

**Town of New Hartford
Board of Selectmen – Special
Wastewater Financing Subcommittee
Tuesday, February 4, 2014**

Committee Members Present: First Selectman Dan Jerram, Selectman Alesia Kennerson, Selectman Jack Casey, Water Pollution Control Authority members Bill Michaud, Denton (Bud) Butler, Steve Hanright; Board of Finance members Ben Witte, Jim Fitzgerald, Dan Charest (in at 7:25).

Others Present: Reggie Smith, Attorney Tom Wall and Mrs. Wall, Jay Bailey, Dave Childs, Dan Eddy, Roy Litchfield, Noel Gauthier, Bob Moore, Joe Toro, Mary Beth Greenwood, Mike Companik, John Wilhelm, Administrative Assistant Christine Hayward, Republican-American Reporter Kurt Moffett.

First Selectman Dan Jerram called both the Board of Selectmen Special meeting and the Wastewater Financing Subcommittee meeting to order at 7:12 PM.

Mr. Jerram noted that there had been some changes in representation/membership from the WPCA. Mr. Butler and Mr. Hanright join Mr. Michaud on this subcommittee due to a change in WPCA membership.

Mr. Jerram noted that this subcommittee meeting is an opportunity for the different boards to discuss possible changes in financing arrangements for the treatment plant debt service. He stated that there has been a lot of input received from users of the WPCA and these comments would be taken into consideration.

First Selectman Jerram explained that the first order of business for the evening would be for the Board of Selectmen to formally endorse a letter to the WPCA from the Board of Selectmen outlining a plan of action for the WPCA to consider.

MOTION: by Kennerson, second Casey to endorse the letter dated February 4, 2014 to the WPCA outlining a suggested action plan.

Unanimous.

Mr. Jerram commented, for the record, that the Boards of Selectmen and Finance want to be part of the solution. Jerram noted that he had spent a lot of time searching through minutes of various Boards and Town Meetings and the one thing he can state for certain regarding the current payment arrangement for the debt service is that there is a lot of incomplete and inconsistent history regarding this topic. There are numerous proposals, but little evidence of anything being formally adopted. Jerram stated that this is really a moot point, as the past cannot be changed; and focus should be on how to move forward.

Mr. Jerram asked Board of Finance Chairman Ben Witte to address the Subcommittee regarding the correspondence to the WPCA that had been approved by the Finance Board.

Mr. Witte explained that at the November 12, 2013 meeting of the Board of Finance, there was a general consensus that only 19% of the obligation should be borne by the users on the system. However, the Board members also wanted the WPCA to explore additional sources of revenue; such as additional septage processing. The Board of Finance is willing to consider additional funding of the debt service by the Town if the WPCA takes action to explore areas of revenue that can be used to help them pay expenses.

Mr. Jerram noted that the Subcommittee had agreed to offer assistance to the WPCA with other challenges they are facing in addition to discussing modifying the 'split.' The current focus is to come to an agreement with the debt service arrangement and then other areas can be addressed. Jerram commented that the treatment plant will be "with us for a long time" – further stating that the current situation is no one's fault; projections were used and unfortunately economic times have changed leaving those projections unfulfilled. First Selectman Jerram explained that the Board of Selectmen did not fully support a 19% share of the debt for the users, but instead suggested a compromise; showing some "level of shared pain." Jerram asked the Subcommittee to provide input as to what that compromise should be. The First Selectman stated that the letter to the WPCA was not intended to be a "to-do" list; but rather should be seen as an offer of assistance to help move things forward.

WPCA member Bill Michaud informed the Subcommittee that the WPCA had met shortly after the initial subcommittee meeting and took action supporting a 19% - 81% "split." The users would pay 19% while the general taxbase (which include users) would fund 81% of the debt.

Selectman Casey stated that he had thought the subcommittee had come to a consensus regarding the 19% for the users; adding that the Board of Selectmen's endorsement of a compromise somewhere between 19% and 31% is not what he personally had wanted, but that at least it would move things forward. He stated that he was encouraged by the Board agreeing to investigating the possibility of a revenue bond.

