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Municipal leaders oppose plans to privatize sewer system as Bucks County Water and Sewer Authority weighs \$1.1B Aqua bid



By Emily Rizzo · Updated Jul. 24, 2022 3:48 pm



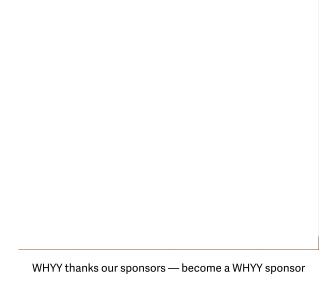
Bucks County municipal leaders oppose plans to privatize sewer system, as Bucks County Water and Sewer Authority considers \$1.1B bid from Aqua. (WHYY News)

Bucks County is taking major steps forward in its plan to sell its public sewer system to Aqua Pennsylvania for \$1.1 billion — which, if approved, would be the largest privatization of a U.S. public wastewater system.

But municipal leaders are voicing opposition to the sale, and some are coordinating actions to pressure the Bucks County Commissioners to keep the system public.

"We will pursue whatever avenue we find available to us to do whatever we can to stop the sale," said Barbara Lyons, Doylestown Township supervisor.

The Bucks County Water and Sewer Authority (BCWSA) voted 3-1 on July 13 to give Aqua the exclusive right to negotiate a sale for a year. If BCWSA approves the sale, it would mean rising sewer rates for about 75,000 households in Bucks, Montgomery, and Chester counties. After the BCWSA, the Bucks County Commissioners would have to approve the deal. The Pennsylvania Public Utility Commission would then have final approval. The county also has the power to dissolve the BCWSA.



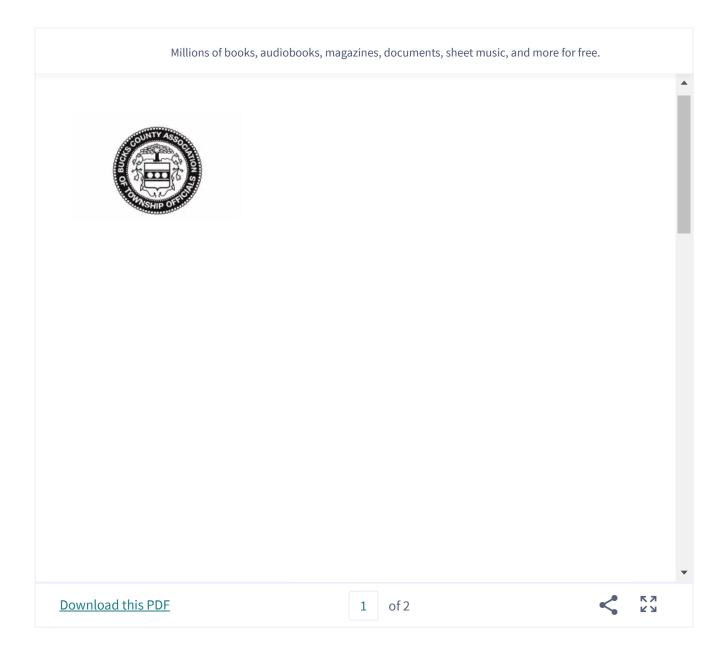
While Aqua and BCWSA have been in communication for over a year, transparency has long been a concern for residents, advocates, and municipal leaders. The sale process was behind closed doors for months until it finally became <u>public knowledge in April</u>. And BCWSA commissioners added an official vote on the sale negotiation to their agenda during the July 13 regular board meeting — taking many by surprise.

The <u>Bucks County Association for Township Officials</u> (BCATO) — which is made up of supervisors, managers, tax collectors, and auditors, and serves as a voice for Bucks County townships — released a letter on July 15 to the Bucks County Commissioners opposing the sale.

"We recognize there are benefits to privatization, but they largely exist where the water or sewer utility was not well managed or lost key staff, developed compliance issues, and became

overwhelmed. This is clearly not the case here," the letter reads.

"As elected officials representing townships across the county, the sale of BCWSA raises grave concerns. We respectfully request the Authority continue operating as an independent, non-profit agency, as intended when it was created in 1962 by the Bucks County Commissioners."

