

Indiana Regional Sewer District Association (IRSDA) Thoughts & Comments Concerning HB 1225

Change in Definition- There is a substantial difference between the meaning of a “septic tank soil absorption system” and a “sewage disposal system”. A septic tank soil absorption system recognizes the most current technology available for onsite systems to treat domestic strength wastewater. HB 1225 would require **only** districts and not-for-profits to recognize exemptions for not only a system that treats the wastewater but also those that do not such as holding tanks, seepage pits, cesspools, and privies (see IC 13-11-2-199.5 & IC 13-11-2-201). Some of these systems such as seepage pits and cesspools are not even approved for installation by today’s health codes.

Youth Camps- A definition of a youth camp was added in response to proposed rate calculations in one area of the State. All customers should be represented in a fair and equitable manner but we do not think this wording addresses the concerns that were mentioned during the hearings.

Appointment of Trustees - We support the spirit of this change but believe it may have some unintended consequences. It eliminates any governor’s appointments along with appointments by municipalities that treat a district’s waste and any appointments made by the Department of Corrections. It also does not provide guidance for how elected officials will be selected in districts that serve more than one county. An additional concern would be for those districts that do or will not have enough **interested** ratepayers to serve.

Public Input- The vast majority of districts provide for public input. We support public input but are not sure this revision will adequately address the concerns noted since it only provides for input during public hearings and not meetings.

Eminent Domain- We support all efforts to locate facilities without resorting to exercising the powers of eminent domain.

Exemption from Connecting to Public Sewer - HB 1225 appears to limit the ability for a district to require a connection to the public sewer to only those “sewage disposal systems” that are in failure. It does not appear that any testing is required for the initial exemption and that a property owner would only need to notify the district that their system is not failing or of their intent to repair a failing system. It also provides the owner of any system that is failing a 6 month or longer timeframe to repair their system. After the initial exemption owners are eligible for unlimited 5 year exemptions provided their system is certified by the local health department. All determinations concerning septic systems are the responsibility of each county health department in conjunction with code approved by the Indiana State Department of Health. HB 1225 appears to confuse district and health department responsibilities.

IC 13-26-5-2.5 currently provides owners with modern “**septic tank absorption systems**” an exemption process and we worked with elected officials, Farm Bureau, the State Department of Health, and private citizens on additional language to expand existing exemptions. Unfortunately that bill (HB 1117) was amended to add exemption language similar to the language in this bill. Current exemption criteria require that the local health department or their representative determine if a system is functioning satisfactorily and that is only for **septic tank absorption systems**. The proposed change in definitions in this bill could also exempt such things as: cesspools, privies, holding tanks and portable sanitary units. Many of these were installed years before the septic tank absorption system science was developed and would not be approved for installation today. The exemption process as set forth in HB 1225 would be a step backwards in protecting public or environmental health.

The exemption mechanism could make capital projects that require funding unobtainable or disproportionately expensive. The initial exemptions would dramatically reduce the number of connections but the district would still be bound to size the system for all potential customers in the event they are required to connect in the future. The timeframe for exhausting the repair exemption could exceed 180 days from the time the first notice is sent. That creates a large window of uncertainty in determining a project’s customer base. This would add additional costs to a project and/or delays to the point the project is no longer feasible. Projects may not be

eligible for funding through agencies that require 100% participation. At the least, monthly rates will be substantially higher depending upon the number of properties receiving exemptions.

Owner Installation - Most districts permit homeowners to complete their own connections provided such is inspected and completed consistent their specifications. We support this revision.

Additional Exemptions- An additional exemption is proposed for dwellings located on 10 acres or more provided their flow does not exceed 750 gpd and the system is certified by the local health department. We support this exemption.

Explanation of Rates and Charges - We support the efforts to provide a short summary to customers on how a district's rate was set but are not sure it can always be accomplished in one page.

Rates and Charges Determination - Changing **may** to **must** in IC 13-26-11-2 presents a concern for districts that cannot document all of the factors noted such as: the amount of water used on the premises, number and size of water outlets.

Billing for Campground or Youth Camp- All customers should be represented in a fair and equitable manner but this wording may not address the concerns that were mentioned during the hearings.

Interim Billing During Construction/Empty Lot Assessments - The revision proposed in IC 13-26-11-5 would prevent a district from billing during the construction of a project. That practice is used by almost all municipalities, districts and other agencies to provide for the first interest payment on the project's loan. The only other element typically included in an interim bill is a small amount to provide for the expense of billing and collection. To prevent this practice for special districts would at the least increase project costs and customer rates. It also appears the revision would eliminate the ability for a district to assess empty lot or availability assessments. Currently there are some districts using that practice in platted subdivisions and if enacted the loss of revenue would have to be passed on the all other customers. This could lead to substantial increases in rates for some districts.

Liens for Rates and Charges - HB 1225 also eliminates a districts ability to file liens as a remedy to collect past due rates and charges. This practice is consistent with what municipalities have done for years. While it seems unfair that someone could lose their property due to unpaid sewer bills; the alternative would be increased rates for all customers to make up for the costs incurred trying to collect unpaid accounts. Rates would be increased further to make up for any accounts that have to be expensed as a bad debt. Another option for a district would be to adopt a disconnect/reconnect policy and that would not only be expensive but would entail major excavation in many cases. In most cases it is not simple or cheap to disconnect sewer service. Once a property is disconnected from the sewer it is consider by the health department to be unfit for habitation and would have to be abandoned. District operating costs and subsequently a customers rate would increase due to the expense, manpower, equipment and effort needed to enforce the disconnect policy. The lien process is an effort to minimize the expense in collecting past due accounts and prevent higher rates for all other customers. The lien-tax sale-redemption process gives an owner two or more years to pay their obligation before they would actually lose their property. If a property is sold the owner has 12 months to redeem it. No district or municipality wants an owner to lose their property but the lien process is a cheaper option for an owner and district than either of the other referenced alternatives.

Complaints before Local Health Department - We support the proposed revision as amended.