by ALCOSAN, the municipalities or a third party, eventually fall back to the*

households. As such it is reasonable to use combined yearly remediation costs when analyzing cost impact. The following “Annual Wastewater Bill” graph below outlines the increasing average monthly bill per household during a fifteen-year remediation program outlined above.”



Please note that the red on the above Annual Wastewater Bill in the above chart are this authors and are NOT on the original Review chart. If instead of \$2 billion, \$3 billion were expended, the estimated cost per household would spiral to [1.5 x (\$1070 - \$523) + \$523] for a total billing in 2018 of \$1,340 per household. This would be more than a \$1,000 dollar a year, 350 percent increase!

As noted in page 9-8 of the Review [see <http://www.alcosancost.com/s9tpreview.pdf>] “The total cost of wastewater control for the ALCOSAN service area is presently a very loosely defined number with present estimates ranging from \$2.0 to \$3.0 billion. If it is assumed that residential customers pay this cost, this program represents a per-household investment between \$6,800 and \$10,000. Even at the lower end of the estimated cost per household this level of investment will be unaffordable to a significant number of the financially challenged ALCOSAN Partner Communities that operate satellite systems in this service area.” [underline added for emphasis]

Another way to do the cost estimate is to look at the above stated cost per household. The \$10,000 investment number comes from \$3 billion divided by the 294,683 ALCOSAN residential customers. To get the annual customer cost, the \$10,000 total investment per

customer needs to be converted into an annual number. The traditional way of doing this is to use the formula:

$$\text{Annual Cost} = \text{Total Cost} \times \frac{i(1+i)^n}{(1+i)^n - 1}$$

where *i* is the interest rate (e.g.: 7% bond interest is 0.07) and *n* is the number of years. The resulting calculation is known as a Capital Recovery Factor and at 7% for thirty years would yield a CRF of 0.0806

If you don't have a calculator, you can go on the web to <http://www.hughchou.org/calc/genloan.cgi> to get the calculation done for you. Set "Periods per Year" to 1. Enter the Total Investment per Customer as the "Loan Amount" and the estimated "Annual Interest Rate" for ALCOSAN bonds. Then enter the years which you want for the ALCOSAN bond life as "Total Number of Years". Then click "Set to -1" and then click "Calculate".

$$\begin{aligned} &= \$10,000 \times 0.0806 \\ &= \$806 \end{aligned}$$

Since this \$806 must be added to the \$523 Total New ALCOSAN Base Cost, the resulting ALCOSAN billing to each household would be \$1,329 per year when the dust settles on the \$3 billion program! This compares to the above Annual Waste Water Bill chart's estimate of \$1,340 based on the same \$3 billion but using slightly different financing assumptions.

As cautioned on the Review's page 6-9, "*As monies are spent for remediation it is predicted that this number will increase significantly and the only conclusion that can be drawn from this simplified approach is that a remedial plan of \$2.0 billion, let alone the \$3.0 billion referenced in the Concept Plan, is clearly unaffordable to a significant number of the municipalities.*" [underline added for emphasis]

## Questions for Involved Parties

### Questions for Third Party Review Authors

- **The Third Party Review of ALCOSAN's remediation plan shows an overall homeowner cost of \$1,300 when the dust settles on the \$3 billion effort. (Page 6-8 shows the result for \$2 billion and this analysis adjusts the increase accordingly. Page 9-8 shows a \$10,000 outlay per household which yields the same result.)**
  - Here are the adjustments (see Page 3 of this document) on the Third Party Review that produce the estimated impact of \$1,300 on homeowners from the ALCOSAN settlement including the \$3 billion of construction. Is this a reasonable projection?
  - The Third Party Review says little about the root sources of the Rainy Weather Flows that cause the ALCOSAN issue. How much of those flows is a result of homeowners (connected downspouts, etc.) versus runoff from

paved surfaces such as: roads, streets, shopping center lots, etc.? Was any mitigation of paved surface runoff considered as part of the ALCOSAN plan? If not, why not?

