

**MINUTES OF THE TOWN OF CHESHIRE WATER POLLUTION CONTROL  
AUTHORITY PUBLIC HEARING HELD ON WEDNESDAY, OCTOBER 26, 2016 AT  
7:00 P.M. IN COUNCIL CHAMBERS, TOWN HALL, 85 SOUTH MAIN STREET,  
CHESHIRE CT 06410.**

Present

John Perrotti, Chairman; Matthew Bowman, Steve Carroll, Ken Cianci, Mark Kasinskas, James Sima. Absent: Tom Scannell  
Staff: Walter Gancarz, Town Engineer; Attorney Joseph B. Schwartz, Murtha & Cullina.  
Guest: Don Chelton, AECOM.

Public Hearing Subject Matter  
**2017 SEWER USE FEE**

Chairman Perrotti called the public hearing to order at 7:01 p.m.

Chairman Perrotti read the safety notice.

**1. PLEDGE OF ALLEGIANCE**

The Group Pledged Allegiance to the Flag

**2. ROLL CALL**

The clerk called the roll and a quorum was determined to be present.

**3. EXPLANATION OF HEARING PROCEDURE AND AGENDA**

**4. READING OF LEGAL NOTICE**

The Clerk read the legal notice into the record of the public hearing.

**5. PRESENTATION ON HEARING SUBJECT**

Chairman Perrotti stated that the public hearing will be focused on setting the sewer use fee for 2017. The proposal at the September WPCA meeting was setting a fee of \$400, and the matter would be open for discussion and decision.

Mr. Gancarz had submitted an analysis on fees at \$400, \$395, \$393, \$390, \$385. At \$400 sewer use fee with 4795 residential units there is \$1.98 revenue generated. At \$400 sewer use charge with 176 seniors with frozen rate, revenue is \$56,645; AT \$400 sewer use charge for commercial units based on water usage, revenue is \$631,414; and CCI (10 months of data & 2 months extrapolated data) revenue is \$771,910. Prison flows are down due to the dry year, and the plant has had record low flows. This totals \$3,377,970 revenue generated. In this year's budget it is estimated revenue from sewer user at \$3,376,622.

The budget includes generating an \$88,680 in the WPCA budget that is transferred to the debt reserve fund to \$810,000. In 2017 the surplus will change during the budget process and close on the construction line for the plant upgrades. The loan is \$25

million, with a one time interest payment of \$1.8 million to be paid in 2017. The Town Council wants participation from the WPCD reserve fund for this payment.

Setting the rate at \$395 there would be generation of a surplus of \$48,512 surplus.

On the last page the \$385 current rate is cited, and it will only generate total revenue of \$3,236,813, which is \$140,000 short of the revenue needed. This reduced revenue is due from the dry year and reduction in flows. Alexion Pharmaceuticals moved out of Cheshire and they paid about \$25,000 sewer bill and the town has lost this revenue.

Mr. Gancarz met with the Council Budget Committee last week, and discussed their proposed \$395 sewer use fee for 2017. He pointed out that there are methods to freeze rates, and senior citizens can apply based on income and age.

For the last few years, Mr. Perrotti said the sewer fee has increased each year.

There is a history of prior year sewer rates. 2016 - \$383; 2015 - \$380; 2014 - \$370; 2013 - \$355; 2012 - \$346; 2011 - \$335; 2010 - \$315; 2009 - \$315; 2008 - \$305.

According to Mr. Gancarz the "break even" number for the WPCD to cover what is needed is the \$390 rate generating revenue of \$3,295 million. We are trying to generate an extra \$88,000 income, and adding that on we end up with \$3,382 million.

In looking at the extra interest payment of \$1.8 million, Mr. Perrotti calculated it would cost \$295 for each household sewer user on top of the user fee. For surplus income the rate of \$400 generates surplus of \$80,000; \$395 generates \$41,512; \$393 generates \$32,000.

Mr. Bowman cited his concern about increases in the rate in the last 5 years as a substantial percentage increase.

Mr. Kasinskas noted that since 2008 there is almost a 25% increase in the rates, and this is a lot.

Mr. Bowman said we are running a factory operating at 50% capacity, and if capacity increases the costs will increase.

It was stated by Mr. Gancarz that is correct, and going up. The restricted fund balance in 2008 was \$1,014,199. At rates of \$305 and \$315 rates, by 2010 this balance was down to \$429,803. There was siphoning money out of the restricted fund and the rate increases were not generating enough income. The current fund balance is \$741,437.

Mr. Kasinskas commented on another approach to consider being consistent with cost saving measures to reduce operating costs.

Cost savings measures should be looked at to reduce costs and improve efficiency, and Mr. Perrotti commented on the Superintendent and staff doing this right now. They have undertaken some of the upgrades at the pumps with town crews, new chemicals, new processes, and increased load.

