

**9/19/19 Senate Community & Urban Affairs Committee**

**Melanie R. Walter, Testimony**

**Water Quality Accountability Act (WQAA)**

Good Morning!

My name is Melanie Walter, Director of the Division of Local Government Services (DLGS or Division) within the Department of Community Affairs (DCA). I would like to begin by conveying a greeting from our Commissioner, Lieutenant Governor Sheila Oliver.

I want to thank the Chairman, Senator Singleton, for the invitation to testify before this committee. I also would like to extend a greeting and a show of appreciation to the other members of this committee. Some of you I know and others I have spoken with in the past.

I want to commend Chairman Singleton and the members of this committee for inviting members from the public and private sectors, as well as other stakeholders, to participate in a public discussion on an issue that is important and so vital to all residents—water quality.

I understand that this committee is evaluating the progress of the implementation of the Water Quality Accountability Act (Act). You may also be considering whether additional amendments to the Act are needed to improve its efficacy.

Maintaining publicly owned and developed infrastructure as a public good is an important mission. The Department of Community Affairs appreciates the opportunity to participate in this discussion.

I appreciate the leadership of the New Jersey Department of Environment Protection in implementing the Water Quality Accountability Act in partnership with other State agencies—specifically the New Jersey Board of Public Utilities, New Jersey Office of Homeland Security and Preparedness, and our department—the New Jersey Department of Community Affairs.

Although DCA, through the Division of Local Government Services, may have a minor role within the Act, I want to acknowledge the importance of our role.

There are 244 local government entity-owned water supply systems in New Jersey that are subject to the Act, in that they have greater than 500 service connections. These include

those owned by municipal utilities, water commissions, and Municipal Utility Authorities (MUAs).

The legal and regulatory environment for each class of ownership entity varies under New Jersey law. That can present certain challenges to consistent oversight and operational standards.

As you well know, the Act seeks to standardize some aspects of operations and planning. It requires system inspections and the development of an asset management plan that includes inspection, maintenance, repair, and renewal of each system's infrastructure consistent with American Water Works Association standards.

The Act establishes a public reporting regime that empowers the public to monitor water quality, identify infrastructure needs, and target additional funding when necessary. Every three years, a certified report based on that asset management plan must now be submitted to the state DEP, BPU, and DCA.

An asset management plan is a valuable planning tool, but as the report certification requirement reflects, being able to fund the recommended improvements under the asset management plan is imperative to assuring its impact.

Although DCA's involvement with the engineering and technical aspects of water quality and asset management is extremely limited compared to other State agencies—I hope you will view DLGS as a resource in the areas of budgeting and other financial aspects of capital planning for water infrastructure.

With that in mind, I'd like to share a bit about some existing efforts that may inform today's session.

The DCA shares in your goal of increasing accountability, broadening public access to data, and improving standardization of operational and reporting metrics. Indeed, we at DCA are pursuing this issue for all local units through the development and implementation of the FAST system. We have begun to centralize all local government budget and operational data on the FAST system's public portal and are committed to using that system to support the WQAA portal being developed through DEP, as well as continuing to centralize and link our own data to improve the public's ability to extract and synthesize all available public information.

Furthermore, the State's CY2019/FY2020 Best Practices Inventory has incorporated three core competency and one unscored survey question related to infrastructure planning. We will receive answers from all municipalities by the end of October 2019. We expect that identifying areas of need through this tool can empower us to advance local water quality planning.

Beyond these more passive data collection tools, the Division has also mobilized to address capital needs where possible under its existing statutory authority. By way of example: For

the first time, the Division has included capital and debt planning requirements within this year's Transitional Aid Program Memorandum of Understanding to ensure the affected municipalities are addressing important infrastructure and capital needs. We have also consistently exercised the Local Finance Board's plenary authority to impose conditions on authority dissolutions that preserve accumulated surplus and reserves, ensuring those funds remain dedicated to the system's operation and maintenance and are not diverted, and, where applicable, directed rate increases by MUAs, although this particular power is extremely limited in availability and application.

Beyond these regulatory efforts, the Division's Local Assistance Bureau has employed two part-time water and wastewater experts to assist with assessment and reform at the local level, to include by-request management consulting services and shared services and consolidation support, the latter in coordination with the State's Shared Services Czars.

Finally, as we develop our nascent risk identification and management support program, the issues raised through this committee's process are under review and may also inform our development of clear standards and internal warning signs in the field of water and sewer infrastructure, guiding this new initiative.

I look forward to a productive dialogue, today and in the future, about how best to assure the improved and sustained quality of public owned water systems in New Jersey.

Thank you for inviting me to testify today. I am available to answer questions.