- The Third Party Review on page 9-8 states: *“The total cost of wastewater control for the ALCOSAN service area is presently a very loosely defined number with present estimates ranging from \$2.0 to \$3.0 billion. If it is assumed that residential customers pay this cost, this program represents a per-household investment between \$6,800 and \$10,000. Even at the lower end of the estimated cost per household this level of investment will be unaffordable to a significant number of the financially challenged ALCOSAN Partner Communities that operate satellite systems in this service area.”* It should be noted that over 30% of the households in Allegheny County have Social Security income. How concerned are you about this? Did you raise this with ALCOSAN and, if so, what was their response?
- The Third Party Review, on pages 6-7 to 6-10, discusses a 1.5 to 2 percent allowable limit of ALCOSAN plan costs on Median Household Income (MHI). It also notes that the impact is well above this limit in the chart on page 6-10. On this basis, could ALCOSAN have negotiated the \$3 billion down?
- What changes could be made in the \$3 billion plan to reduce cost of the plan? ...reduce the impact on homeowners or households?
- Are there other options than a “water bill tax” that you feel should be explored for paying at least a portion of the resulting \$3 billion bill?
- Understanding portions of the Third Party Review is tough going because of the acronyms. Would you consider adding a glossary covering things like CMOM, CSO, etc.
- Did the Third Party Review participants ever raise the “unaffordable” cost issue with ALCOSAN? If so, what was their response?
- Did the Third Party Review participants ever raise the prospect of ALCOSAN communicating to the public or media the issues of the impact of the plan and the \$3 billion on households or homeowners? If so, what was their response?
- Who would be the best people on the Third Party Review Committee to ask these same questions to?
- [ask the authors of the Third Party Review which are: Greeley and Hansen LLC, Hydroqual, Inc., McGuireWoods LLP]
- [ask the recipients of the Third Party Review which include: Brown, Daily, etc. and can be found at <http://www.alcosancost.com/toctpreview.pdf> ]

## Questions for Three Rivers Wet Weather Demonstration Program

- ALCOSAN’s Wet Weather Concept Plan shows an overall cost of \$3 billion. At present, the ALCOSAN charges to a homeowner are \$290 per year. This is projected to be \$1,300 a year when the dust settles on the \$3 billion effort. (The Third Party Review on the ALCOSAN site, page 6-8 shows the result for \$2 billion and we have adjusted the increase accordingly. Page 9-8 shows a \$10,000 outlay per household which yields the same result.)

The Third Party Review on page 9-8 states: *“The total cost of wastewater control for the ALCOSAN service area is presently a very loosely defined number with present*

*estimates ranging from \$2.0 to \$3.0 billion. If it is assumed that residential customers pay this cost, this program represents a per-household investment between \$6,800 and \$10,000. Even at the lower end of the estimated cost per household this level of investment will be unaffordable to a significant number of the financially challenged ALCOSAN Partner Communities that operate satellite systems in this service area.” It should be noted that over 30% of the households in Allegheny County are on Social Security income.*

- Could you explain the role of the Three Rivers Wet Weather Demonstration Program (3RWWDP) in working with ALCOSAN and applicable communities? How is 3RWWDP funded? What are key things that the 3RWWDP group has funded?
- Who are the key members of the 3RWWDP group’s Stakeholders Committee? How does 3RWWDP work with the Stakeholders Committee? Has the 3RWWDP briefed the Stakeholders Committee on the Concept Plan and its cost? Who would be good to talk to on the 3RWWDP Stakeholders Committee?
- Did the 3RWWDP review, or assist in, the development of the ALCOSAN Concept Plan and its \$3 billion budget?
- Does 3RWWDP believe that the Concept Plan can be completed for \$3 billion (bear in mind that the \$3 billion does apparently not include inflation)?
- What changes could be made in the \$3 billion plan to reduce the cost of the plan? ...reduce the impact on homeowners or households?
- Was the 3RWWDP aware of these Third Party Review unaffordability assessments and of the projected cost to households/homeowners? Has 3RWWDP discussed this with the Stakeholders Committee? If so, what was the Stakeholders Committee’s reaction and advice?
- Did the 3RWWDP ever raise the “unaffordable” cost issue with ALCOSAN? If so, what was their response?
- Are there other options than a “water bill tax” that you feel should be explored for paying at least a portion of the resulting \$3 billion bill?
- Did the 3RWWDP consider communicating to the public or media the issues of the impact of the \$3 billion on households or homeowners?
- Did the 3RWWDP or the Stakeholders Committee ever raise the prospect of ALCOSAN communicating to the public or media the issues of the \$3 billion impact on households or homeowners? If so, what was their response?
- [ask Schombert, etc at the Three Rivers Wet Weather Demonstration Program whose www site is at [http://www.3riverswetweather.org/a\\_about/a\\_intro.stm](http://www.3riverswetweather.org/a_about/a_intro.stm)]

