

**TESTIMONY OF
SHAWN PULFORD
CEO OF LB WATER SERVICE INC.**

**BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES**

May 8, 2019

Good morning. I would like to thank Chairwoman Velázquez, ranking member Chabot, other distinguished members of the US House of Representatives Committee on Small Business, and specifically Congressman Joyce for inviting us here today. I am honored to testify before the Committee in recognition of National Small Business Week, representing one of our nation's small business heroes, LB Water Service Inc.

My name is Shawn Pulford, and I am the CEO of LB Water. Our company was born in 1970, when our founder, Lehman B. Mengel, capitalized on a market need for readily available waterworks infrastructure materials in the south central region of Pennsylvania. In the timespan of nearly 50 years, we have grown from three employees and one location to 225 employees and eight locations.

LB Water is now the leading provider of innovative solutions for water, wastewater and stormwater throughout the mid-Atlantic region. We serve cities, counties, municipalities,

contractors, engineering firms and development companies. Many of our manufacturers, as well as our customers, are also small businesses.

We also now operate two affiliated companies, Stormwater Solution Source and 540 Technologies. Stormwater Solution Source provides stormwater and environmental solutions that help state and local governments, contractors and companies meet increasing regulations governing the management of stormwater and erosion and sediment control. 540 Technologies serves an expanded region of 21 states, offering smart city solutions for water-loss management, street lighting, electric metering, and data acquisition and management to both public and private entities.

In 2002, LB Water's owners sold the company's assets to the employees, and LB Water has operated as a 100% Employee Stock Ownership Plan (ESOP) company ever since. Our company is one of more than 6,600 ESOPs in the United States that, combined, employ 14.3 million workers. It is because of the provision for ESOPs in The Employee Retirement Income Security Act of 1974 (ERISA) that LB Water has been able to attract and retain its high-caliber workforce, invest in top-notch training and equipment, and provide exceptional benefits to our employee-owners. In addition, LB Water's status as an ESOP has provided the foundation for our company's success.

I am pleased to say that LB Water has experienced tremendous growth in the last five years. This is due, in part, to increases in both public and private investment. We are benefiting from relief provided by federal tax cuts. As we consider the south central region of Pennsylvania, which includes Congressman Joyce's district as well as our Chambersburg location, we can see economic development at work. The region is becoming home to manufacturing and distribution operations for many companies. We have witnessed the construction of 15 new warehouses, each exceeding 1 million sq. ft., along the I-81 corridor from the Maryland line to Harrisburg. We and other businesses in this region have experienced a positive residual economic impact due to this increased activity. However, the area is quickly reaching full employment, the need for skilled labor is high, and concerns are mounting regarding the ability of I-81 to handle the increased traffic demands in the corridor.

At LB Water and our affiliated companies, most of our solutions are designed to address our nation's aging subsurface water infrastructure, much of which is well over 100 years old and in dire need of replacement. This critical infrastructure remains "out of sight and out of mind" until a major failure occurs. Using advanced detection technologies, we can see, hear, and pinpoint even small water leaks and provide solutions before they become big events that appear on the nightly news. Yet, repairs alone cannot solve the state of our country's deteriorating water infrastructure. Much of it needs to be replaced.

For more than two years, Congress has discussed the need for comprehensive infrastructure legislation to address the country's transportation and subsurface water infrastructures, both of which are essential for economic development and as well as quality of life. As LB Water and other small businesses look ahead to future opportunities and growth, it is clear that this is a critical matter upon which the Federal government could act. We strongly urge Congress to pass a comprehensive infrastructure bill that funds needed improvements to our nation's crumbling water distribution systems along with our nation's highways, bridges and airports.

I would like to conclude my testimony by saying that it has been a tremendous honor for me to appear before the committee today to tell our story and to speak to some of the issues that impact the day-to-day operations of LB Water. We truly believe we are an American success story. I am proud of our 100% employee-owned company, what we have accomplished, and how we are positioning ourselves to continue to succeed in the future. Thank you. I would be happy to answer any questions.