

**WATER POLLUTION CONTROL AUTHORITY
SPECIAL MEETING MINUTES
THURSDAY, SEPTEMBER 5, 2013 – 7:30PM
NEW HARTFORD TOWN HALL – 530 MAIN STREET**

PRESENT: Chairman Robert Krzys, Steve Hanright, Kenneth Krohner, Michael LeClaire, Bill Michaud, David Rosengren; First Selectman Dan Jerram, Selectman Jack Casey; Jason Hofmann, The Water Planet; Julio Segarra, and associate, United Water.

ABSENT: Joe Nerney.

Chairman Robert Krzys called the meeting to order at 7:02PM. David Rosengren arrived to the meeting at 7:40PM. All regular members present were seated for the meeting. The proceedings were recorded digitally and copies are available at Town Hall.

1. APPROVAL OF MINUTES:

- A. August 26, 2013 public hearing.**
- B. August 26, 2013 special meeting.**

MOTION Mr. Michaud, second Mr. Hanright, to approve the minutes of both the August 26, 2013 public hearing and the August 26, 2013 special meeting as written; the motion carried 4-0-1 with Mr. LeClaire abstaining.

MOTION Mr. Krohner, second Mr. LeClaire, to amend the agenda to discuss items 7 and 8 before item 6, and to then continue with the agenda as written; unanimously approved.

2. OPPORTUNITY FOR PUBLIC COMMENT:

Neil Yates, Town resident, addressed the Commission to inquire how many users were in arrears on their water and/or sewer bills and how much money was currently owed to the Board. Mr. Krzys stated that there were approximately 48 residential and business accounts that currently owed money to the Board. The total amount outstanding was close to \$180,000; the amount over 120 days, the point at which an account is considered past due, was approximately \$127,000. Mr. Yates then asked how many users were on the system. Mr. Krzys explained that there were approximately 463 water customers and 270 sewer customers. Mr. Yates questioned whether the names of those past due were available to the public. Members of the Board stated that they believed this was available under the Freedom of Information Act.

Brian Zelasko addressed the Commission to inquire how many abutters there were to the sewer line, and how many were being ordered to connect. Mr. Krzys explained the regulations governing the issuance of Orders to Connect. He noted that Orders to Connect had never before been issued by the Board. While it was originally thought that 76 properties abutted the sewer line, this Board was only able to identify 31 abutters. Mr. Krzys explained that those 31 had been issued a Notice to Connect, and 16 had requested a deferral. The Board had not as yet made a decision regarding those deferral requests. None of the abutters had, as of yet, connected to the system.

Joe Toro, Main Street then addressed the Board stating that he had thought some properties with accounts in arrears had been liened; he questioned why this practice was no longer being implemented. Mr. Krzys stated that the Board had very rarely liened properties, and he explained the process by which a lien was placed on a property. He also explained that the Board was considering retaining an attorney to prepared the necessary paperwork and file all liens on the land records. Mr. Krzys explained that according to the Board's regulations, the Board could potentially lien any property with a water and/or sewer account at least \$500 past due for more than 120 days.

3. OPERATOR REPORT – THE WATER PLANET

Mr. Krzys informed the Board that Jason Hofmann from The Water Planet had emailed him his monthly report; he distributed copies to all Board members. Mr. Krzys noted that Mr. Hofmann's report stated that permit compliance had been maintained over the previous month. The average daily flow was 86,000 gallons, and total flow was 2.7 million gallons. The total amount of sludge removed from the treatment plant in August 2013 was 58,500 gallons. Mr. Hofmann's report stated that the plant had processed 237,950 gallons of domestic sewage from Russ's Septic Service in August 2013. Blake Equipment had switched out jet pump #2 with a spare pump onsite, and they had also replaced a portion of jet pump #1. There was also an alarm at the Greenwoods Pump Station due to a communication failure with the Prospect Street Pump Station. Total expenses for supplies during the month of August were \$1173.60.

4. CHANGE ORDER APPROVAL – PLANT UPGRADES:

Mr. Krzys informed those present that the construction of the wastewater treatment plant had cost \$455,000 less than projected. The Town had then requested and obtained approval from the USDA to use \$405,000 of the leftover grant funds for needed projects at the wastewater treatment plant. These included heat taping, computer upgrades, and modifications to the septage receiving tank and sludge tank. Mr. Krzys stated that both the heat taping and computer upgrade work had already begun and would be completed within the next 2 months.

