

**New Hartford Water Pollution Control Authority  
TOWN OF NEW HARTFORD, CONNECTICUT  
REGULAR MEETING MINUTES  
Thursday, June 6, 2019 at 7:00 PM  
New Hartford Town Hall  
530 Main Street, New Hartford, Connecticut**

**PRESENT:** Chairman Denton Butler, David Douyard, Mary Beth Greenwood, Michael LeClaire, Wes Marsh, Polly Pobuda, and Joe Toro.

**ABSENT:** None.

Mr. Butler called the meeting to order at 7:00PM.

**1. AET SUB-COMMITTEE UPDATE & DISCUSSION WITH WPCA MEMBES:**

Mike Crawford from Aquarion Water Company joined the Board for a discussion regarding an update of the Asset Evaluation Team (AET) Subcommittee. Mr. Butler noted that there are still many issues with the possible sale of the Town's water assets to be defined and refined before any type of vote would be scheduled. Mr. Butler reminded board members that when he was a member of the Building Committee charged with the construction of the current wastewater treatment plant, he had reached out to various parties to share his concerns with the future affordability of the plant.

Mr. Butler noted that he had conversations with the State of Connecticut Department of Energy and Environmental Protection (DEEP), Office of Policy and Management (OPM), Connecticut Attorney General's Office, Public Utility Regulatory Authority (PURA), and the Department of Public Health (DPH). He noted that at the time, he had not reached out to the United States Department of Agriculture (USDA).

The Board had been provided with informational packets of the AET's analysis to date prior to this meeting.

Mr. Marsh questioned whether the transfer of permits and licenses that have been issued to the WPCA are transferrable to the potential purchaser, currently identified as Aquarion. Mr. Butler explained that there is no legislation allowing a private company to issue Orders to Connect which as a result, will require the WPCA to be involved in that activity as part of the public/private relationship between the two entities. Mr. Butler noted that a suggestion has been made to allow the WPCA to act as an ombudsman on issues relative to wastewater. He explained that all regulatory authority on clean water lay with PURA and DPH. Mr. Butler explained that there will also likely be an identified role of the WPCA of seeking out low-interest loans and grants in order to facilitate possible expansion in areas requiring sewer. Once the depreciation schedule on the Town's loans from USDA are worked out, Aquarion would likely act as an agent for WPCA. It remains to be worked out how long the WPCA would need to maintain that operational relationship necessary. Ms. Greenwood sought clarification as to whether the Town would continue to build out the sewer lines even after a sale of the wastewater and clean water assets are completed. Mr. Butler confirmed. First Selectman Dan Jerram noted that this is only one of the options, as further expansion may be undertaken by private developers.

Board members questioned why the Town would still be involved with the expansion of the system, in the form of seeking loans and/or grants, if they are selling the assets. Mr. Jerram explained that it would not be legal for Aquarion to seek line extensions merely for a business purpose. He noted that Orders to Connect may only be issued for environmental remediation. Mr. Butler noted that the AET has the same questions as they pursue to establish what will be given up and what will be retained.

Mr. Crawford pointed out that the distinction between wastewater and clean water is important in this review. He reported that Aquarion has 196K customers for drinking water. He noted that PURA has very specific requirements in expansion. He explained that PURA does not allow private water companies to invest millions of dollars in expansion and at the same time, subsidize that cost with customers residing in Fairfield County.

Regarding wastewater, Mr. Crawford reported that Aquarion has no customers within Connecticut. He explained that if the Town decides to seek expansion, PURA must review it. He noted that Aquarion's profit margins are fixed so extra revenue beyond that fixed margin will be returned to the existing customers. Ms. Greenwood questioned whether PURA regulates wastewater. Mr. Crawford confirmed.

The goal of protecting the Town's aquifer was discussed.

Ms. Greenwood questioned how it would be handled if Aquarion purchases the assets and the Town builds the sewer line. Mr. Crawford explained that Aquarion has offered a purchase price of \$8M for the assets but would not cover the estimated \$3.2M for extension of the line. He noted that Aquarion is proposing the Town building the line and owning the line until the sewer line is fully depreciated at which time the line would then be transferred. During the time that the sewers are being depreciated, Aquarion would be operating the system free of charge. Mr. Crawford provided additional details on the business model that is governed by PURA. He explained that revenues are weighted against actual costs and an allowed profit margin with what is left returning to users. Ms. Greenwood noted that there is no guarantee that rates will go down. Mr. Crawford agreed but noted that he believes the rates would go down if 106 users in Pine Meadow were added. With respect to how long it takes for the line to fully depreciate, Mr. Crawford indicated that it takes 50-60 years. However, he noted that during that time, Aquarion would be responsible for operating and maintaining the system.