Denton (Bud) Butler informed the Subcommittee that he had developed some handouts that he had distributed at the most recent WPCA meeting that outlined challenges and opportunities for the WPCA. His intent was to use them as a guide for review and discussion in order to help the WPCA as they look to help the users. Mr. Michaud outlined the steps that the WPCA has already taken; He explained that review of a surcharge implemented in 2009 showed a significant deficiency in the implementation of that charge; leading to an adjustment in how the surcharge was applied. Connection fees have been reviewed and following research and investigation on that topic, it has been decided that a betterment assessment "is the way to go." Michaud stated that looking at a municipal revenue bond for connections sounds like a good idea and he was certain that the previous Board would have fully approved such an action; but he was uncertain about where the current Board would stand.

Selectman Casey interjected that the placement of liens on properties that owe balances needs to be implemented. He noted that there seem to be many homes within the water/sewer area that are in transition and if there are fees owed, liens need to be placed. Mr. Michaud agreed that the WPCA needs to go forward with this.

First Selectman Jerram asked that the discussion revert back to consideration of the debt allocation. Mr. Jerram opined that the annual budget process allows for transparency for any changes in the allocation to be discussed. The budget hearing provides a fair opportunity for the public to know what is going on.

Mr. Witte agreed; but stated that there needs to be a firm percentage agreed upon and presented to the public. There also needs to be a clear handle on what actions the WPCA will be taking.

Jim Fitzgerald commented that he was not in favor of the general taxpayers having to take on any greater share of the debt. He felt strongly that any change in allocation would need a formal vote on its own and should not be included in the general budget. He would insist on a separate question on the ballot regarding any change in allocation. Fitzgerald stated that he has no faith that the WPCA would take any measures to increase revenues as they had not delivered on any promises thus far. He cited the failure to pay this years' debt service and the failure to re-pay the \$130,000 loan as examples of broken promises.

Mr. Casey defended the users; stating that they 'went to the same referendum' where they had been promised that their share would be 19%; "The shortfall is the 42% ---close the gap!"

Mr. Fitzgerald replied that he recognizes that it is not fair to the people who are on the system, but the failure is on the part of the WPCA. Fitzgerald commented that one needs to keep in mind that people with septic system and well failure replacement costs are faced with financial burdens as well and often need to take out loans and 2nd mortgages to pay for them.

Selectman Kennerson commented that those points have been made before; but that does not help anyone to move forward. She noted that she is willing to be part of the process that helps to find solutions for the WPCA; but that the first thing that needs to be addressed is the reallocation of the debt service.

Butler interjected that a subcommittee that had been formed to investigate the best options for operations of the water and sewer services in New Hartford had come to an agreement that evaluation of the sale of the assets of the WPCA should be investigated. This subcommittee had reviewed the operations on an "as-is" basis; continuing to contract out operations for water and sewer; "in-house"; taking on the entire responsibility of the operations including the hiring of employees and billing; and 'selling the assets' –develop requests for proposals for the sale of the water and/or sewer operations. Butler noted that the investigation into the potential sale remains incomplete.

Mr. Michaud refuted the claims that the WPCA has done nothing to help the users. He stated that he finds it offending to have statements of that kind made. He stated that he is pleased that steps have been taken to have these three Boards come together and have constructive dialogue regarding moving forward. He noted that the BOS, BOF and WPCA need to work in concert with each other; noting that there are some things that the WPCA cannot do on their own, such as a revenue bond.

Discussion continued regarding the process for approval of any recommended debt allocation. Fitzgerald repeated his opinion that the debt service not be embedded within the budget. Ms. Kennerson expressed her concern that if the issue is brought to referendum as a separate item, any restructure of the allocation would fail due to the imbalance of the user versus non-user base. Mr. Witte noted that any adjustment figure agreed to at this point should be presented as "one time only" and that frequent review of the adjustment might be warranted. Mr. Butler asked if there was any guidance given as to how approving a change in the split may occur. Mr. Witte replied that a legal opinion has been rendered that town leaders can make the change. Dan Charest stated that the attorney had been pretty clear that the change does not have to go to a referendum.

Bill Michaud noted that the original approval of the debt service split was based on a different figure than what actually transpired. He stated that the vote was based on funding provided by Clean Water Funding. However, shortly after the vote, the WPCA obtained a loan/grant through the USDA which reduced the anticipated payments on the debt by \$2.3 million. The general taxpayers had already agreed to pay \$160K in debt service. Michaud stated that the voters voted on the project based on "how it would affect their pocketbook." The approval at the time was based on the assumption that the tax increase on the general taxpayer would be approximately \$24.00 per year. However, due to the Grant, the actual cost is approximately \$8.00 per year.

