

**Board of Selectmen
Wastewater Financing Review Subcommittee
Special Meeting
October 21, 2013**

Present: Subcommittee Members: First Selectman Dan Jerram, Selectman Alesia Kennerson, Selectman Jack Casey; Board of Finance members Ben Witte, Dan Charest, Jim Fitzgerald; Water Pollution Control Authority Members Bob Krzys, Bill Michaud, David Rosengren.

Others Present: Jay Bailey, Bob Moore, Maria Moore, Mary Beth Greenwood, Roy Litchfield, Bob Howson, Donna LaPlante, Meg Toro, Kristina Norway, Dan Eddy, Dennis Minor, Pam Thistlewaite, Troy LaMere, Rich Carpentier; Register Citizen Reporter Kate Hartman, Administrative Assistant Christine Hayward.

First Selectman/ Subcommittee Chairman Dan Jerram called the meeting to order at 7:05 PM. Mr. Jerram asked for input from the committee members as to what they felt the charge of this group should be.

Selectman Casey replied that there are bigger issues than just the debt service for costs associated with the wastewater treatment plant upgrade, noting that expansion of existing sewer lines and finding funding to do that should also be investigated; He stated that the group should look at additional opportunities for revenue for the WPCA, including additional septage contracts.

Selectman Kennerson disagreed with Mr. Casey; stating that she did not feel that this committee was established to assist in developing a financial assistance plan; but rather it was created to help find a way to give the current users a break with the debt service attributed to the WWTP loan.

Mr. Witte agreed with Ms. Kennerson; yet acknowledged that there are other issues and challenges facing the WPCA, however, he felt that the immediate charge should be to look at options for the repayment of the WWTP debt service and also to consider how to approve any changes in the current understanding of the payments. Witte stated that one or two options should be developed by this group and then taken back to the various boards for consideration and approval. Once that issue is resolved, then perhaps other issues can be addressed.

Mr. Charest stated that this group should come up with a plan for some kind of immediate relief for the ratepayers now. He suggested that a sliding scale be developed. Charest also stated that a long term plan for economic development along with a plan for additional infrastructure needs to happen in order to provide relief for the WPCA.

Mr. Fitzgerald commented that the current situation is troubling; stating that he has heard that users have been told "not to pay their bills." He stated that those that believe that Economic Development is the answer, are 'kidding themselves' due to the fact that Canton and Torrington are the anchors on either end of town. Mr. Fitzgerald stated that he is open to listening to any plan and possible solution, but was insistent that any changes to the current arrangement must go to referendum where both users and non-users would have the opportunity to vote on the matter.

Mr. Krzys stated that there needs to be long term and short term goals. He commented on Mr. Fitzgerald's previous statement regarding 'not paying bills' stating that he was not aware of any concerted effort to advise ratepayers not to pay. Krzys said that the 42% of the WWTP debt service repayment was predicated on revenues earned from line extensions. Ratepayers were targeted as the 19%, but they are also part of the 39%; therefore they are paying twice. The WPCA is seeking relief with the 42%; a strategy is needed. Krzys noted that it is his belief that the costs of the wastewater treatment plant is a community expense that should be paid as a general tax levy similar to a school. He hopes that this committee will establish a recommendation for relief of the 42%.

Mr. Rosengren stated that he agreed with what Mr. Krzys said; adding that Bill Michaud has 'worked with the numbers.'

Mr. Michaud stated that he had been in favor of establishing a subcommittee due to the fact that the three Boards – (WPCA, Selectmen, and Finance) all have different levels of information and he felt that they all need to have the same information in order to make decisions. The WPCA has done the analysis and realizes that they cannot "hang their hat" on economic development. There are barriers to funding new sewer extensions. Benefit assessments cannot charge more than the benefit received. Funds for sewer line extensions offered by DEEP are loans that add to debt service. A short term goal for the subcommittee should be 'how to deal with the current debt problem?'