Over 5 years, 2012 at \$345 to 2016 \$395, is a \$50 increase of 14.5%. Mr. Gancarz stated that by next month there will be discussion about having solar at the plant and this will reduce electric rates for the power generated and reduce bills.

The concept of rates being charged on a two-year basis was raised by Mr. Cianci, who said there is not enough income generated on a 12 month basis. This would send a message of trying to keep things under control.

Mr. Perrotti talked about setting the rate at \$395 with a fair amount of confidence it would not increase next year.

The budget is an annual process and Mr. Gancarz said we would not know the amount of revenue to generate for next year until adoption of the budget in April. The idea of setting a rate for 2 years is not binding, but is a good goal.

The issue is that the fund balance is going down and Mr. Bowman said Town Council is looking to get into the fund and, in time, the balance will be taken. He has heard that Council will be using some CRRA money.

Mr. Gancarz restated that the interest on the loan is \$1.8 million, and there is only \$721,000 in the account. The Council's intention is not to wipe out this account, but taking \$100,000 to \$150,000.

With regard to the CCI court case, Mr. Gancarz advised it is set for January 2017. The Council adopted \$150,000 designation from the clean water debt service towards the construction loan.

The Authority members discussed going to \$400 at this time; at \$395 what is required can be done; going to the concept of a two year basis; and the possibility of something coming up in 2017.

Mr. Gancarz said we do not know what the WPCD budget will be until April 2017, and how much revenue will be generated. 40% of the revenue comes from commercial and CCI users. We will not know water usage until the end of next September. A change in water usage could result in a shortfall, or high usage could generate more income.

It was stated by Mr. Bowman that with commercial flows, a lot of the money generated is based on meter rates. We have to understand if water restrictions go into effect these numbers will fall off.

Mr. Perrotti commented on Alexion's \$25,000 revenue and this is 4% of revenue gone. We have a recommended number on which the members can agree for the user fee.

Mr. Bowman agreed with a \$400 fee due to problems in Connecticut's water situation and we could see a decrease in revenue.

Mr. Cianci said the \$400 rate makes sense.

Mr. Kasinskas said the jump to \$400 is tough for him to agree to, but he sees the possibility of current conditions continuing. Another company could leave town which would offset revenue. He is willing to push past the break even so there is some buffer should things get bad, having some surplus if needed.

Stating his personal opinion, Mr. Perrotti would like to see the rate set under \$400. \$395 generates \$48,000 and \$393 generates \$38,000.

The construction loan due for the plant next year is \$1.8 million, and Mr. Gancarz said the Council anticipates taking \$150,000 from the restoration fund balance. They are trying to get the balance up to \$810,117, and taking away the \$150,000 the balance would be \$660,000. This is why WPCD is trying to generate the additional \$88,860.

Mr. Sima said with the amount of money incurred on the entire people in Cheshire using the system or who don't use the system, it is only fair the rate payers bear some of the costs for the upgrade. If we go to \$395 we are staying even and going down over a period of time. He said we will not be able to hold that rate and next year will ask for another \$5 to increase the rate to \$400. This rate can be held for a longer period of time. Mr. Sima supports the \$400 rate.

Mr. Perrotti and Mr. Kasinskas prefer a rate under \$400, i.e. \$399.

Mr. Carroll talked about the history of coming back each year requiring a small increase in the user rate fee. He is not sure raising the fee this year and hold next year is consistent with what has been done. He has no problem with \$395 this year and \$400 next year, but is sympathetic to the cost which the Authority must bear. This dictates the user fee covering the operating costs and debt of the plant upgrade.

Mr. Bowman noted there will be no surplus generated, as it will go into the fund balance this year. Whatever is generated in surplus will still require dipping into the surplus by \$60,000 according to Council recommendations. There will be no additional revenue with the \$400 rate, but it is fiscally prudent to support the \$400 rate.

Mr. Perrotti agreed to supporting the \$400 rate.

For the purpose of moving the matter ahead, Mr. Kasinskas will support the \$400 rate.

Mr. Sima cited the fact that we keep getting hit at the treatment plan with State regulations. It becomes something with bedroom communities getting hit harder than other communities. Going to the \$400 rate is what it costs to operate the plant.

Cheshire has been the proving ground for phosphorous reduction and Mr. Perrotti said in the future things will not subside.

**6. QUESTIONS AT THE DISCRETION OF THE CHAIR.**

**7. PROPONENTS AND OPPONENTS STATEMENTS ALTERNATELY EXPRESSED.**

**8. REBUTTAL AT THE DISCRETION OF THE CHAIR.**

**9. ADJOURNMENT**

Chairman Perrotti adjourned the public hearing at 7:35 p.m.

Attest:

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Marilyn W. Milton, Clerk