He advised the Board that they had also recently submitted an additional change order request to use \$55,275 of the leftover grant funds to partially cover the grit tank, which would help reduce odor issues, and to create a turnaround area for sludge trucks. If this additional request was approved, only \$201.85 of the loan funds would have to be returned.

5. OPERATOR REPORT – UNITED WATER:

The Board reviewed the August 2013 water operator's report which had been emailed to all Board members. A total of 3.1 million gallons were produced during the month, with an average of 102,000 per day. All water quality testing was within required limits. There had been no low water pressure complaints during the month. There had been a water line break on a service lateral near the cemetery; however, that had been on the property owner's side of the line and the property owner made the necessary repairs. The transmitter pit had to be pumped out several times over the month. The chlorine chemical feed pump at Blackbridge Well was rebuilt. Meter reading and billing for the quarter would begin the week of September 16th.

The report also reviewed delinquent accounts. As of August 2012, \$65,000 was overdue greater than 120 days. As of August 2013, that number increased to \$127,000.

7. LIENS:

Mr. Krzys stated that the Town had informed the Board that they should consult with their attorney to draft a lien form. Once an approved lien form was available, the WPCA could formally vote at their meetings to place a lien on properties with overdue accounts. Mr. Krzys said that once the Board voted to place a lien, the Town would provide the clerical services necessary to type the lien forms, mail notices to property owners, and record liens on the land records. Mr. Krzys noted that there would likely be a per page fee to file liens on the land records. He said that he had contacted Murtha Cullina and a more local firm in order to get an estimate for the cost of preparing the lien form, and he anticipated speaking with them by the next Monday or Tuesday. Mr. Krzys said that he had also gotten a list earlier than day of 48 accounts that were currently in arrears.

8. BUDGET:

Mr. Krzys and Mr. Michaud briefly reviewed the budget for the Board. Mr. Krzys noted that the Board currently had \$158,000 in the bank, and they currently owed \$152,000 in outstanding invoices; one of the outstanding invoices was \$122,000 payable to the Town for the WPCA's portion of the debt service payment. Mr. Krzys noted that, if all invoices were paid, the Board would only have approximately \$5000 available until funds from the September billing were received. Mr. Krohner questioned whether it would be possible to postpone payment of the \$122,000 debt service payment until the end of September. The Board then discussed the invoice submitted to the Board by the Town for their portion of the debt service payment.

6. SETTING OF WATER AND SEWER RATES FOR 2013-2014, EFFECTIVE OCTOBER 1, 2013; DISCUSSION OF COMMENTS FROM PUBLIC HEARING:

Mr. Krzys noted that the 1.5% proposed rate increase would add \$60,000 for the next 9 months, and the calculations assumed the Board would pay back to the Town 10% of the \$130,000 the Board borrowed from the Town 5 years ago. Mr. Michaud then shared with the Board the results of research he had done into the issue of the Town referendum in which the 61%/39% split on the USDA loan payment had been approved. Mr. Michaud stated that, in determining how the loan would be repaid, four different groups were identified: 39% of the repayment would be made by the Town tax base; 18.4% would be made by the existing user base; 19% would be made by proceeds from sewer extensions in Pine Meadow and along Cottage Street; and 23.2% would be made by proceeds from sewer connections arising from economic development. Mr. Michaud noted that the estimates for sewer line extensions that were referenced as a part of this decision were 4 times less expensive than those given by engineers more recently; sewer line costs were high then, but were effectively impossible now. Additionally, the economic development that had been assumed as a part of this decision had never materialized. Because of all this, two of the four areas from which 42.2% of the loan repayment was anticipated to originate were now not currently viable, and somehow along the way this portion of the debt was then added to the 18.4% the existing user base was legitimately expected to pay.

Mr. Michaud also noted that, after the referendum had passed, the WPCA had obtained a \$3 million USDA grant due largely to the fact that the income level of the downtown area was below the Connecticut median income level. He said that the USDA loan was for the express purpose of helping the most financially needy in Town, however, it was not entirely doing so as the loan had been applied to the entire debt; the Town tax base was benefiting from a loan that was designed to assist those below the median income level. Mr. Michaud questioned whether this was ethical, and he recommended that the Board address with the Board of Finance and the Board of Selectmen whether or not they were truly responsible for the 42.2% of the loan repayment that was supposed to have come from sewer line extensions and economic development. He observed that most Towns invest in their downtown areas; however it did not appear New Hartford was willing to do this.

