

# Regional Water Authority Helps Western New York

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By the mid-1990s, community leaders in Genesee County, New York, found themselves in a bit of a jam. Several towns in the county needed new water systems. Some had recently declared water-related emergencies. At least one community well was located near a heavily polluted site. And one of the region's biggest economic engines—a large theme park—had resorted to trucking bottled water in for their needs. Plus, the park's management was delaying expansion plans due to the water problems.

It wasn't a scenario that people in this western New York area, located midway between Buffalo and Rochester, relished, to say the least. It was, however, a scenario they had to deal with quickly.

Faced with these challenges and more, communities in Genesee County not only came up with solutions, they also created a regional water system that will serve citizens far into the future. In doing so, they won a state planning award for their efforts.

### Multiple Systems, Multiple Problems

In their 1997 comprehensive plan, Genesee County identified good, safe drinking water as being the "most significant utility need." They faced a great deal of work to achieve this goal.

"Several towns had water plants that needed replacement or major renovations," writes Gary McLendon, a reporter with Rochester's daily newspaper, *The Democrat and Chronicle*. "Some declared water-related health warnings; others reported water shortages. Six Flags Darien Lake Theme Park, one of the county's largest enterprises, was spending hundreds of thousands of dollars daily to truck in water to accommodate water needs at the park and nearby hotel."

Additionally, Oakfield's water supply was located dangerously close to a Superfund site, resulting in several water-related health warnings and causing concern for residents.

"They say the darkest hour is right before the dawn," Bob Dylan sang on his 1975 classic "Blood on the Tracks." So it was with Genesee County.

### Multiple Challenges, Single Solution

In 1998, the county legislature created the Genesee County Water Resources Agency (GCWRA), which included local business owners, farmers, local officials, and residents, to conduct an assessment of water resources in the county and to devise a way to correct the various problems.

"We were considering building a new treatment plant for Lake Ontario water when we realized that Monroe County and Erie County were both getting their water from the Great Lakes, and each had more capacity than they were using," says Michael Welsh, Genesee County public service committee chair. "It occurred to us that it might be smarter to extend existing systems into Genesee County rather than build a whole new system."

The GCWRA decided that a unified county water system was the best way to go. Although they knew it was a good decision, they also knew that they would face numerous hurdles before making the plan a reality.

As with many parts of the eastern U.S., New York is characterized by multiple layers of government and a tradition of home rule. Soon after the GCWRA was established, one city, 13 towns, six villages, two water authorities, and three neighboring counties were involved in the project.

### Engineering Was the Easy Part

According to Clark Patterson and Associates, the engineering firm hired to develop the Genesee County water project, a county-wide system was fairly straightforward from an engineering standpoint. The hard part was getting community support, organizing finances, and negotiating legal agreements between the various participants.

While the GCWRA was building support for the project, several concerns were raised and solutions found:

1. Would a single water system make municipalities vulnerable to the whims of a powerful out-of-county water authority? The solution was to obtain supply from three primary sources: Monroe County (to the east), Erie County (to the west), and the city of Batavia (the largest municipality and county seat of Genesee County).
2. How would a municipality with a water supply that was working well benefit from the project? The solution was to fund or pay off outstanding water system debt (or incorporate it into the project) to insure equity for participating communities.
3. Would water pipes throughout the county spur sprawling development, requiring extensive services? The solution was to develop and implement a smart growth plan.

Getting all the various stakeholders to approve the project was a daunting task. Phil Clark, president of Clark Patterson, and Jim Vincent, head of the GCWRA, spent hours and hours soliciting support for the idea.

"Phil and Jim went to hundreds of meetings over a three-year period to try to sell people on a county-wide water system," says John Steinmetz, who was involved in the project and who grew up in Leroy, one of the towns that is part of the GCWRA. "Many times there were three or four very intense meetings a week." Their perseverance paid off, and the project moved forward.



## Finances Come Together

Obviously, a countywide water system doesn't come cheap. Completed in 2002, phase one alone has cost \$37 million. Phase two is projected to cost an additional \$25 million. Finances came from a variety of sources:

- Through a newly created program called "Pipelines for Jobs," the state appropriated \$3 million.
- The U.S. Environmental Protection Agency provided two grants totaling \$3 million.
- New York's Department of Environmental Conservation supplied \$7 million.
- \$400,000 came from the New York Thruway.
- The Monroe County Water Authority invested more than \$20 million, which they will recoup through a 60-cents-per-thousand-gallons surcharge, an annual \$500,000 appropriated by Genesee County, and surplus revenues from operating Batavia's water plant.

At one point, when the project was floundering and seemed in danger of falling apart, the engineering firm (Clark Patterson) even put up \$300,000 for a short time so pending transmission improvements in adjacent Erie County could be constructed large enough to keep things moving.