Noting their experience with other public asset purchases, Mr. Crawford noted that different communities do different things with proceeds from sales. He explained that some use the funds to pay down pensions, new schools, or public works garages. Mr. Crawford noted that the pitch to USDA is that 100% of the proceeds will be allocated to helping the users. Mr. Jerram noted that the decision on how to allocate the funds rest with the Town which is why the AET is attempting to work on the proposal.

It was noted that an escrow agreement that pledges proceeds back to the system would be part of the deal.

Mr. Marsh questioned how a partnership with Aquarion might impact the Town's ability to receive grants in the future. Mr. Crawford indicated that communities have been able to receive grants. Mr. Butler referenced Executive Order 123-80, issued in 1998, that encourages investiture of water and wastewater systems to private ownership but would continue to support in the form of low-cost loans and grants to New Hartford.

Mr. Butler indicated that what is being discussed is the Town subsidizing rates in the interim period which will result in a benefit to the users of \$3 per \$1K reduction on sewer rate and \$1.50 per \$1K reduction.

The Board also discussed betterment assessments.

Ms. Greenwood questioned whether Aquarion has to apply for a new diversion permit. Mr. Butler indicated that they would but that it is not a big deal to have one reissued. She also questioned whether there has been discussion for plans to use any of the additional available capacity for clean water. Mr. Crawford reported that Aquarion has no plans to grow the system such as having a company like Nestle come to town with a bottling company. He noted that this is not something they are thinking about doing.

Ms. Greenwood questioned whether Aquarion will own the ESA. Mr. Jerram confirmed that they would own the ESA, which he reminded the group is the entirety of the town of New Hartford with two exceptions: the portion of where the public water line that goes into Harwinton and Burlington at the southwest corner of the town near Whitbeck Road and the area underneath the Nepaug Reservoir.

Regarding a timeline from USDA, Mr. Butler indicated that he does not have an updated timeline. He noted that they do not have a formal signed agreement with Aquarion but only have a letter of intent thus far.

## **2. BUDGET WORKSHOP - ADOPT BUDGET FOR 2019-20:**

**MOTION:** Ms. Pobuda, Mr. Marsh second, to adopt the 2019-20 draft budget, including capital projects, with the presented budget reflecting both with and without capital items; Motion passed with Mr. Butler, Mr. Douyard, Mr. Marsh, Ms. Pobuda, Mr. Toro voting aye while Mr. LeClaire was opposed.

After the aforementioned motion but prior to the vote, Ms. Greenwood reminded the Board that the budget as drafted proposes to fully fund capital projects and the additions as discussed at the last meeting result in a deficit of \$511,418.18. It was noted that should the budget be considered without the capital projects but including the debt service, the deficit is reduced to \$108,924.60.

## **3. APPROVE MINUTES MAY 2, 2019 MEETING:**

The May 2, 2019 Minutes should include the following changes:

The first paragraph that included the motion on adding Public Comment and reads, "...*Motion failed with Ms. Greenwood, Mr. Toro, and Mr. Douyard voting aye while Mr. LeClaire, Mr. Marsh, and Ms. Pobuda were opposed...*" should instead read "...*Motion failed with Ms. Greenwood, Mr. Toro, and Mr. Douyard voting aye and Mr. Butler, Mr. Marsh, and Ms. Pobuda were opposed while Mr. LeClaire abstained...*"

**MOTION:** Mr. LeClaire, Ms Pobuda second, to approve the May 2, 2019 Minutes as amended; unanimously approved.

## **4. MONTHLY FINANCIAL REVIEW:**

Reference was made to the Income Statement previously emailed to the Board by Town Administrative Assistant Jill Healey. Mr. Butler noted that no payments were made against the Town debt. He explained that as \$45K in debt service payments is due and will be withdrawn

automatically so until that happens, no additional payments on the town debt service would be made.

**5. OPERATIONS REPORTS - SEWER & WATER - AWC/TWC:**

The Board reviewed operations reports previously emailed to them from the Torrington Water Company and from Aquarion. Mr. Butler requested approval for an expenditure for the repairs and replacements referenced in the Aquarion report.

**MOTION:** Mr. Toro, Mr. Douyard second, to appropriate an expenditure of at least \$5500, but not to exceed \$7000, for repairs as indicated in the monthly report; unanimously approved.

**6. OTHER BUSINESS TO COME BEFORE THE WPCA:**

Mr. Butler reported that the application fees had been received from Dunkin.

**MOTION:** Mr. Douyard, Ms. Greenwood second, to adjourn at 8:38PM; unanimously approved.

**Respectfully submitted,**

**Pamela A. Colombie**  
**Recording Clerk**