A resident in the audience then asked if the Board could put together information regarding the increase to nonusers' taxes if they agreed to assume a larger portion of the debt repayment. Members of the Board discussed that the increase in nonusers taxes would likely be approximately \$30. Board members discussed the impact on user rates if they only paid the 18.4% originally agreed to for existing users versus also paying a portion of the 42.2% originally assigned to sewer line extensions and economic development. He explained that all of these scenarios would positively impact rates and might even lead to a rate decrease. Mr. Rosengren noted that when sewer and water rates get too high, people would begin leaving the downtown area; a degraded downtown would eventually impact all Town residents' property values. Mr. Krzys suggested that the Board formally transmit this information to the Board of Finance and the Board of Selectmen. A member of the audience submitted to the Board a copy of a public information flyer distributed at the time of the referendum that detailed everything Mr. Michaud described.

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The Board then discussed this new information in light of the proposed 1.5% rate increase. Mr. Michaud stated that he did not believe the WPCA owed the Town \$120,000 for the debt service payment. He said that he did not believe the Town had made an adequate case that this amount was owed by existing users. Mr. Michaud stated that the existing users owed \$1.5 million for the construction of the wastewater treatment plant; the grant that the Board had obtained from the USDA more than offset that amount. Mr. LeClaire noted that while this should be discussed with the Board of Finance and the Board of Selectmen, the fact remained that the USDA loan repayment was due in September; the Board might have to make this payment and then reach an agreement with the Town at a later date. Mr. Hanright questioned whether action on the rates could be tabled to a later date. Mr. Krzys responded negatively, noting that the rates would still need to be set regardless of whether or not this debt service repayment issue was resolved.

MOTION Mr. LeClaire, second Mr. Rosengren, to refer new information to the Board of Selectmen and Board of Finance regarding the original plan for splitting the USDA loan repayment so as to make the split more equitable in accordance with the original understanding and to seek relief on the \$120,000 debt service payment that is currently the obligation of the sewer user base; unanimously approved.

MOTION Mr. Krohner, second Mr. Hanright, to implement a zero percent increase to sewer and water rates for Fiscal Year 2013-2014.

The Board then discussed the motion on the floor. Mr. Rosengren and Mr. Michaud spoke against a zero increase. Both stated that the Board needed to be prudent and plan adequately in case the \$120,000 debt service payment was not modified as the Board requested. They observed that the Board could always come back and reduce rates later if the debt service payment was satisfactorily modified. Additionally, Mr. Rosengren stated that he believed approving the 1.5% rate increase showed to other Town boards that the WPCA was making one last effort of good faith to act responsibly on this matter before it explored other options for addressing this issue.

Hearing no further discussion, the Board voted on the motion on the floor:

MOTION Mr. Krohner, second Mr. Hanright, to implement a zero percent increase to sewer and water rates for Fiscal Year 2013-2014; the motion failed 2-4-0 with Mr. Krzys, Mr. LeClaire, Mr. Michaud, and Mr. Rosengren voting in opposition.

Once this motion failed, Mr. Krzys asked whether any Board member wished to make a new motion.

MOTION Mr. Rosengren, second Mr. LeClaire, to implement a 1.5% increase to sewer and water rates for Fiscal Year 2013-2014 to be effective October 1, 2013 as posted in the legal notice; the motion carried 4-2-0 with Mr. Hanright and Mr. Krohner voting in opposition.

9. UPDATE ON ORDERS TO CONNECT:

Mr. Krzys informed the Board that he had spoken with their attorney regarding the number of deferral requests received in comparison to the total number of Notices to Connect issued. He said that he had asked about the possibility of implementing benefit assessments on those properties in lieu of Orders to Connect so that the Board could raise funds without having to potentially enforce the Orders to Connect in court. Mr. Krzys said that the attorney would have information for him within the next week.

10. OLD BUSINESS:

No business was discussed.

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11. EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSION RELATED TO CONTRACT NEGOTIATIONS FOR OPERATOR CONTRACTS FOR WATER AND SEWER OPERATIONS:

The Board entered executive session at 8:35PM for the purpose of discussing negotiations on both the water and sewer operator contracts. They came out of executive session at 8:59PM. No action was taken during the executive session.

12. ADJOURNMENT:

MOTION Mr Krohner, second Mr. Rosengren, to adjourn at 9:00PM; unanimously approved.

Respectfully submitted,

**Stacey M. Sefcik
Commission Clerk**