

**EAST LYME WATER & SEWER COMMISSION
SPECIAL MEETING MINUTES
Tuesday, OCTOBER 9th, 2018**

PRESENT: Mark Nickerson, Chairman, David Bond, David Jacques, David Murphy, Joe Mingo, Carol Russell, Roger Spencer. Dave Zoller

ALSO PRESENT: Joe Bragaw, Public Works Director
Brad Kargl, Utility Engineer
Anna Johnson, Finance Director

ABSENT: Steve DiGiovanna

FILED IN EAST LYME
CONNECTICUT
OCT 15 2018 AT 10:23 AM
Franklin H. ...
EAST LYME TOWN CLERK

1. Call to Order

Chairman Nickerson called this Special Meeting of the Water & Sewer Commission to order at 6 PM.

2. Update on Route 156 Paving/Utility Adjustments and Possible Action

Mr. Kargl updated that they had found more areas needing attention prior to the DOT paving being done. He asked B & L to take care of five (5) water valve boxes. He said that they had money left from the other work that was done and it would still come in under the dollars that they had initially authorized however he would like them to motion this work to fall under that original scope of work.

****MOTION (1)**

Mr. Bond moved to authorize up to \$53,000 from the Water Construction Fund for water valve replacement and other water utility adjustment work on Route 156 associated with the road re-surfacing project.

Mr. Murphy seconded the motion.

Vote: 8 – 0 – 0. Motion passed.

Mr. Bond asked about the damage that is being done to the cars and whose responsibility that was. Mr. Bragaw said that it is the responsibility of the DOT.

3. Discussion of Proposed Town Purchasing Policy

Mr. Nickerson noted that the Town Finance Board is working on a purchasing policy that the Board of Selectmen is reviewing subject to adoption. This policy does not apply to Water & Sewer however that is not to say that Water & Sewer shouldn't review it to see if they might wish to incorporate some of the items for their own policy.

4. Discussion of Proposed Water and Sewer Rates and Possible Action

▪ **Sewer Rates**

Mr. Bragaw reviewed the sewer rates information noting that the budget is on-going however he anticipates a zero (0) percent or no increase in the sewer rates for the upcoming year. He said that he also checked with Attorney O'Connell regarding this and was told that they would not have to advertise the rates as they are not changing them. They obviously also would not hold any Public Hearing on the Sewer rates because they are not changing.

Mr. Murphy asked about using some of the Sewer dollars to fund the meters and what the breakdown would be with regard to meter and labor costs.

Mr. Bragaw said that there is some \$80,500 in New Services/Projects that will go forward each year for the meters. He recalled to them that they had discussed previously that Water does all the work/readings, etc and that Sewer benefits totally from these billing figures so it is equitable for them to put some towards the new meters. He said that he does not have an exact number that is the cost of the meters vs. labor.

Mr. Bond noted that the total is \$161,000 so half is the \$80,500. The other half is on the Water side.

▪ **Water Rates**

Mr. Bragaw updated that they are targeting planning on having the new person that will work with Mr. Kargl starting in mid-November. He said that he is proposing a 3.5% increase in the water rates plus the meter fee of \$25/year charged at \$12.50/billing period. He said that the fee that the State has imposed on them comes out to be around \$1 or \$2 per water customer and they could assess it at this time or figure it with the increase.

The Commissioners were concerned that when the State raises it that they would have to put the fee in and pass it on to the customers so it would be prudent to have it there now as a separate line item.

Mr. Mingo asked about the 700 people that we have to chase and don't get payment from for the water that they use.

Mr. Bragaw said that they have been seeing some results on that and that they have been shutting people off for lack of payment and will continue to do so.

Ms. Russell asked about sprinkler fees noting that the Town of Groton has a fee based on connection size and asked if that is something that they should be looking at.

Mr. Bragaw said that it is not much different from our \$210 fee.

Ms. Russell passed out a paper on the hydrant fees over time and said that the 850 public hydrants in Town are not paying enough.

Mr. Nickerson noted that it is not an agenda item.

****MOTION (2)**

Ms. Russell moved to change the rates to charge \$55/hydrant in the next fiscal year.

Mr. Mingo seconded the motion for discussion.

Mr. Bond said that if they go down that path then they also get into what Water & Sewer uses of the Town facilities but does not pay for.

Mr. Mingo said that they sell water and should be paid for it.

Ms. Russell said that it is still a discount at \$55.

Mr. Zoller asked that they call the motion.

Mr. Nickerson called for a vote on the motion.

Vote: 2 – 6 – 0. Motion failed.

For: Ms. Russell, Mr. Mingo

Mr. Bragaw said that they are proposing a 3.5% increase across the board; plus the State increase and the meter fee charge of \$25.

Ms. Russell said that she thinks that the State surcharge should be reflected on the bill separately as it is from the State and that the meter service fee should also be listed separately.

****MOTION (3)**

Mr. Murphy moved to approve the proposed 3.5% water rate increase along with the separate State and Meter Fee charge listings as recommended by staff for presentation at Public Hearing.

