

**TOWN OF WINDSOR LOCKS
WATER POLLUTION CONTROL AUTHORITY
REGULAR MONTHLY MEETING
TUESDAY, APRIL 8, 2014**

MEMBERS PRESENT: Steven N. Wawruck, Jr., Denise Balboni, Robert Crochetiere, Dennis Gragnolati, Gary Laurito and Michael Russo

MEMBERS ABSENT: William Hamel and Jeffrey Ives
Dana Steele, Town Engineer, Ex Officio

ALSO PRESENT: Scott C. Lappen, Director of Public Works, Ex Officio
Gary Kuczarski, Superintendent
Heather Kane, Recording Secretary
Paul Dombrowski, Woodard & Curran
Toby Fedder, Woodard & Curran
Linda Quagliaroli, Business owner, 11B Northgate Drive

CALL TO ORDER: At 5:31 p.m., Steven N. Wawruck, Jr. called the meeting to order.

Michael Russo made a motion: **TO MOVE AGENDA ITEM B UNDER CORRESPONDENCE UP TO THE NEXT ITEM OF BUSINESS ON THE AGENDA** – Seconded by Dennis Gragnolati. Without further discussion, the motion passed unanimously.

CORRESPONDENCE:

- b. Appeal – 11B Northgate Drive, Windsor Locks:** Linda Quagliaroli wrote to the Authority on March 1, 2014 regarding the large volume of water used one quarter due to the watering of landscaped plants that were planted the previous fall. She is appealing the sewer bill because the bill is based on water used for irrigation. Ms. Quagliaroli stated that instead of drawing water from the well for irrigation purposes they had unknowingly drawn it from the Connecticut Water Company (CWC) because an installed switch was in the wrong position. With only one toilet and one sink at that location, it is unlikely that all that water went down the sewers according to Ms. Quagliaroli's letter. This appeal was denied last September by the Authority but she is appealing the WPCA's previous ruling. Mr. Wawruck wanted to bring it back to the WPCA because there is no process in place for appealing a WPCA ruling. Gary Laurito shared that the original appeal was denied because there was no way for the WPCA to verify the usage that went to irrigation (compared to the usage that went down the sewers) without a meter on that separate irrigation line. Mr. Wawruck stated the WPCA's past practice has been if an irrigation line was not separately metered then it was assumed that the water went down the sewer lines. Denise Balboni stated that the Authority could look at what the water usage has historically been at this property and accept the explanation that the large volume of water usage was due to the irrigation of these newly planted trees. Mr. Russo shared that he had rented this location previously and that he always paid the minimum charge for the ten years he rented it. Mr. Crochetiere stated that he has watered landscaping plants for 8 years but has never appealed his bill. Mr. Wawruck shared that the WPCA eliminates the highest quarter of usage, averages out the three lowest quarters and multiplies that average by four to determine the annual consumption figure used in calculating a residential property's sewer use charge whereas no adjustment is made to the consumption for commercial properties. Ms. Balboni stated that the Authority has made some exceptions in the past when they've proved that the water did not go down the sewer line. Mr. Wawruck and Ms. Balboni feel that it is clearly evident that this water did not go down the sewer. This business has remedied the situation by using water now from a separately metered line (the fire hydrant by the road) for irrigation. The current sewer use charge for this property is \$1815.36 while the minimum commercial charge is \$487.94. Mr. Laurito restated that the initial appeal was denied because there was no meter on the irrigation water

system so there was no way to verify the usage that went to irrigation. The standard practice has been without a separate meter on the irrigation line the Authority has not approved the appeal. Mr. Gragnolati calculated that about 1800 feet of vegetation was being watered.

Dennis Gragnolati made a motion: **TO REDUCE THE SEWER USER FEE FOR EVERGREEN TREE SERVICE FOR THE TIME PERIOD DELINEATED IN THE LETTER TO THE MINIMUM COMMERCIAL CHARGE** – Seconded by Denise Balboni. Without further discussion, the motion passed with 4 in favor (Steven N. Wawruck, Jr., Denise Balboni, Dennis Gragnolati and Michael Russo) and 2 opposed (Gary Laurito and Robert Crochetiere).

