

**Bernard Brunwasser, Water Commissioner**  
**Philadelphia Water Department**  
**Presented to Philadelphia City Council**  
**April 7, 2008**

Good afternoon, President Verna and Members of City Council. I am Bernard Brunwasser, Water Commissioner, appearing before you today to testify on behalf of the Philadelphia Water Department's (PWD) FY2009 operating budget request. Our proposal for a Water Department budget of \$296,955,623 is augmented by an additional \$292 million for other Water Fund activities, including the Water Revenue Bureau, debt service, and central agency support---for a total Water Fund budget of \$589 million.

The Water Department Class 100 budget request of \$97.7 million is up by \$7 million over FY2008 estimated obligations and \$4.2 million over FY2008 appropriation levels due primarily to a grant funded water security initiative and for additional staff for stormwater plan review and the partial funding of vacancies. Class 200 budget requests of \$104.7 million for contractual services are up by \$16.4 million over FY2008 estimated obligations and \$3.8 million over FY2008 appropriation levels due to increased costs for utilities and inflation.

Class 300 & 400 budget requests of \$48.3 million are up by \$8.7 million over FY2008 estimated obligations and \$7.8 million over FY2008 appropriation levels due primarily to large increases in the cost of chemicals used at the Department's water treatment and water pollution control plants.

The proposed FY2009 total Water Fund operating budget of \$589 million is \$115 million lower than our FY2008 appropriation. The reduction results from the removal of the one-time FY2008 costs for the City's New River City economic development project which was budgeted in FY2008 through the Water Fund at \$125 million.

As you know, the Philadelphia Water Department is a municipal utility serving the citizens of the Philadelphia region by providing integrated water, wastewater, and storm-water services. Our primary mission is to operate and maintain the infrastructure necessary to provide high quality affordable drinking water to protect the public health; to provide an adequate and reliable water supply for all residential, business, and public needs; and to sustain and enhance the region's watersheds and quality of life by managing wastewater and storm water effectively.

**Safe Drinking Water, Environmental Protection, and Reasonable Rates**

Philadelphia's drinking water is safer than ever, substantially better than state and federal regulations for purity require. Philadelphians have recognized the high quality services provided by the Water Department, and our most recent citizen surveys show an 80 percent customer satisfaction level with overall PWD services, and overall water quality.

The Water Department is also treating wastewater to award-winning levels, overseeing the cleanest water environment in 150 years, and making progress in protecting our watersheds to keep our streams and rivers clean. This year, the Southeast and Southwest Water Pollution Control Plants (WPCPs) will receive Platinum Awards (8 years and 5 years of perfect effluent

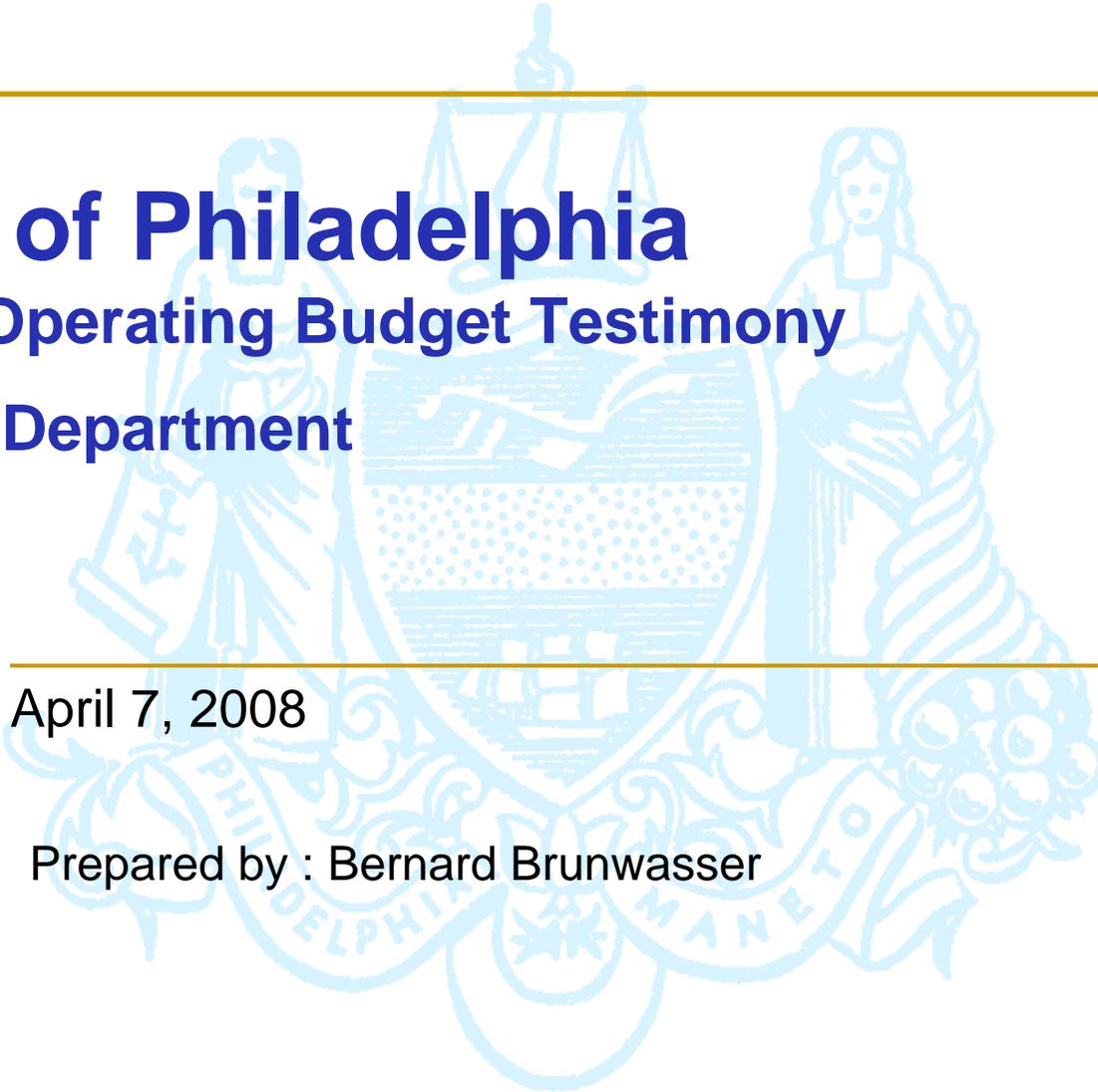
compliance respectively) from the National Association of Clean Water Agencies (NACWA). The Northeast Plant will receive a Gold Award for perfect compliance in Calendar Year 2007, its third year in a row with perfect compliance.