Mr. Butler presented a ***motion for consideration requesting that a split of 25% (users) 75% (general taxpayers) be put to a vote and then taken back to the Boards for approval; and then come back to the subcommittee in 2 weeks.*** Kennerson seconded the motion.

Mr. Charest disagreed with the motion; stating that the entire community voted on the plant and the users are now paying for the majority of the debt service. That was not what was intended, he said. 19% is what should be talked about; it doesn't seem fair to go to 25%.

Ms. Kennerson stated that she liked the 75/25 split because it showed that both sides were willing to compromise.

Mr. Michaud stated that he didn't support the motion and opined that 25% seemed arbitrary. He reiterated that the USDA grant was given to the town to benefit the downtown area. He opined that revised figures need to take the grant benefit into consideration on behalf of the users;. Adding that the users and the WPCA feel that 19% is already a compromise.

First Selectman Jerram disagreed that the USDA grant was to solely benefit the users. He stated that administration of the grant has been audited for compliance. The grant/loan allocation has been reconciled by the USDA and everything is in order. They have approved the way the funds have been expended. Grants are given to benefit the community, not just a portion of the community.

Mr. Michaud distributed a document; explaining that it was a copy of a financing plan that was agreed to at a joint meeting of the Boards of Finance, Selectmen and the WPCA back on November 18, 2008. Michaud explained that despite repeated requests to the Board Secretary following the meeting, the minutes of that meeting were never recorded. However, this plan was agreed to at that time. This hand out was distributed and briefly discussed; and then discussion returned to the motion on the floor.

Mr. Witte stated that he would support the 25% as it was a compromise and it would at least move the group forward; by taking that motion and going back to their respective boards.

Michaud was opposed to the motion as he felt that the wording conveyed approval of the split.

The motion was put to a vote:

AYE: Kennerson, Butler, Jerram, Witte

Opposed: Hanright, Michaud, Fitzgerald, Casey, Charest

Motion failed.

A second **motion** was developed.

Michaud motioned with Casey seconding that the 25% (users) 75% (general taxpayers) allocation be taken back to the respective boards for consideration.

Butler asked for clarification of what for consideration meant, with Witte replying that the Boards would discuss the proposal, but didn't necessarily have to solidify it with a motion of approval.

Mr. Charest and Mr. Casey added that the motion should also include the timeframe of bringing it back to the subcommittee 2 weeks from tonight (February 18, 2014).

The motion passed unanimously.

First Selectman Jerram asked the subcommittee members to encourage discussion among their respective Boards regarding the process for altering the split. Should it be part of the budget? Should there be a referendum? Charest agreed, stating that the subcommittee needs to be able to move forward, not only with the number but also with the process.

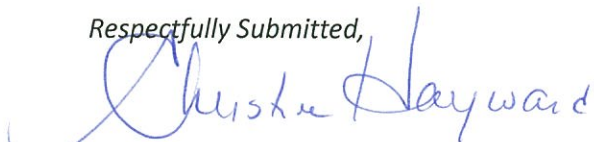
MOTION: by Fitzgerald, second Butler to adjourn at 9:10 PM.

Unanimous.

MOTION: by Jerram, second Kennerson to adjourn the Board of Selectmen meeting at 9:10 PM

Unanimous.

Respectfully Submitted,



Christine Hayward, Administrative Assistant

Daniel V. Jerram
First Selectman



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530 Main Street
Post Office Box 316
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06057

Board of Selectman Recommendations
to the "Wastewater Financing Review Subcommittee"

February 4, 2014

At our Board of Selectmen's meeting, held on Monday January 13, 2014, the Board held a lengthy discussion concerning the WWTP loan repayment plan currently in place.

Currently the Town funds the entirety of the payment (\$197,454) as an expenditure within the budget, but bills the Water Pollution Control Authority (WPCA) for 61% of the debt (\$120,447) that is received as "revenue" to the Town (off-setting 61% of the debt). This appropriation and billing process has been openly discussed in each budget year and ultimately voted on by the taxpayers at referendum as a part of the annual budget process.