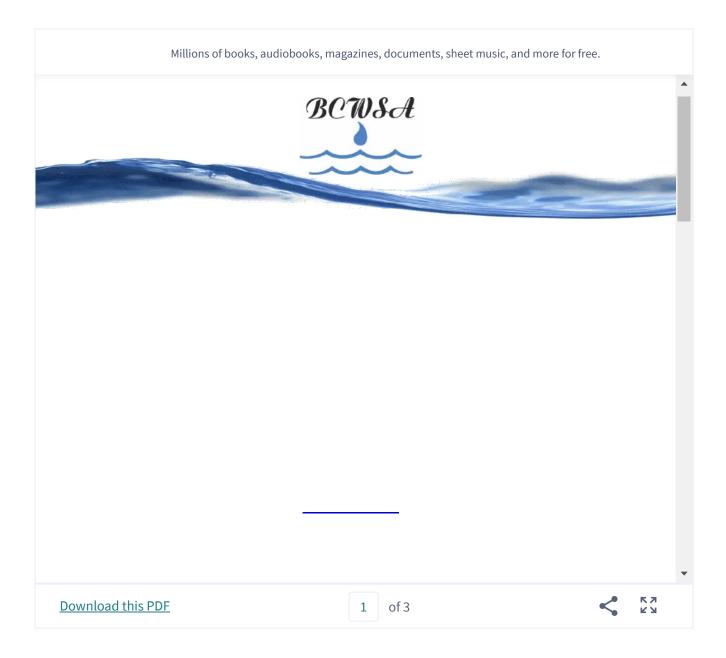


BCATO Letter to Bucks Count... by WHYY News

BCWSA has now invited the public to two "open house" meetings to discuss the sale on Tuesday, July 26: from 10 a.m. to 12 p.m. at the Bucks County Community College, Perkasie Campus, and 5 p.m. to 7 p.m. at the Bucks County Community College, Newtown Campus.

Local leaders say BCWSA has kept them out of the loop

BCWSA invited municipalities to a July 25 meeting with BCWSA and Aqua officials to discuss the plans. But that invitation was sent on July 19, and gave municipalities until Friday, July 22 to RSVP.



The invitation from BCWSA c... by WHYY News

To many, the process to collect community and municipal input feels rushed.

"It's extremely disappointing that BCWSA Chair John Cordisco and his board gave township supervisors and managers four business days' notice," said Maggie Rash, president of BCATO and Buckingham Township supervisor.

"It's the middle of summer, people are away," she added. "It certainly gives one pause as to BCWSA's interest in transparency."

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In a letter to its customers announcing Aqua's offer, the BCWSA said the agency is committed to engaging with public input.

"Receiving the formal offer allows us to present it to the public and receive feedback. We've said from the beginning that this would be a transparent process," said John Cordisco, BCWSA Chairman. "We want stakeholders, customers, and community members to have an opportunity to review the terms of the agreement before any final decision is made."

The grassroots community organization, <u>Neighbors Opposing Privatization Efforts (NOPE)</u>, have long expressed issues with BCWSA's transparency with the public.

"Our concern is that everything gets lined up so that these public hearings are just a speed bump on the process to a preordained conclusion," said David McMahon, founder of NOPE. NOPE will be tabling at Tuesday's town halls, and communicating with community members through their Facebook page.



Municipalities concerned over rising rates

Under Aqua's proposal, current sewer rates would be frozen for a year. BCWSA projected rates to be less than \$20 a month more by 2033.

Aqua can eventually increase rates to match the utility's current rates, which are now about \$88, compared with BCWSA's average monthly rate of \$48. Aqua's rates are regulated by the Pennsylvania Utility Commission. Historically, PUC approves those rate increases.

In May, Aqua hiked its wastewater rates by 50% and water rates by 10%.

In an interview with WHYY News, Aqua CEO Chris Franklin said that Aqua's rates are unpredictable.

"We don't know what the rates will be 10 years, 12 years, 15 years from now in any utility across the country," Franklin said. "Will 8% inflation continue for more than a year? We don't know what the economy will bring. What we can control is the careful spending."

Municipal leaders across Bucks County say they are concerned about rising rates for their residents and losing local control of the public utility.

Barry Luber, Warrington Township manager, said the township's board is against the sale and has met with at least seven other municipal managers to discuss having their boards potentially pass resolutions in opposition.

Warrington sold its sewer system to BCWSA in 2019, even though the township had received a higher offer from Aqua.