## Key Questions for ALCOSAN

- The Third Party Review of ALCOSAN’s remediation plan shows an overall household cost of \$1,300 when the dust settles on the \$3 billion effort. (Page 6-8 shows the result for \$2 billion and we have adjusted the increase accordingly. Page 9-8 shows a \$10,000 outlay per household which yields the same \$1300 result.)
  - What is ALCOSAN's estimate? Does that estimate include inflation on the \$3 billion during construction since many homeowners are retirees on fixed income. When will you post on your www site for user comment, a simple Excel spreadsheet showing that revenue and household/homeowner



assumptions that match the \$3 billion bond service and that they include the \$523 base line increase on page 6-7 of the Third Party Review?

- The resulting household cost of \$1,300 includes over 30% of the households that are on Social Security and, thus, have very limited ability to pay such a high bill. Furthermore, even though the Third Party Review projects an optimistic annual Median Household Income at that point of \$38,000, the resulting annual bill of \$1,300 represents 3.4% which is over twice that of the EPA maximum cost guideline! (See Third Party Review Pages 6-8 to 6-10). Given both these elements (30% of households on Social Security and a sewer bill which is twice as high as the EPA Median Household Income guideline), what leads ALCOSAN to conclude that the \$3 billion planned expense is financeable by bonds? Do you have written opinions based on a projected proforma (customer bill size, demographics, etc.) that conclude that such \$3+ billion of bonds are indeed financeable.
- What large projects has ALCOSAN implemented in the last 10 years? Have these come in on schedule and at or below budget?
- Who are your Board Members and their curriculum vitae? What is the curriculum vitae of your Financial and Engineering Directors?
  - Does the Board have the capability to bring a very complex, 15-year construction program costing \$3 billion within schedule and at or under budget? (Your Board appears to be a remarkably underqualified group of local county and city political appointees with little construction or project management experience!) How are you going to assure the public that your Board are capable of such a feat? How do you assure that you can secure a Board with qualifications that are up to a \$3 billion construction and industrial management experience?
  - If you are going to use outside management help, how will you select them? How much more will they add to the \$3 billion cost?
  - What track record can the public hold you and them accountable for?
- Are you planning on allowing non-union construction bidders to potentially save your customers money?
  - If not: why not? How much money could you likely save by allowing non-union contractors to bid?
  - If not because of a rule or regulation, will you pledge to your customers (many of which are retirees on fixed income) to get it changed so as to save them money? If not, why not and what do you say to your customers?
- In the article entitled ‘Local contractors look to clean up on multibillion-dollar sewer deal’ (Pittsburgh Business Times, June 8), the local based Gateway Engineers Inc says the \$3 billion is likely to be \$4 billion due to increased materials costs. (<http://pittsburgh.bizjournals.com/pittsburgh/stories/2007/06/11/story5.html?page=1>)
  - If you keep to any kind of reasonable schedule, what is the \$3 billion likely to total with inflation in labor and materials?
  - Why has ALCOSAN not published any estimates which include inflation? Many of your customers are retirees on fixed income. Their wages won’t grow and the inflation adjusted costs are a better indicator of the impact on them.