The entirety of the 2013 bill was paid by the Town (to USDA) on September 15, 2013; however, the Town has yet to be reimbursed for this expense by the WPCA. It should be noted that reimbursements were made to the Town by the WPCA in both 2011 & 2012 (during these years interest only payments were due – and they were reimbursed at the 61% ratio).

The Board of Selectmen has reviewed the history of the situation to gain as best of an understanding of the issue as possible and to try and determine what commitments may or may not have been made to all New Hartford taxpayers. It is noted that in many cases, records are inconsistent and/or incomplete. Between November 4, 2008 (the date of the previous referendum defeat) and February 12, 2009 (date of the subsequent referendum approval), there is no record of any approved motion by either the Board of Selectmen or the Board of Finance that specifically outlines how the new debt is to be repaid. Only once during that period is there a specific reference to a "recalculated" split of 61% Users and projected users and 39% Taxpayers within the Board of Selectmen minutes (11/28/08); although no motion was ever voted on. While the 61%/39% split has been an accepted practice until now, the lack of specific motions documenting the current procedure has created some confusion for residents.

That said, the combination of the WWTP debt, escalation of administrative costs associated with operating a larger plant, and the combination of additional debt service, including a \$130,000 loan owed to the Town, has raised water and sewer rates significantly. Meanwhile, all projections of growth in the user base, forecast to provide significant revenue, have not come to fruition (there have been no new users added to the system since 2008).

After due consideration, the Board of Selectmen believe that the existing debt service ratio should be revisited and modified. In fairness to all, we believe that a compromise, somewhere between 19% and 31% should be allocated to the WPCA users, with the remainder paid for by the general taxpayers. We believe that this adjustment should be made as a part of the 2014/2015 budget to give all taxpayers an opportunity to evaluate the modification and provide their input through the budget approval process. Additionally, any proposed modifications agreed to by this subcommittee should be referred back to the Board of Selectmen, Board of Finance and the WPCA for consideration, formal adoption and recorded within their minutes.

In addition to modifying the WWTP debt service, the Board of Selectmen believes that the following concepts should be considered by the subcommittee to aid the WPCA in their cause:

- Examination of ways to cure the current collection loss problem, including a strict policy on debt collection that includes implementation of liens on past due balances.
- Implementation of a "Rate Analysis" for equity to the user base to make sure the base meter charge is equivalent to all families.
- Consideration of an expedited debt repayment plan to reduce overall debt within the next three to five years.
- Establish a minimum connection fee for new user hook ups equivalent to other area towns.
- Eliminate all growth projections in future budget presentations and base all financial projections on what currently exists.
- Address the lack of hook-ups on existing lines.
- Evaluate potential expansion of the system based on a "revenue bond".
- Examination of the creation of a municipal loan fund for connecting properties to lines.

Sincerely,



Daniel V. Jerram
First Selectman

Endorsed by the Board of Selectman on

2/4/2014

11/25/2013

Bob Krzys,

At the 11/12/13 Board of Finance meeting we discussed the payment split of the WWTP upgrade loan obligation. The Board supports existing water/sewer users paying 19% of the obligation. However, we are not ready to consider moving the balance of the obligation to the general tax payers without additional work being done to develop revenue to support the remainder of the WPCA's 61% obligation in the current year's budget.

If contracted expertise is helpful to exploit some of the opportunities (additional septic dumping for example), the BOF is willing to consider funding the contract help outside of the current WPCA budget. We suggest using the joint WPCA/BOS/BOF subcommittee develop potential opportunities further. Dan Jerram has agreed to arrange the next subcommittee meeting, hopefully within the next few weeks.

Regards,

Ben Witte

Chairman, New Hartford Board of Finance

2/04/14

Letter Of Agreement

The parties of this Agreement (BOS, WPCA, BOF) have determined that the current split of debt service for the WWTP shall be adjusted from its current ³⁹ ~~69~~% User-~~31~~% Non-User contribution to the amounts of: _____% Users; _____% Non-Users effective on _____ 2014.

In no case shall the revised participation rate change upwards for Non-Users and downwards for Users at anytime in the future.