First Selectman Jerram agreed that the primary goal for consideration should be how to address the debt service; specifically the 42% 'gap' that the WPCA feels was never intended to be paid by the current ratepayers. It was noted that any adjustments that may be agreed to requires an understanding that there are ramifications to the current budget. Jerram noted that there seems to be a consensus that the committee should focus on: What specific relief can the town give regarding the current WWTP debt? And how does this change get approved?

Selectman Casey interjected that there are other issues to consider that 'are here and will remain here'—stating that he did not feel that this group should just provide relief now for debt service and then disband without helping to find additional revenue.

Discussion then followed regarding an appropriate motion to consider as the charge for the committee.

MOTION: by Kennerson, second Michaud to approve the following as a charge:

What should be the allocation of the USDA loan and what should be the process for approval of that allocation?

Unanimous.

The Committee considered several projections of how the average taxpayer would be affected if the debt service was reallocated. If the debt service was redistributed so that the total repayment was spread evenly among all taxpayers, the difference would be \$17.00 per \$100,000 assessed value. (based on current mill rate).

Some discussion of benefit assessments occurred. Mr. Michaud explained that the WPCA has the authority to enact a benefit assessment but that the WPCA was struggling with the implementation of such an assessment. Krzys noted that the WPCA has approved the concept of enacting a \$4700 benefit assessment payable over 15 years to those served by a sewer line, but has not acted on it.

Mr. Rosengren commented that the fact of the matter is that this is a community issue and it was a town decision to build the current plant. The DEP (now referred to as the DEEP)forced the town to build a plant that is significantly larger than what is needed. It is a situation that exists through no fault of anyone. Small towns were not considered when the DEEP passed legislation that required a 20 year build out plan be considered when sizing a plant.

Mr. Fitzgerald questioned the status of repayment of the \$135,000 loan granted to the WPCA a few years back. Mr. Krzys replied that the WPCA is aware of this outstanding debt and that they had discussed elongating the terms of repayment. The budget that was adopted by the WPCA for fiscal year 2014 includes 1/10 of the repayment. Mr. Witte noted that this loan is booked as receivable and therefore is not listed as revenue; it is just returned to the general fund. It does not impact the budget – it was taken out of surplus and will be returned to surplus.

Financing Options:

Discussion ensued regarding changing the current 61% - 39% allocation. Different viewpoints were expressed. Mr. Fitzgerald stated that the public was informed at public meetings of the allocation and a referendum vote was held based on the information given at those public meetings. He stressed that if there is any change in this arrangement, it needs to go to a referendum. Mr. Casey stated that this could be combined with a budget vote since the budget is approved by referendum.

Jerram noted that this year's allocation could be absorbed within the budget, if it had to be. He noted that there may have to be a hold on spending if it were decided to do that. Mr. Witte stated that the difference between the projected tax collection rate and the actual rate would cover the expense.

The committee discussed reducing the allocation to 19% for the users and how that might be approved. Mr. Rosengren stated that he would prefer to see the users be charged nothing towards the debt service for the first two years and then move to 19%, but for now he was agreeable to the 19%. He would like to see this agreement be solid for 3 years; and then revisit it again.

Ms. Kennerson added that she would like to see any fees from new users go toward reducing the town's portion of the debt. Mr. Michaud replied that the overall debt was greatly reduced by the USDA grant/loan. This grant was specifically intended to relieve the financial burden to the 'downtown' area of New Hartford. Overall, it was a \$2.3 million savings and Michaud noted that there is more than one way to allocate that savings. Mr. Witte stated that he could support reducing the allocation to even less than 19%; and felt that any reduction to the current arrangement could be made by the Board or at a Town Meeting.

Krzys noted that in addition to approving a reduction in this repayment, consideration should be given to the WPCA receiving some sort of 'credit' for having paid 61% for the past two years.