The Water Department plans to monitor water quality and wastewater treatment performance through participation in the City's PhillyStat program. Performance measures for these areas, as well as other critical areas such as main breaks, hydrant availability, asset replacement, and storm drain cleaning will be closely monitored and reported on a monthly basis.

The Department's budget for FY2009 anticipates the need for approximately \$35.6 million in additional revenues from a proposed rate increase. The Department's staff is currently projecting a need for an approximate rate increase of 7.8 % beginning on July 1, 2008; a 6.4 % increase starting July 1, 2009; a 6.6% increase starting July 1, 2010; and a 6.5% increase starting July 1, 2011 for a typical customer. These rate adjustments are largely driven by costs for employee fringe benefit and pensions, debt service on the department's next bond issue, and general inflation. Even with these revisions to rates, Philadelphia's water and sewer charges will continue to be among the lowest in the region.

Under the proposed rates, the stormwater service charges for non-residential properties will transition from charges based on meter size to charges based on property characteristics. The transition will address inequities in how some non-residential customers currently pay for stormwater management. These rates will also incentivize smart storm water practices such as the use of green roofs and porous pavement. This proposed change to property based stormwater rates will have no negative impact on the stormwater charge for residential customers.

The Water Department remains committed to providing utility services consistent with the highest level of customer service as set forth in the City's Strategic Plan. This would not be possible without the Water Department's dedicated and professional staff, many of whom hold leadership positions in the American Water Works Association, National Association of Clean Water Agencies, Delaware River Basin Commission, Eastern Meter Management Association, Partnership for the Delaware Estuary, Coastal Zone Management Steering Committee for PA, Water Environment Federation, Pennsylvania DEP Water Advisory Council, and the Pennsylvania section of the American Waterworks Association. We look forward to continued partnership with City Council toward further improvement in FY2009 and the years ahead. At this time, I would be happy to answer any questions that you may have.



---

**City of Philadelphia**  
**FY09 Operating Budget Testimony**  
**Water Department**

---

April 7, 2008

Prepared by : Bernard Brunwasser



## Water Department Mission Statement

---

The Philadelphia Water Department (PWD) serves the Greater Philadelphia region by providing integrated water, wastewater, and storm water services.

The utility's primary mission is to plan for, operate, and maintain both the infrastructure and the organization necessary to purvey high quality drinking water, to provide an adequate and reliable water supply for all household, commercial, and community needs, and to sustain and enhance the region's watersheds and quality of life by managing wastewater and storm water effectively.

In fulfilling its mission, the utility seeks to be customer-focused, delivering services in a fair, equitable, and cost-effective manner, with a commitment to public involvement.



## Measuring Progress in the Water Department: Raising Customer Service Standards

---

- **Customer Service and a High Performing Government**
  - *Philadelphia becomes a national customer service leader*
- **Provide superior service to customers in a timely manner**
  - Customer calls abandoned
  - Time to answer call



## Measuring Progress in the Water Department: Raising Customer Service Standards

---

- **Provide high-quality drinking water to promote public health, meet regulatory standards, and ensure a reliable and cost-effective water supply**
  - Percent of time Philadelphia's water met or surpassed State and Federal Standards
  - Turbidity (Proxy for water quality) versus EPA and Partnership goals



## Measuring Progress in the Water Department: Raising Customer Service Standards

---

- **Help enhance water quality in the region's watersheds through effective wastewater and storm-water services**
  - NPDES permit violations
  - Storm drains cleaned
  - Tons of Debris Removed (Clean Streams Program)
- **Responsibly maintain, renew, and replace water, wastewater, and storm-water infrastructure, optimizing useful life and system integrity**
  - Reduce Stormwater Flow & Flooding



# Water Department Budget

---

## ■ Budget by Class

<u>Water Department</u>	<u>Water Fund</u>
Class 100: \$97,735	Class 100 \$185,980
Class 200: \$104,738	Class 200 \$122,098
Class 300/400: \$48,344	Class 300/400 \$53,975
Class 500: \$100	Class 500 \$6,603
Class 700: \$0	Class 700 \$174,254
Class 800: \$46,039	Class 800 \$46,039

## ■ % Increase or Decrease from FY08

26% decrease for all classes under Water Department and a 16% total decrease for classes under Water Fund



## Water Department Contracting

---

- Our department contracted with 101 non-governmental entities in FY08
- Contracts with these 101 non-governmental entities totaled \$28,914,752
- Contracting participation rates for disadvantaged firms are:
  - 4.87 % African American
  - 2.33 % Asian
  - 2.90 % Hispanic
  - 1.93 % Native American
  - 0 % Disabled
  - 7.01 % Women
  - 2.82 % in two or more of the above categories, i.e. Asian female
- 16 contracts were awarded to governmental and non-profit agencies totaling \$7,604,561