Further, all parties agree that not less than annually, this debt reduction contribution split shall be reviewed for changes in status when the following conditions are observed:

- 1.) Material changes in the operations of the WPCA that result in a measureable increase to gross revenues, or measure decrease in operating expenses.
- 2.) That the sale of Assets-Water (and/or) Sewer and assignment of associated proceeds is evaluated and accepted as a solution to the financial future of clean and/or waste water assets to the betterment of the Users and Non-Users alike.

Articles 1 and 2 above are not to be interpreted as the only reasons for the annual review.

Problem/Opportunity Analysis

Contracted Septage Receiving & Processing

New Hartford WWTP

Problem/Opportunity: - The New Hartford WPCA desires to determine the effectiveness of its Septage receiving program from the perspective of: a.) Its soundness as a business decision; b.) Whether there is an opportunity to expand the program; c.) Our ability to meet ongoing water quality compliance, and d.) Potential ways to reduce the costs associated with the program. For example: It is estimated that it now costs \$38.00 per thousand gallons to process Septage. These costs include: contracted labor, a guestimate for increased electrical, plus actual sludge removal costs. No estimate has been prepared for accelerated depreciation of equipment, if any.

Current Situation: - The WWTP currently receives Septage from a single contractor, Russ's Septic Service. The Hauler has, since the inception of the program, brought 2,085,420 gallons of concentrated effluent to the facility beginning in March 2013. Russ's has a contract for a flat fee installment of \$15,000 per month from the period May-November for a total of \$105,000 in annual payments. The hauler is allowed tipping privileges during the entire year. A record of the tipped material is attached along with a copy of the Agreement between parties.

The WWTP Operator – Water Planet has not conducted a detailed analysis to determine specific capacity at specific times of the year with all three SBR tanks active. Warmer weather months allow for more effluent to be processed, colder months less. It has been noted that the plant generally is at full capacity when processing the receipt of 60,000 gallons per week (plus or minus) at peak. The records show that processing capacity has been neared or reached in (24) of (35) weeks of the program since its start. Please note the attached tipping records.

The receipt of Septage has resulted in a dramatic increase in the amount of sludge removed from the plant. Hauling costs are estimated at 12 cents per gallon. A total of 539,000 gallons have been removed since the Septage program inception. (This includes removal of sewerage sludge as well.) Please note the attached summary prepared by Water Planet dated 1/23/14 and CL&P electrical consumption figures.

Key Assumptions: The WPCA believes there is reasonable expectation that there are ways to effect economies and efficiencies in the current program. They may include:

Adjustments to the Hauler contract

Alteration of the process – “just add water” or other technical approaches not yet broached

Reducing fees associated with sludge removal

The potential to add a Hauler(s) under specified conditions

Changes to (or) participation in power consumption programs

Problem/Opportunity Analysis

Contracted Septage Receiving & Processing

New Hartford WWTP

Resources Required/Provided:

- (1) Administrative Instructions for the analysis - provided by this Problem Opportunity Analyzer.
- (2) Volunteers to execute the analysis - Roy Litchfield, Denton Butler.
- (3) An available technical expert – Jason Hoffman, Water Planet. Possibly others.
- (4) Availability of the hauler(s) for discussions concerning refinement of the program and (or) Contract(s) - Russ Neher, Jr. and Sludge Hauler, Veolia Water North America
- (5) Timely review and action by the WPCA.

Feedback Should Include:

Proposed Solution(s)/The Approach(s): YTBD [Enter elements of a description of the proposed solution/new approach/alternative ways of doing business, refinement of the process, etc.]

Yet To Be Determined (YTBD) By The Participants of This Analysis

Projected Outcome: YTBD - but this includes -

Upside Potential: [Assess outcomes – etc.]

Downside Risk: [Anticipate issues – “Murphy’s Law – What could go wrong?]

Costs Saved: YTBD [Complete to the extent applicable – improved contract conditions, faster turn-around time, cost avoidance, improved rates, etc.]

Revenue Produced: YTBD [Complete to the extent applicable – Recovery of labor costs, one-time payments. Also include the possible use of any proceeds (or) recurring annual revenues.]