Linda Quagliaroli thanked the Authority and left the meeting at 5:43 p.m. .

MINUTES: March 11, 2014 Regular Monthly Meeting: Denise Balboni made a motion: **TO APPROVE THE MINUTES FOR THE MEETING OF MARCH 11, 2014** – Seconded by Dennis Gragnolati. Without further discussion, the motion passed 3-0 with three abstentions for Steven N. Wawruck, Jr., Gary Laurito and Michael Russo.

PUBLIC INPUT: None

FINANCIAL REPORTS:

- a. **March 2014 Cash Reports:** Gary Laurito made a motion: **TO APPROVE THE FINANCIAL REPORTS** – Seconded by Denise Balboni. Without further discussion, the motion passed unanimously.
- b. **CD Investments – update and changes:** Please see item (a) under Financial Reports for the related motion.
- c. **Quarterly Reports:** Please see item (a) under Financial Reports for the related motion.
- d. **Delinquent Accounts – update:** This item was tabled until next month's meeting.

CORRESPONDENCE:

- a. **National League of Cities (NLC) – Service Line Warranty:** This program was brought to Mr. Wawruck's attention by the Town of Enfield, who is offering this program to their residents. Mr. Kuczarski researched the program and found its' coverage to be more extensive than what the CWC offers in their Linebacker program. Mr. Kuczarski contacted two references provided by NLC and both have had no issues at all. Neither place contacted had the option of the Linebacker program. One reference in Minnesota was similar to Windsor Locks in population and in the homeowners' responsibility for the lateral up to the main line. The Service Line Warranty covers the lateral up to the main line while the Linebacker program only covers the lateral up to the property line which leaves homeowners in the lurch between the property line and the main itself. Cost of repairs between the property line and the main can be exorbitant and the Service Line Warranty would help defray some of those costs. After researching it, Mr. Kuczarski and Mr. Lappen felt this program to be worthy and that is why Mr. Wawruck brought it to the Authority's attention and will be looking for action on it next month. The NLC would like to use the Town's logo on the mailings that they will send out to residents. It is similar to other programs adopted under the Town's umbrella. This will give residents the option to choose between Service Line Warranty and the Linebacker program. If anyone would like to have a representative from NLC here at the next meeting, it could be arranged.

OLD BUSINESS:

- a. **Woodard & Curran – Draft Rate Study:** The draft memo was handed out to the Authority at the meeting. In drafting this memo, Paul Dombrowski and Toby Fedder looked at the WPCA's revenues and units sold, developed a capital improvements plan for the next 5 - 7 years, calculated proposed rates for escalating operating costs, looked at alternate minimum rates especially for the commercial users, and explored some financial options to fund the capital improvements plan. The proposed rates noted in the draft memo are similar to the rates that Mr. Kuczarski came up with even though the figures were arrived at by two different means. They propose a little more than a 7% increase in the rate. Since the existing debt service runs 8 more

years until 2022, Woodard and Curran ran the rate study for the next 8 years instead of the next 5 years.