For towns that had viable water systems, the county agreed to assume all water-related debt. To involve Batavia, where a \$17 million water plant upgrade was already on the drawing board, the county committed to increasing its share of sales tax revenue for the next 40 years, resulting in a larger percentage for Batavia. Clark says that the Batavia/county agreement was critical to the success of the project.

While adjusting taxes at the same time massive expenditures are taking place might seem ill-advised, Genesee county legislators felt the increased business from an expanded Darien Lake Six Flags Theme Park and for development that could occur at the county's three interstate interchanges (where no water infrastructure existed before) would more than make up the difference.

By the time the plan was finalized, the GCWRA included 32 inter-municipal agreements, a 40-year sales tax revenue-sharing agreement between Batavia and Genesee County, and state legislation extending Monroe County's authority to operate in Genesee County. The first phase of the water system consists of 35 miles of pipe in Genesee, Monroe, and Erie counties.

"I see more arrangements like the Genesee County Water Project occurring in the future," says Brian Gould, public affairs director with the Erie County Water Authority (ECWA). "The concept of shared services in the public sector, specifically in western New York, is vital to the future success of

local governments. This project was a great example of cooperation among local governments and public agencies for the good of the community. Residents now have access to an abundant supply of safe, affordable water that will enhance the quality of life and economic development opportunities in areas of the county where public water was not available.

"Over the last seven years," he continues, "the ECWA has led the effort to consolidate public water service in our region. Because of the drastic increase in the costs of operating a public water system, several local governments have taken the opportunity to merge their water systems with the ECWA, which has resulted in more efficient, affordable water service for residents. In 1997, we had 121,000 customers. Today, we have 147,000 customers (about a 20 percent increase), which equates to a population served of roughly 560,000."

## Smart Growth, Too

In addition to providing safe drinking water to residents, the GCWRA project has engendered a wider sense of community and a strong commitment to planning. Smart growth and comprehensive plans have emerged as important goals for Genesee County communities. With a population of 60,000 and projections of a 12 percent growth by 2020, these ideas will guide not only the GCWRA but other development as well. (For more information about smart growth and water utilities, see "Smart Growth and Small Communities: Sprawl Comes to Rural America" in the Fall 2001 *On Tap*.)

A smart-growth plan lays out a vision for the county's future. Areas are designated where new development can hook up with the water system. The plan also reflects the importance of agriculture in the area and seeks to preserve these lands.

As a way to encourage both smart growth and planning, any community that develops a comprehensive plan consistent with the smart growth principles can opt for control over water hookups within its boundaries. This stipulation has resulted in several municipalities creating comprehensive plans where none had existed before.

Six Flags Darien Lake Theme Park, located in Genesee County, New York, was spending hundreds of thousands of dollars daily to truck in water to accommodate water needs at the park.

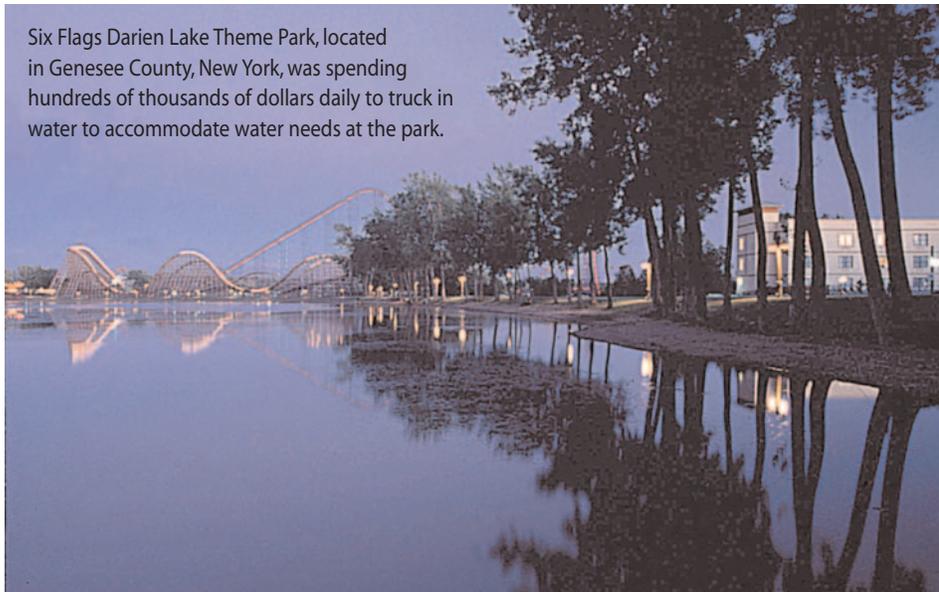


Photo Source: Six Flags Company. [www.sixflags.com/media](http://www.sixflags.com/media)

## Regional Water Expansion with Kansas City

In the Kansas City metropolitan area, voluntary regionalization is a growing trend. The combination of hard-pressed smaller water systems and a large metropolitan system with surplus water provide regional solutions to water supply, quality, and cost issues.