Cost To Implement (if any): YTBD - [one-time & recurring annual costs]

Advantages Created For Recipients: YTBD [Users, Residents, Vendor Partners, Town, WPCA]

WPCA Challenges

(DISCUSSION DOCUMENT)

Routine

- Fill-Out & Maintain Full Membership/Make Recommendations To BOS For Future Appointments
- Maintain effective written policies and procedures
- Act In A Time Sensitive Manner
- Appoint A Liaison Person To Interface With BOS/BOF
- Communicate More Effectively With Public
- Rebuild Trust With Users & Non-Users Alike
- Examine All Options For Doing Business
- Consider Bylaws

Legal/Regulatory

- Implementation of FOG
- Approved/Revised Sewer District Map
- Compliance With Local Ordinance 69-1 & Updates
- Update Ordinance/Rules & Regulations – Where Required
- Ensure Compliance With USDA/Clean Water Rate Making
- Meet With DEEP – Future Considerations

Business Viability

- Formulate A Viable Business Plan
- Maintain Profitability – Ordinance Charge “Break-Even”
- Plan For The Collection of Receivables
- Possible Sale of Assets
- Sustaining A Realistic Budget
- Growth of The Customer Base
- Examine Obvious Ways To Increase Revenue-Decrease Costs
- Realistic Connection Fees

Grants/Loans

- Investigate Debt Repayment Plans
- Conduct Discovery – Grants, Loans, Innovative Programs

User/Non-User Interests

- Rate Stability/Reduction
- Application Templates – Process For Hook-ups Water & Sewer
- Financing Options/Repayment Plans
- Asset Review

PERSONAL WORKING COPY

**Summary of Proposed Plan to Help Offset the WWTP Debt
Using Water Pollution Control Authority Revenue
New Hartford, CT**

Overarching Policy and Funding Approach

- Sewer user base rate adjustment:
 - \$47.50 per calendar quarter per unit, effective first calendar quarter 2009 through fourth calendar quarter 2028
 - 100% of revenues from base rate adjustment from existing users to be used to help offset WWTP debt service
- New sewer connections:
 - \$8,000 per residential unit and \$5 per square foot per commercial or industrial unit with a minimum of \$8,000 per unit, all charges effective January 1, 2009
 - 70% of new connection charge revenues to be used to help offset debt service
 - Mandatory connections would be required for abutters to existing or new sewers, except in situations where there is no demonstrable public health benefit (e.g., new septic system); policy to be developed by WPCA
 - Abutters to sewer lines will not be allowed to install new septic systems or pursue significant septic system repairs in lieu of connection; "significance" to be defined by WPCA; policy to be coordinated with FVHD
 - Owners of currently existing residences who connect to new sewer lines will be given the option to pay off connection fees over a reasonable period of time; policy to be developed by WPCA
 - New residences and commercial/industrial buildings constructed in the sewer use area would be required to connect to the public sewer system
- Sewer extensions:
 - For new developments requiring sewer extension, developers will be required to construct new sewer lines at no cost to the Town. Developers will be allowed to collect an "equitable share" from abutters in accordance with State law.
 - Publicly funded sewer extensions will be required to service areas that are currently "built out" or where future development and public health protection is an issue.
 - Funds for publicly funded sewers could be raised through issuance of revenue bonds and would be reimbursed through betterment assessments levied on abutting land and buildings.
 - Payoff periods for betterment assessments would be consistent with the payoff period for publicly borrowed funds to provide for adequate revenue to cover debt service.

Proposed Plan

- Require abutters to existing sewers (approximately 79) to connect to sewer system when upgrades to the WWTP are on-line, subject to the exceptions established in WPCA rules and regulations.
- Pursue public sewer extensions as follows:

Sewer Extension Area	Year Available	Mandatory Connection Requirement
Pine Meadow	2012	Required, subject to exceptions policy
Cottage Street	2014	Required, subject to exceptions policy
Johnnycake/Highland Ave.	2016	Voluntary, unless indicated by environmental data; no new septic systems or significant upgrades allowed

**Summary of Proposed Plan to Help Offset the WWTP Debt
Using Water Pollution Control Authority Revenue
New Hartford, CT**