- The consent’s initial requirements cause an estimated \$229 dollar a year increase in ALCOSAN’s billing to the average homeowner (\$290 increases to \$523, see page 9-8 of the Third Party Review). At 294,600 ALCOSAN customers, this is \$86 million dollars more a year! It is not fully clear in the report, but a lot of this seems to be records and paperwork requirements. How much?
  - How many people ALCOSAN going to add to do this?
  - Would an outside service be cheaper?
  - Is so, will you use an outside service rather than adding staff and pension costs?
- [ask ALCOSAN all of the above]

## Key Questions for Local Construction Companies

- ALCOSAN has projected a \$3 billion effort as a result of the consent agreement.
  - Is ALCOSAN capable of managing such a large effort? What are their strengths and weaknesses?
  - How is their past track record of bringing in projects on schedule and within budget?
  - The \$3 billion doesn’t apparently include inflation. What do you think the \$3 billion will really be when done?
  - What would you advise ALCOSAN to do, or do differently, than it has done in the past?
  - [ask Alex Paris Contracting Inc. Gateway Engineers Inc. Lennon, Smith, Souleret Engineering Inc. Glenn Johnston Inc. Turner Construction Company Mascaro Construction Company Michael Baker Corporation (see <http://pittsburgh.bizjournals.com/pittsburgh/stories/2007/06/11/story5.html?page=2&b=1181534400^1473750> for some of the links)]

## Some other Questions for ALCOSAN and the PaDEP

- As noted on ES-13 of the Third Party Review: *“As indicated in the EPA CSO report to Congress last year, during the LTCP process Water Quality Standards should be reviewed and where appropriate revised. This process requires the cooperation and participation of PaDEP during the development of facility plans. Unfortunately, PaDEP has refused to review water quality standards in conjunction with LTCP development and implementation. Instead, PaDEP is proposing to explore water quality standards reviews in their next triennial review. It is imperative that PaDEP conduct a WQS review as the final LTCP is developed during the facilities planning process. ALCOSAN and the Partner Communities should insist on this approach.”* LTCP means Long Term Control Plan which is this \$3 billion plan that ALCOSAN customers will pay for.
  - Why did the PaDEP not cooperate? [ask PaDEP]
  - Has this problem been fixed by ALCOSAN or does it still exist? [ask ALCOSAN]
  - If problem still exists, how much has it cost us? [ask ALCOSAN]



## Questions for Local Water Companies

- **ALCOSAN has recently signed a consent agreement with the EPA that requires the cleanup of wet weather sewer overflows. This includes initial engineering and planning effort plus \$3 billion of construction. At present, the ALCOSAN charges to a homeowner are \$290 per year. When the dust settles on this effort, the ALCOSAN charges to a homeowner will be around \$1300 dollars a year!**

**These homeowner impacts are derived from an authoritative Third Party Review once on ALCOSAN's www site and now at <http://www.alcosancost.com/tpreview.pdf>**

**Given these costs and the annual incomes of their customers, this Third Party Review on page 9-8 states: *“The total cost of wastewater control for the ALCOSAN service area is presently a very loosely defined number with present estimates ranging from \$2.0 to \$3.0 billion. If it is assumed that residential customers pay this cost, this program represents a per-household investment between \$6,800 and \$10,000. Even at the lower end of the estimated cost per household this level of investment will be unaffordable to a significant number of the financially challenged ALCOSAN Partner Communities that operate satellite systems in this service area.”* It should be noted that over 30% of the households in Allegheny County have Social Security income.**

- **Thus, the ALCOSAN consent and construction will add \$1000 a year to your typical homeowner's present water and sewer bill. What percent of your residential customers will likely not be able to pay?**
- **When they don't pay, will you shutoff their water?**
- **Has ALCOSAN ever discussed with you the potential impact on your customers of the \$3 billion consent agreement?**
- **[ask West View Water Authority, Pennsylvania American Water Company, Etna Boro - Water Department Office, Plum Boro - Municipal Authority Water Division ]**

## Questions for Local Politicians

- **ALCOSAN has recently signed a consent agreement with the EPA that requires the cleanup of wet weather sewer overflows. This includes initial engineering and planning effort plus \$3 billion of construction. At present, the ALCOSAN charges to a homeowner are \$290 per year. When the dust settles on this effort, the ALCOSAN charges to a homeowner will be around \$1300 dollars a year!**

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Thus, the ALCOSAN consent and construction will add \$1000 a year to your typical homeowner constituent's present water and sewer bill.