"My board made a conscious decision to sell to the authority, realizing that rates would be much more stable and not rise as much as Aqua's have typically risen every time they acquire a system," Luber said.

Luber said Warrington is considering its "right to first refusal," as a way to acquire its system from BCWSA and back out of the sale.

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BCATO also will have a template resolution for any municipality to use to make a formal stance against the sale, and has already made a template email for municipalities to send to Bucks County Commissioners.

Doylestown Borough will take an official action soon, whether it be a letter or a formal resolution opposing the sale, according to John Davis, Doylestown borough manager.

"The bottom line being that, it's our ratepayers that are going to bear the burden of this," Davis said. "Whoever gets the billion dollars, it's our ratepayers that are paying... That billion dollars is coming from them."

BCWSA indicates benefits for residents, municipalities aren't convinced

Other municipal leaders say they need more clarity on vague promises made by BCWSA in a letter to customers.

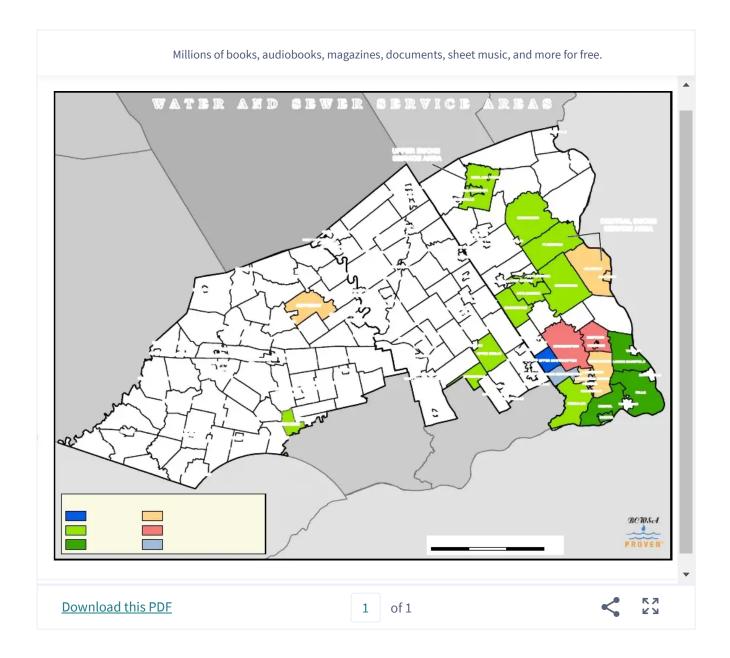
"We anticipate the sale proceeds could be contributed to a fund to minimize rate increases over the next 10 years, including a complete rate freeze in the first year," the letter from BCWSA Chair Cordisco said.

"The county would have an opportunity to, among other things, create a customer benefit fund and determine the best way to disburse the money to ratepayers in a fully transparent manner similar to any decision the county commissioners consider," said Brian Dries, a representative for BCWSA.

But county officials did not respond to WHYY News when asked how the county would maintain and use the funds, and how they would maintain transparency for the public on that fund. The county deferred those questions to the BCWSA.

Cordisco also said the county "can allocate the [sale proceeds] for needs that it deems appropriate, such as eliminating its debt, freezing any tax increases over an extended period of time, and other essential needs to benefit residents."

But critics also say it's unfair for BCWSA customers to pay for benefits that may seep to the entire county. BCWSA also serves several towns in Montgomery and Chester counties.



A map of municipalities ser... by WHYY News

In Montgomery County, Upper Dublin Township Manager Kurt Ferguson said they have not seen details on how residents would benefit from the sale or be included in that fund to cushion rising rates.

"If they have a way to soften it for all of the other customers they have in Bucks County, what would be suggested, if anything, for Montgomery County? And if they have something in mind. I think, you know, we're anxious to hear that," said Ferguson.

For Doylestown Township Supervisor Lyons, the soft statements from BCWSA are not enough for the township to approve the sale.

"That's not a promise. That's a little soft pedaling. 'This could happen,' only if [the county] wants it to happen. Only if somebody makes [the county] do it," said Lyons.



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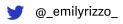
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About Emily Rizzo

Emily Rizzo is WHYY News' suburban reporter covering Bucks and Montgomery counties.

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