For more than 50 years, the Kansas City, Missouri, Water Services Department has sold water to nearby systems. It currently sells wholesale water to 24 buyers on a regular basis and to six buyers on an emergency basis. Kansas City's master water plan envisions upgrading city infrastructure and linking the metro area through upgraded and/or extended water transmission mains. A \$150 million bond issue, passed by voters in 1996, permits moving ahead.

Ellen Miller, president of the Ellen Miller Group, a consulting firm based in Lenexa, Kansas, says that effective regionalism includes:

- adequate planning for a water supply to handle needs today and for decades to come;
- infrastructure that can handle increased demand;
- affordable water rates for customers;
- a mutually agreed-upon contract that meets both parties' needs; and
- technical, managerial, and financial capacity of all players

When these five factors fall into place, the result works for everyone, she says.

According to Miller, a typical contract between wholesale customers and a metropolitan water company has six components:

1. General conditions, such as applicable law and term of contract (typically 20 to 40 years).
2. Points of service sites, including purchase at a buyer's specific location or at mutually agreed upon locations.
3. Service conditions, including:
  - water delivery (quantity, delivery obligation, curtailment);
  - quantity exceedance (permits the buyer who wants more water to negotiate with the intent of entering into a new water purchase agreement);
  - billing;
  - payment delinquency;
  - annexation (for example, if the buyer annexes land that includes a water supply, it may continue to buy from the metropolitan water system);
  - water rate;
  - an "out" clause for termination; and
  - water quality requirements and testing.
4. Transmission main design and construction matters, covering items such as engineering services, transmission main construction, and easements.
5. Metering and regulating facility concerns, such as specifications; construction records; ownership, repair, and adjustments; inspection and telemetry; and other regulating systems.
6. Financial considerations, including capital costs and water delivery facilities' fixed costs. This contract provides both seller and buyer with a mutually beneficial business agreement that permits budget planning and supporting customer demands.

"Wholesale buy-sell contracts are a long-time practice in the water industry," Miller says. "The patch-work quilt of formal business arrangements knits together municipalities, counties, rural water districts, and other entities.

"What are the attractions? In a post-1996 SDWA world," she continues, "smaller systems face an unending stream of tighter standards or requirements. Most cost more money than small systems had expected. Pumping and distributing water treated to standards by another system usually cuts costs. Conversely, the seller gains a new revenue stream, helping keep rates and fees down."

## An Uncommonly Good Start

Asked if he had any advice for other communities considering a similar water project, Clark says, "make sure everyone's a winner. Also, what I call the 'community sociology'—understanding the various dynamics of the places where you are developing the project—is hugely important. A lot of the resistance you will encounter can only be understood in the context of the various relationships within a community.

"The engineering component was just a lot of pipes and pumps. It wasn't terribly unique," he continues. "Dealing with various turf issues and the numerous political layers was what took the most time and effort. If you go into a big project like this, be absolutely certain that your leaders are committed to the idea and are persistent."

Although Clark admits he's not ready to undertake another project like this one, he is justifiably proud of how the first phase has turned out. "Pipes are in the ground, and people have good water," he says. "And, most of the people who initially opposed the idea now see the benefits."

Genesee County residents aren't the only ones who see the benefits. The Common Good Planning Center, based in Rochester, selected the water project as a recipient of its annual "Uncommonly Good Award."

In presenting the award, the center stated, "The Genesee County water system is an outstanding example of how collaboration can work to the benefit of all parties. It was a well-conceived, well-implemented process and plan involving multiple public and private players. It changed the dynamics in Genesee County and spurred excitement for its future. It shows that the parochial mindset so prominent in the Northeast can be overcome and opens the door to region-wide collaborations across our nine-county region within the current governmental structure (cumbersome as it may be). We applaud this effort at 'regional thinking.'"

"The water project shows that people can work together," says Steinmetz. "The running joke when we had all taken a beating in the press was that a countywide sewer system would be next. Because this project was so complicated, none of us wanted to think about another. But, in fact, dozens of towns and villages need sewer upgrades, and no doubt this is coming. After that, the sky's the limit!"

## References

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While a graduate student at the University of Toronto, Canada, Associate Editor **Mark Kemp-Rye** had the opportunity to travel extensively in western New York.