Jerram noted that there appears to be consensus among the committee members to provide some relief to the current ratepayers in the form of an adjustment to the current allocation of debt repayment.

Members of the public were offered an opportunity to speak. Many comments were made.

Ms. Thistlewaite commented that if the USDA grant has been applied the way it was intended to be, the ratepayers would not be paying the fees they are now; a shift would have occurred in the allocation, placing a larger share on the non-users.

Mr. Zelasko noted that it appears that there were several promises made by many during the time of contemplating the funding for the wastewater treatment plant. The split was just one of them, with discussions of new connections, abutters being forced to connect, expansion of sewerlines and the revenue generated from that were all considered as part of the equation. Zelasko commented that it is apparent that relief from current debt service is not the answer. The fact that there are no plans to gain additional users is distressing. He stated that he realizes that there are challenges and everyone is doing their best; however he doesn't see that there will be any solution coming from this meeting.

Selectman Casey agreed that it is frustrating; but he noted that there appears to be a consensus to adjust the debt allocation and that is a good start.

Public Comment:

Maria Moore questioned why the operational costs associated with the plant were not being reviewed and considered. She stated that it would seem fair the operational costs would be borne by the town since the WWTP is a town facility.

Mr. Eddy commented that it is not only the residential users that need relief; adding that the commercial users are struggling with the costs as well and that will have more of an impact on the community.

Mary Ann Gunning stated that she was very frustrated that the average taxpayer does not understand the problem. She said that this should not be a "we-they" issue. She stated that she would like to see this subcommittee act as leaders and make a decision now regarding relief and then, at budget season, bring the plan before the public for next year and the following years as part of the budget process.

Donna LaPlante commented that she was delighted that this committee seemed to have a consensus of where things are headed. She noted that it seems like those involved have grown to understand each other's viewpoints. She remarked that when the original proposal of a split was 90% - 10%, (non-users – users) it was defeated when 95% of the voters voted (it was concurrent with a Presidential election) When 40% of the voters turned out to vote at the follow up referendum, the referendum passed. Mrs. LaPlante said that as a taxpayer, she could live with 19% being paid by the users, but felt that one must be careful "not to stir the pot." Septic

users have issues as well and they need to be educated on the topic and a working plan must be presented if the town is to understand this situation.

Some residents in attendance expressed concern that if a vote on a new arrangement were to be taken, it may be defeated and the users might wind up with having to pay a larger share of the debt service.

Next Steps:

The committee discussed what their next steps should be. Mr. Fitzgerald stated that he felt it would be best if the members of this committee went back to their respective boards and discussed what they were comfortable with regarding any alteration to the current debt service allocation.

Witte noted that his concern is that the operations costs are also out of line for the users. Jerram replied that he was not sure “if legally we can go down that path due to existing ordinances.” Mr. Krzys stated that the WPCA was self sustaining until the additional burden of the debt was added into their budget.

Discussion continued as to whether an adjustment should be made by this committee for this budget year and then take it to the public for a vote for a more permanent arrangement. Selectman Kennerson stated that she would be uncomfortable making any decisions on behalf of the town that would last 30 years.

All agreed that the public needs to have additional information prior to actually taking any action, but they all agreed to go back to their respective boards and seek feedback regarding a 19% share for the users.

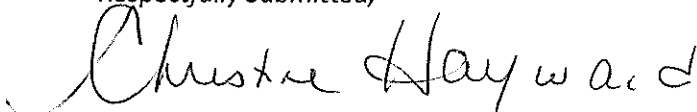
MOTION: by Fitzgerald, second Kennerson to adjourn the subcommittee meeting at 9:38 PM.

Unanimous.

MOTION: by Kennerson, second Casey to adjourn the Board of Selectmen meeting at 9:38 PM.

Unanimous.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christine Hayward".

Christine Hayward, Administrative Assistant

Print
10/21/13

Proposed by D. White, BCF
NH Budget 2013-14 rev 5-14 WPCA split options