Assumptions for Analysis

- Goal for capital accumulation for sewer and water infrastructure improvements = \$150,000/year
- Sewer connection pay-off period/existing residences = 10 years
- Sewer connections:
 - 75% of abutters will be required to connect to existing sewers upon completion of the WWTP upgrade; the remaining abutters will connect within 15 years
 - 75% of abutters will be required to connect to new sewers in Pine Meadow and Cottage Street areas in the first year; the remaining abutters will connect within 15 years
 - Abutters in Johnnycake and Highland Ave areas will connect at a constant rate (3/year) over a period of 15 years
- Privately-financed sewer extension schedule:

Sewer Extension Area	Year Available	% Total Build-out	Build-out Period
Route 44 Corridor	2012	100%	8 years
Greenwoods Road	2016	100%	8 years
Greenwoods Industrial Park	2020	50%	12 years

- Total connections over planning period:
 - Half of the undeveloped lots on Johnnycake Lane and Highland Ave. will remain undeveloped during the planning period
 - Half of the potential age-restricted housing units in the Industrial Park will remain undeveloped during the planning period
 - Total connections = 85% of theoretical potential, as follows:

Areas to be Sewered/Connections Required	Possible Connections	Assumed Connections	Percent Assumed
Residences in Sewered Area	79	79	100%
Pine Meadow Area	100	100	100%
Cottage Street Area	46	46	100%
Johnny Cake/Highland Area	53	45	87%
Existing Area	76	76	100%
Greenwoods Road	210	210	100%
Greenwoods Industrial Park	200	100	50%
Total	764	656	85%

- Analysis does not account for commercial and industrial connection fees above the minimum (\$8,000)

**Summary of Proposed Plan to Help Offset the WWTP Debt
Using Water Pollution Control Authority Revenue
New Hartford, CT**

Summary of Analysis

- Over the long-run, the expansion of the sewer system would generate sufficient revenue to maintain and repair the water and sewer system infrastructure, assuming reasonable annual rate increases (5% for 6 years, 3.5% thereafter) and the availability of other revenue sources (e.g., State grants).
- Share of WWTP debt service:

Direct users		Total share/direct users: 61%
Existing direct users	19%	
New direct users (Existing development: 19%) (New development: 23%)	42%	
All taxpayers		Total share all taxpayers: 39%

- Approximate schedule of debt service:

Year	Projected Debt Service	Debt service from Base Rate	Debt service from Connection Fees	% Debt service from WPCA revenues	Remaining WWTP Debt Paid from GF
2011	\$407,789	\$83,600	\$33,600	29%	\$290,589
2012	\$407,789	\$83,600	\$131,600	53%	\$192,589
2013	\$407,789	\$83,600	\$131,600	53%	\$192,589
2014	\$407,789	\$83,600	\$151,200	58%	\$172,989
2015	\$407,789	\$83,600	\$151,200	58%	\$172,989
2016	\$407,789	\$83,600	\$298,480	94%	\$25,709
2017	\$407,789	\$83,600	\$300,160	94%	\$24,029
2018	\$407,789	\$83,600	\$302,960	95%	\$21,229
2019	\$407,789	\$83,600	\$284,480	90%	\$39,709
2020	\$407,789	\$83,600	\$299,600	94%	\$24,589
2021	\$407,789	\$83,600	\$270,480	87%	\$53,709
2022	\$407,789	\$83,600	\$232,960	78%	\$91,229
2023	\$407,789	\$83,600	\$237,440	79%	\$86,749
2024	\$407,789	\$83,600	\$87,920	42%	\$236,269
2025	\$407,789	\$83,600	\$81,200	40%	\$242,989
2026	\$407,789	\$83,600	\$84,560	41%	\$239,629
2027	\$407,789	\$83,600	\$90,160	43%	\$234,029
2028	\$407,789	\$83,600	\$89,600	42%	\$234,589
2029	\$407,789	\$0	\$89,040	22%	\$318,749
2030	\$407,789	\$0	\$86,800	21%	\$320,989

- The critical driver for the long-term financial sustainability of the sewer and water systems will be the rate at which new economic development occurs. Accelerating sewer expansion in residential areas will help control rate increases but will not affect the share of debt paid by direct vs. indirect users.
- New surcharges and rate increases on existing users will not fully address the current deficit in WPCA accounts. Other funding sources will be required to meet short-term needs. It is anticipated that in the future WPCA will be sufficiently solvent to service the debt on short-term borrowing required to address this situation.