The first item in the draft memo is the revenue assessment. As a utility, the WPCA has a very straight forward revenue picture with the vast majority of revenue coming directly from volumetric rates. With the current rate structure, the WPCA can expect to raise 95-96% of its revenue on a yearly basis purely on volumetric rates including the minimum charges. Over the long term, the WPCA may want to consider moving to more fixed charges where there is a fixed quarterly charge associated with each property with usage fees based on consumption added on top of that fixed charge. Such a change is not recommended right now, because more changes done at the same time often cause more confusion for property owners. In the draft memo, Mr. Dombrowski and Mr. Fedder have maintained the existing rate structure. When setting multi-year rates, operational budgets and capital budgets need to be projected for that time period. The memo states how these budgets were projected. The capital costs are a blend of line item appropriations and debt service. The proposed operating budgets, the proposed capital line item appropriations, and the WPCA's existing debt service are distinctly separated from the proposed capital investment plan to show the impact the proposed capital plan will have on the rates. Overall revenue requirement is the money the WPCA should expect they will need to raise in order to break even. Historically, the WPCA has used an inflated figure for the assumed consumption to set the rates. This artificially depresses the rates from where they should be to break even. Mr. Dombrowski and Mr. Fedder have adjusted the assumed consumption value from 388,000 units (the figure used by the WPCA) down to 355,961 units which is directly supported by the last three years of consumption. Mr. Fedder did originally look at five years of consumption data (which raises that number a little bit) but the problem with using five years is that the units are continually decreasing due to conservation efforts. The shorter period, as long as there was not a large anomaly within the three year period, is more conservative in funding operations. They projected where the rates should be set for the next eight years. The memo does have a FY2014 rate, which is the rate Mr. Fedder would have recommended to the WPCA based on the lower consumption figure. This rate is substantially higher than the current rate (\$5.16 opposed to \$4.88). With the amount of capitals projects that need to be funded over the next eight years, even with conservative budgetary assumptions, the proposed volumetric rate will reach \$7.62 in FY 2022. About 15% of the increase is due to inflation; most of the increase is directly related to the capital plan.

Under Other Considerations in the memo are two items. The first item is that the Clean Water Fund has decided to begin giving grants on pump station projects. That program is funded right now for the next two fiscal years on a first come first serve basis. The Halfway House Pump Station project is currently planned for one year outside the funded program. The two major capital projects on the CIP, the rehabilitation of the Dexter's Pump Station and the substantial renovation or replacement of the Halfway House Pump Station, would both be eligible for this 20% grant 80% loan program from the State of Connecticut which will reduce the overall debt service that the WPCA would need to take on by about .5 million dollars. This would result in a savings of about \$30,000 a year on the budget or a decrease of \$0.085 to \$0.09 off the volumetric rate. If the two projects are fast tracked to get the State program funding, that \$0.08 to \$0.09 savings will not go into effect until the WPCA starts paying on that debt service. In order to keep the accrual of debt service the same as outlined in the memo, the CIP can be reconfigured to move the pump station projects up to next fiscal year and other projects, such as the clarifier upgrades, back a year or two. It would be best to get the necessary documents together as soon as possible so they can be sent to the State within the first few months of FY2015. Mr. Kuczarski will rearrange the CIP for the Authority to review at next month's meeting. The second item is understanding the impact of alternate minimums specifically regarding the commercial minimum charge. The current minimum commercial charge correlates to a minimum usage of about 25,000 gallons/quarter. Mr. Dombrowski and Mr. Fedder looked at reducing the minimum usage to either 20,000 or 15,000 gallons/quarter. Based on prior years' consumption data, each of those increments would increase the volumetric rates by \$0.05. Lowering the minimum usage for commercial properties will lower the three year consumption average which in turn will increase the volumetric rate. Mr. Fedder had the rate model at the meeting so he could take any questions and change the numbers in the rate model to see what the impact

would be. Some towns set rates according to the meter size but Windsor Locks does not have meter size data to use in setting rates. Mr. Fedder stated that the WPCA's way of setting rates is very reasonable and fair. The only issue Mr. Fedder had was with the use of a higher assumed consumption figure. Mr. Fedder recommended not using the reserve fund to reduce the rate. He suggested that the WPCA only consider using the reserve funds in this manner at the end of the next five to six years when the WPCA's infrastructure is substantially less vulnerable to failure.

- b. **Dexter's Pump Station – Clean Water Fund Availability:** Please see item (a) under Old Business for related notes.