- Has ALCOSAN ever discussed with you the potential impact on your constituents and homeowners/households of the \$3 billion consent agreement?
- Have you ever inquired of ALCOSAN of the impact of the \$3 billion consent agreement on your constituents and homeowners/households?
- What actions, if any, are you considering relative to the \$3 billion consent agreement cost impact on your residents and home owners/households?  
...any comments to your residents?
- [ask Ross Township Commissioners, Mayor of West View, Mt. Lebanon Commissioners, Shaler Township Commissioners, Mayor of Pittsburgh etc. etc. etc. (see <http://www.alleghenycounty.us/munimap/index.asp> to get targets and contact info.)]

## Questions for State Politicians

- ALCOSAN, the sewer authority serving the Pittsburgh region, has recently signed a consent agreement with the EPA that requires the cleanup of wet weather sewer overflows. In addition to front end efforts, this will involve \$3 billion of construction spread over 15 years. At present, the ALCOSAN charges to a Pittsburgh-Allegheny County region homeowner are \$290 per year. When the dust settles on this effort, the ALCOSAN charges to a homeowner will be around \$1300 dollars a year, an added \$1,000 bill to each of your constituent's households!

These homeowner impacts are derived from an authoritative Third Party Review once on ALCOSAN's www site and now at <http://www.alcosancost.com/tpreview.pdf>

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Thus, the ALCOSAN consent and construction will add \$1000 a year to your typical homeowner constituent's present water and sewer bill. It should be noted that over 30% of the households in Allegheny County are on Social Security!

- Has ALCOSAN ever discussed with you the potential impact on your constituents and homeowners/households of this \$3 billion consent agreement? What was your reaction?
- What efforts do you intend to undertake to secure federal/state funds to help pay this \$3 billion bill to your constituents? How much can you cause to be supplied?
- [ask Senator Toomey, Senator Casey, Governor Corbett, local congressional representatives]

## Questions for Local Realtors

- **ALCOSAN, the sewer authority serving the Pittsburgh region, has recently signed a consent agreement with the EPA that requires the cleanup of wet weather sewer overflows. In addition to front end efforts, this will involve \$3 billion of construction spread over 15 years. The present ALCOSAN charges to a Pittsburgh-Allegheny County region homeowner are \$290 per year. After completion of this \$3 billion of construction, the ALCOSAN charges to a homeowner will be around \$1300 dollars a year, an added \$1,000 bill to each home!**

**Thus, the ALCOSAN \$3 billion consent decree and construction will raise a typical residence or renter household sewer bill significantly —to around \$1,300 a year when the dust settles. With the present 6.5% 30-year mortgage rate, this \$1,300 a year would be equivalent to a \$17,000 change in the home price!**

- **Given your knowledge of the \$3 billion consent and its \$1,300 per year sewer cost for homes in the ALCOSAN service area, as a realtor are you required to disclose this future impact to a present buyer? If so, why; If not, why not?**
- **What impact will the resulting \$1,300 a year sewer cost have on the salability and price of homes in the ALCOSAN service area compared to homes immediately adjacent? ...between Allegheny County and adjacent counties?**
- **[ask Century 21, Coldwell Banker, Howard Hanna, Prudential, etc. realtors]**

## Questions for Homeowners by Media

- **ALCOSAN, the sewer authority serving the Pittsburgh region, has recently signed a consent agreement with the EPA that requires the cleanup of sewer overflows during wet weather. In addition to front end efforts, this will involve \$3 billion of construction spread over 15 years. At present, the ALCOSAN charges to a typical Pittsburgh-Allegheny County region homeowner are \$290 per year. This is typically paid by you through a bill from your municipality or sewer region. This charge is calculated based on the amount of water that you use.**

**When the dust settles on this 15-year \$3 billion effort, the ALCOSAN charges to a typical residence will be around \$1300 dollars a year, an added \$1,000 bill each year!**

