

## **ANALYSIS: Sewer plant a liability**

By COLIN READ, *Everybody's Business*

September 20, 2009 06:52 am

— If there has ever been a crying need for consolidated services rather than shared legacies, now is that time.

Last Monday, I attended a public meeting on Cumberland Head in the Town of Plattsburgh. The issue was whether we should form a sewer district using a federal grant for about half the cost of a sewer system, and the other half covered by a low-interest loan from the feds. Like many things economic, the issue is not that simple.

The meeting was interesting on many levels.

The sewer project would cost the average Cumberland Head home perhaps \$600 or so per year in sewer fees. In addition, there would be a one-time hook-up charge that would average around \$2,000.

An updated sewer system is attractive to those wishing to subdivide their land, to those who believe a failure of their septic system is imminent, and to those who believe such a system will help protect Lake Champlain. These are three very different groups.

I know we all value the lake. Some of us find that price tag to be a bargain, if indeed Lake Champlain becomes cleaner and healthier. However, such is a big if.

The problem is the sewage would be pumped to an antiquated sewage-treatment plant that is beyond its prime and a blight on the shoreline of beautiful Lake Champlain in downtown Plattsburgh.

At the meeting, we discovered that the city sewage plant overflows about five times a year, which is under their permitted overflows of up to 10 per year, from what I understand. These overflows all too often cause the city beach to be closed for perhaps two or three days at a time as a precautionary measure.

We have a short beach season in Plattsburgh, of perhaps about 90 days. If we suffer three beach closings a year because the sewage-treatment plant is forced to dump untreated effluent into the lake, then there is a one in 10 chance that a tourist who has traveled to the park on Cumberland Head or the city beach will have their trip marred by the image of a "beach closed" sign. If we all know the real reason why the beach was closed, well, likely so do they.

Now, our prized tourists might give us the benefit of the doubt and assume that such closings are not commonplace. However, if there is a one in 10 chance they will be met with a closing in a given year, then a bit of analysis tells us something interesting. Almost 30 percent of our regular tourists will suffer two or more closings if they visit for only a single day once a year for 10 years. If two closings do a pattern make, then we could be bleeding off 30 percent of our beach-bound tourists every decade.

Let us say each tourist family lost diverts just \$500 per year to another community, perhaps in Vermont. And

let's say we have 20,000 families visiting our beach each year. If we lose 30 percent of those tourists over a decade, our community is saying goodbye to \$30 million every decade.

A typical 80-room tourist and conference hotel in our region might cost about \$9 million to build, and would generate another \$2 million in local benefits during the construction phase. The 90 construction jobs and associated jobs during the construction phase will be followed by another fifteen permanent jobs and another five spin-off jobs in our area. Over a decade, this represents another \$25 million in new economic activity for the city as a consequence of a downtown hotel. One prominent developer has already told me he would come downtown only if the sewage-treatment plant were moved. Add to that another \$5 million in enhanced downtown real-estate values, and we see we are talking about some real money left on the table.

In one decade, we sacrifice \$60 million of new wealth because we are enticed by the short-term economics of an obsolete plant that has long since been amortized away. Tacoma, another waterside community that is a bit larger than our entire county, figures it costs about \$40 million for a state-of-the-art effluent treatment plant. Their facility is award-winning, and is viewed as an engine for economic development. Such an investment could pay off here in less than a decade, and act as a magnet for the downtown revitalization we all deserve.

Just like the Cumberland Head sewer proposal, we can also expect the federal government to help defray a good chunk of the costs, and perhaps offer us low-rate loans for the rest. At that point, a new plant becomes an investment in our own economic growth, rather than a cost borne today.

Indeed, this is precisely the role for government that can span a larger area. The city cannot foot the entire bill for something that will help surrounding neighborhoods. This problem compels us to share services through a combined entity that is large enough to span the boundaries of all those who benefit. There is precisely the role for the county and the state — to help the city and town get the facility our region deserves.

I came away from the Cumberland Head meeting with a realization that it is not always about the money. Some good ideas may cost more in the short run. What is really important is what good things can occur in the long run. Without an improved effluent-treatment plant in our region, the Cumberland Head project does not yet make sense. But in a world where we all work together to prize a public good like Lake Champlain, a couple of sizable investments, made in concert and with cooperation, make all the sense in the world.

Unfortunately, if we don't make an investment in a better effluent plant, we also lose a significant federal investment in our sewer line infrastructure.

The funny thing about this issue is how immediacy motivates us. Perhaps 200 or more people showed up to discuss the issue of a tax levy to repay a loan that will build our sewer system. A week earlier, only a dozen or so attended a meeting that discussed the future of our entire town. It is apparent that pocketbook issues and the here and now are big motivators of public interest. We need to figure out a way to make our collective future an equally compelling public interest. It is also time for us to figure out how to share services and how to govern beyond lines drawn on a map.

**Colin Read runs Economic Insights, a local economics consulting firm, and teaches economics and finance at SUNY Plattsburgh. His fourth book, "The Fear Factor," has recently been published by MacMillan Palgrave. He can be reached at [economicinsights@gmail.com](mailto:economicinsights@gmail.com).**

Copyright © 1999-2008 cnhi, inc.