NEW BUSINESS:

- a. **FY14-15 Budget Discussion:** A budget packet was handed out to the Authority at the meeting. There is a proposed reduction in the overall budget of 4%. On the last page of the packet, there is an increase in rate by 7% due to the use of the new assumed consumption figure based on the average of the past three years. The last page notes a collection rate of 93% but eventually the WPCA does collect it all. In a community that has consistent lien practices, Mr. Fedder does not account for the lien revenue in the rate setting. Mr. Kuczarski does though count for revenues other than current volumetric rate and then assumes a 93% collection rate. Mr. Fedder has examined the rate calculation sheet that Mr. Kuczarski uses and he understands the math and logic used and they are fine. Mr. Kuczarski and Mr. Fedder arrived at a very similar rate with only a \$0.03/unit discrepancy.

Mr. Fedder left the meeting at 6:23 p.m..

The Capital sheet, if the WPCA decides to go ahead and speed up the Halfway House project, would need some changes. Mr. Kuczarski could reduce the amount that is proposed for flow monitoring at Dexter's in order to add the engineering evaluation funds for the Halfway House Pump Station project while keeping the final number the same. The total cost for both projects is \$2.37 million with a 20 year payback. Once the State allocates the WPCA the money, the WPCA must actively start the project within this two year window. The WPCA can either do one at a time or do them both at the same time. The Authority may get a better price from contractors if the projects are done together. Combining these two projects together will not impact the rate any more than what is already noted in the budget sheets. The WPCA does have the flexibility to move some of the capital projects out a year or two without affecting performance at the Plant. Most WPCAs have to get the bonding capacity through the town but with the commitment that the WPCA would be paying the debt service to the town. There was a question as to how the WPCA received bonding in the past. The Authority agreed that these projects need to be fast tracked. Mr. Dombrowski stated it would be beneficial if the Authority could consider at their next meeting to authorize Woodard & Curran to go ahead and proceed with the work with an agreement that Woodard & Curran would not bill the WPCA until next fiscal year (as this is to use next fiscal year's money). This would move the process along with DEEP. The DEEP public hearing is not until next Tuesday and it won't be finalized for at least a few weeks after that. Currently, there is no increase in salaries on the budget spreadsheet because of negotiations.

- b. **Procedures regarding delinquent accounts – payment plans:** Attorney Scott Storms requested that the WPCA work with people who are delinquent through establishing payment plans. The WPCA's policy has been that property owners can certainly make payments though interest and lien fees will continue to accrue. Payments slow the foreclosure process down as long as they are making substantial headway to paying off the debt but the WPCA does not enter into any formal payment plan. Ms. Balboni stated that the WPCA is paying the Attorney to do the collection process and that this will end up being a lot more work for the staff. Ms. Balboni suggests leaving it the way it is and let the attorney to do it. Mr. Wawruck will brooch this subject with Attorney Storms to see what the rational is to put the burden of setting up a collection schedule on the WPCA staff. Mr. Wawruck does not advocate payment plans as they just create more headaches. The WPCA does not want to get into accepting payment plans. The WPCA will get paid eventually anyway. For future reference, there is nothing Mr. Wawruck can do to reduce

the fees that have already incurred so the staff should not send any questions to Mr. Wawruck's office as he will not act solely on behalf of the board.

The State Statutes state that tax collectors cannot accept a partial payment less than the total interest accrued on the account. Mrs. Kane talked to Attorney Storms about this law and he stated that the collector of sewer user charges are not required to follow this law since the law states that a sewer use charge collector "may" follow the law regarding the collection of property taxes. Mr. Wawruck stated this discussion needs to take place at a staff level with the WPCA Attorney and possibly use the best practice from the tax collector's office or the statutes themselves so that the "mays" can be taken out of it and the WPCA only uses the "shalls".

ADJOURNMENT: At 7:00 p.m., with no other business to discuss, Denise Balboni made a motion: **TO ADJOURN THE MEETING** – Seconded by Michael Russo. Without further discussion, the motion passed unanimously.

Respectfully submitted,

Heather Kane
Recording Secretary