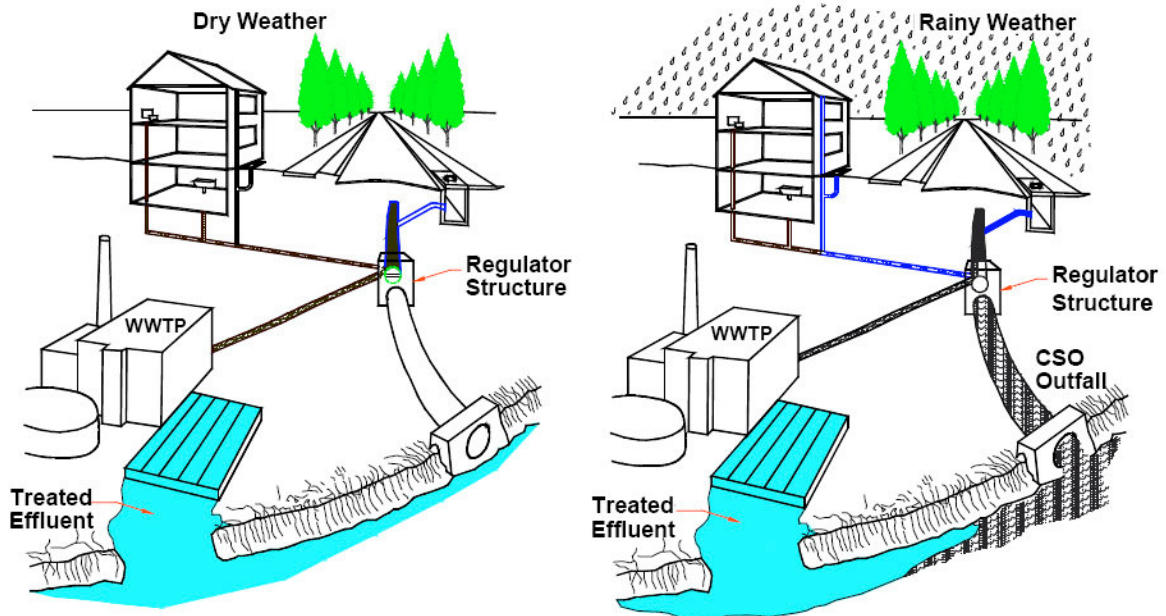
**Thus, your present sewer bill for the ALCOSAN portion is around \$290 a year (which works out to \$72 a quarter or \$24 a month). After this consent and the \$3 billion is spent, your present sewer bill for the ALCOSAN portion will be about \$1300 a year (\$325 a quarter or \$108 a month.)**

**Due to the way the ALCOSAN consent decree works, a typical residence annual sewer bill will increase from \$290 a year to \$523 in the next year or so. The \$523 bill will then ramp up each year afterward during 15 years of \$3 billion of ALCOSAN construction until your bill reaches the \$1,300 a year.**

- **Were you aware of the ALCOSAN consent agreement? Were you aware of its likely impact on your household's sewer bill?**
- **Should ALCOSAN have explained all this before signing the agreement? If so, why do you think they didn't?**

- In the near term as a result of the ALCOSAN consent agreement, the typical residential sewer bill will increase from \$290 to \$525 a year. This is \$235 more a year (\$20 a month).
  - Can you pay this near term \$235 a year (\$20 a month) bill increase?
  - Will having to pay this increase change your lifestyle? If so, how?
  - What will you cut back on to pay this bill?
- In the long term as a result of the ALCOSAN consent agreement, the typical residential sewer bill for the ALCOSAN portion will increase from the present \$290 today to \$1300 a year. This is \$1010 more a year (\$85 a month).
  - Can you pay this long term \$1010 a year (\$85 a month) bill increase?
  - Will having to pay this bill increase change your lifestyle? If so, how?
  - What will you cut back on to pay this bill?
- What should be done about all of this?
- The wet weather runoff that causes the problem doesn't come so much from your home (after all the bill comes from your water meter and that doesn't change due to rain), but from runoff or leakage into sewer lines from roads, streets, shopping centers, etc.
  - If you could trade half of this \$1000 increase in your water bill for a \$250 a year Allegheny county tax on your vehicle registration, would that be a good idea? (This would tend to tax the users of the roads, streets, etc and would have less impact on the elderly, retired, etc )
  - Offices and other buildings, shopping centers, etc don't use much water and thus won't pay much of this "water bill tax". Do you think they should pay a 'rainfall runoff tax' equivalent to \$200 a year per parking place? (Bear in mind that they will raise their prices to compensate.)
- [ask 20 typical homeowners of which of which 6 of the 20 should be on Social Security to match Allegheny County statistics]
- [consider adding a tear out survey on a newspaper page that can be mailed back.. Then, tabulate and publish the results in a follow up article.]