Ms. Russell seconded the motion.

Vote: 8 – 0 – 0. Motion passed.

****MOTION (4)**

Mr. Murphy moved to accept the Sewer rates with no increase for next year as proposed.

Mr. Bond seconded the motion.

Vote: 8 – 0 – 0.

5. ADJOURNMENT

Mr. Nickerson called for a motion to adjourn.

****MOTION (5)**

Mr. Bond moved to adjourn the October 9, 2017 Special Meeting of the Water & Sewer Commission at 7:14 PM.

Mr. Spencer seconded the motion.

Vote: 8 – 0 – 0. Motion passed.

Respectfully submitted,

**Karen Zmitruk,
Recording Secretary**

East Lyme Water and Sewer Commission

Water

Analysis of Proposed Water Rates (3.5% increase)

Six Month Billing Period

10/23/2018

3.5%

Use Category	Gallons	Existing Rates (per 1000 gal)	Charge	Prop Rates (3.5% Incr.) (per 1000 gal)	Charge	Difference
1 Low User	3,500	\$60.74				
10,000 gal/6 mn	10,000	\$4.47	\$89.80	\$75.37	\$105.44	\$15.64
2 Medium User	3,500	\$60.74				
40,000 gal/6 mn	40,000	\$4.47	\$223.90	\$4.63	\$244.23	\$20.34
3 High User	3,500	\$60.74				
150,000 gal/6 mn	150,000	\$4.94	\$784.45	\$5.11	\$824.41	\$39.96
4 Very High User	3,500	\$60.74				
1,000,000 gal/6 mn	1,000,000	\$5.39	\$5,431.88	\$5.58	\$5,634.49	\$202.62
5 Highest Users	3,500	\$60.74				
2,500,000 gal/6 mn	2,500,000	\$6.50	\$16,287.99	\$6.73	\$16,870.57	\$582.58

Attachment WWS Spec. Mtg. 10/9/18

October 9, 2018

To: East Lyme Water & Sewer Commission

Fr: Carol Russell

Re: Is the Town Annual Public Fire Hydrant Payment an Adequate Approach to Properly Support the Fire Protection Role of our Water System?

BACKGROUND

The Town's annual fire hydrant payment is intended to support the costs of direct hydrant maintenance (painting, repair, flushing, testing, etc.) and the system-wide infrastructure maintenance necessary to insure adequate water flow/pressure to fight fires. My understanding is that this payment originally was based on a set fee per public fire hydrant, which at one time was \$150/hydrant. At some point (perhaps as the number of public fire hydrants increased?), the Commission allowed the Town to diverge from a per hydrant fee to a negotiated annual payment. In fiscal years 1998 and 1999 this payment was \$74,708 per annum. The number of public hydrants then was approximately 700 to 720, representing a range in the estimated charge per hydrant of about \$107 to \$103, respectively. In FY 2000 the Water and Sewer Commission dramatically reduced the required payment for public fire hydrants to a flat annual rate of \$12,000. My understanding is the Water operating budget at that time was considered to be in excellent shape with strong cash reserves.

From FY 2000 thru FY 2011 the annual Town payment for fire hydrants remained flat at \$12,000. During that time the number of public fire hydrants increased to approximately 800, and the Water operating budget became leaner and leaner. Since 2009 user water rates have increased more than 30% and a 4% increase is projected for the current year. Unfortunately, it turns out when the Commission reduced the Town's hydrant fees so significantly in FY 2000, it had essentially marginalized the second most important revenue source to support the Water operating budget.

From FY 2000 thru FY 2015 the operating budget lost \$990,067 in revenue due to the reduced Town hydrant fee payments. An additional \$172,328 in combined revenue losses for FY's 2016, 2017, 2018, and 2019 has also occurred because of the reduction, so that the total revenue loss is now over one million dollars.

Since FY 2012 we have been working with the Town via 10% increases (one year it was more) to gradually bring the annual payment back to the FY 1999 annual payment level of **\$74,708**. The Town's current annual hydrant payment is **\$39,180**, still well below the 1999 level. The number of public hydrants is now 850, which calculates to a per hydrant charge of approximately \$46.09.

PROPOSAL*

The annual hydrant payment from the Town should once again be based on a fee per public fire hydrant set by the Commission. Through FY 19 this fee should be consistent with the current Town budget (see above). However, effective July 1, 2019 this fee should be set to one of the following rates, as determined by the Commission:

Proposed Fee per Public Hydrant	FY 20 Annual Payment (based on 850 hydrants)	Increase of
\$51	\$43,350	\$4,170
<u>\$55</u>	<u>\$46,750</u>	\$7,570
\$60	\$51,000	\$11,820
\$65	\$55,250	\$16,070
\$70	\$59,500	\$20,320
\$75	\$63,750	\$24,570
\$80	\$68,000	\$28,820

*Town retains a discount. All projected annual payments for FY 20 remain below the FY 1999 level.

Submitted was 10/9/18