## Who should pay? Why mainly homeowners?



**Figure 1-1 - Combined Sewer System**

Page 1-2 of the Review [see <http://www.alcosancost.com/tpreview.pdf>], the above Figure 1-1, shows a Combined Sewer System which is the principal problem. Mainly, the left hand Dry Weather side works well, however increased flows during Rainy Weather from: improperly connected homeowner rainspouts, road ways, shopping center parking lots, and the like increase the flow. Since the flow to the Waste Water Treatment Plant is limited, the excess sewer flow (mixed as rainwater and sewage) flows into the river.

What the Review does not address is: “How much of this Rainy Weather flow is from the ‘poor’ homeowner’s rain spouts versus how much is from: shopping centers, etc.; county and state streets; township roads and streets; rainfall leaking into sewer cracks, etc.? The report barely addresses causes other than caused by the homeowner. Other than Page 9-8’s **Option 4 –Impermeable Area Fee**, it simply follows ALCOSAN’s prior practice and simply relies on the households (homeowners and renters) to pay for everything as what is clearly a ‘tax’ on their Dry Weather water use!

- **What percent of the Rainy Weather water overflow is contributed by homeowners?**
- **According to ALCOSAN’s own SIC September, 1996 report, the applicable rainy weather problem is principally from overflows from Combined Sewers! These in effect are in the city of Pittsburgh and clustered along the rivers and represent 34% of ALCOSAN’s sewer area. In effect a lot of this is from roofs, parking lots, and streets within that area. Why should suburban homeowners and renters pay for this. Why not a tax on impervious areas connected to combined sewers as per the Third Party Review (Page 9-11)? This would also include city, county and state streets and roads as applicable? Why should suburban homeowners and renters (households) pay the bulk of the lion’s share of the \$3 billion bill if they are not the**

**principal part of the problem? What about a tax or fee on: the county, state, interstate, and other street owners if they have catch basins that go to, or leak into, the Combined Sewer Systems? What about a fee per parking place equivalent area on shopping centers, etc that have very small water use if they drain into Combined Sewers? What about a supplemental fee on car registrations on cars in Allegheny County or Southwestern PA?**

[ask ALCOSAN, Third Party Review authors, and (as noted earlier) homeowners]

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WWW site: <http://www.alcosancost.com> (to download PDF or MSWord copies of the above, etc.)

E-mail: [alcosancost@verizon.net](mailto:alcosancost@verizon.net)

Alcosancost Discussion Group: <http://groups.yahoo.com/group/alcosancost/>

\*Note: Sometime after October 2007, the date of this initial analysis and site publication, this independent Third Party Review of the ALCOSAN Regional Long Term Wet Weather Control Concept Plan became no longer publically available at ALCOSAN's web site. Because of the Third Party Review's importance in the public's understanding the cost impact on them from ALCOSAN's likely EPA compliance plan, a copy of this Third Party Review is being hosted at the [alcosancost.com](http://www.alcosancost.com) www site on an interim basis in the hope that Alcosan will reinstate their site copy for public access. Also, a few details of the Third Party Review's cost estimate can be found on pages 158 to 161 of <http://tinyurl.com/yk57qle>. A used \$180 copy of Third Party Review can be purchased from Amazon. None of the local libraries have a copy.