

**EAST LYME WATER & SEWER COMMISSION
REGULAR MEETING
Tuesday, DECEMBER 9th, 2014
MINUTES**

The East Lyme Water & Sewer Commission held a Regular Meeting on Tuesday, December 9, 2014 at the East Lyme Town Hall, 108 Pennsylvania Avenue, Niantic, CT. Chairman Formica called the Regular Meeting to order at 7:05 PM.

PRESENT: Paul Formica, Chairman, Dave Bond, Steve DiGiovanna, Dave Murphy, Joe Mingo, Carol Russell, Roger Spencer

ALSO PRESENT: Attorney Edward O'Connell, Town Counsel
Joe Bragaw, Public Works Director
Brad Kargl, Municipal Utility Engineer
Anna Johnson, Finance Director
Mark Nickerson, Ex-Officio, Board of Selectmen

FILED IN EAST LYME
CONNECTICUT
Dec 15 2014 AT 2:30 AM PM
Carin Falco, AT
EAST LYME TOWN CLERK

ABSENT: Dave Zoller

1. Call to Order

Chairman Formica called the Regular Meeting of the East Lyme Water & Sewer Commission to order at 7:05 PM and led the assembly in the Pledge of Allegiance.

2. Approval of Minutes

▪ **Regular Meeting Minutes – November 18, 2014**

Mr. Formica called for a motion or any discussion or corrections to the Regular Meeting Minutes of November 18, 2014.

****MOTION (1)**

Mr. DiGiovanna moved to approve the Regular Meeting Minutes of November 18, 2014 as presented.

Mr. Mingo seconded the motion.

Mr. Mingo noted for clarification that he had done further research after the previous meeting and had found that the Town charter actually does not state that they operate under Roberts rules of Order and that the Board of Ed is the only one that states that they do.

Vote: 6 – 0 – 1. Motion passed.

Abstained: Mr. Formica

3. Delegations

Mr. Formica called for delegations.
There were no delegations.

4. Billing Adjustment Requests

There were none.

5. Approval of Bills – from Attachment B

Mr. Formica called for a motion on the Regional Interconnection bills.

****MOTION (2)**

Mr. DiGiovanna moved to approve payment of the following Regional Interconnection bill: Haluch Construction, Pay Appl. #9 in the amount of \$338,174.38.

Mr. Spencer seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

****MOTION (3)**

Mr. DiGiovanna moved to approve payment of the following Regional Interconnection bill: MASSI, Pay Appl. #10180-10 in the amount of \$34,594.50.

Mr. Spencer seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

****MOTION (4)**

Mr. DiGiovanna moved to approve payment of the following Regional Interconnection bills: D'Amato Construction, Pay Appl. #13 in the amount of \$55,724.72 and D'Amato construction, Pay Appl. #14 in the amount of \$27,805.55.

Mr. Spencer seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

****MOTION (5)**

Mr. DiGiovanna moved to approve payment of the following Regional Interconnection bills: Tight & Bond, Inv. #101493204 in the amount of \$22,860.82 and Tighe & Bond, Inv. #121493003 in the amount of \$35,506.88.

Mr. Spencer seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

6. Gateway Project – Meters

Mr. Kargl synopsised the discussion at the last meeting of the Commission and indicated the research he had done on the difference in providing a meter per unit versus just the main meter to each building. Discussion followed on how they would go after each unit owner and if they were setting precedent.

Attorney O'Connell noted to the Commissioners that they have to keep in mind who the customer is and if the landlord is the customer then they could not shut off the entire building. There is some leverage in having the individual customers.

Mr. Kargl said that it would be handled like Deerfield Village where they have separate meters. They are billed as one bill and Deerfield pays the total amount and goes after the delinquents (if any) on their own. He said that they do have some others like that – Latimer Commons is another one.

Mr. Bond said that having the individual meters will let you know where the leaks are and the type of users you have.

Mr. Kargl agreed that it provides information on the heavy users as well as other valuable information.

Mr. Formica said that it seems that there would be more of a benefit to having the management company collect the money and pay us.

Mr. Mingo said that they would be giving up the right to shut off the water for lack of payment. Attorney O'Connell said that in a multi-tenant situation that the DPH will not allow the water to be shut off.

Mr. Bragaw said that he and Mr. Kargl had sat down with the developer's attorney today to discuss this. They have already purchased 112 meters that will outfit 4 buildings, which is probably all that the developer will be able to have done by the end of this fiscal year (July). So, the money for the additional meters would not be needed in this current fiscal year. Further, they have paid some \$1.1M for the sewer connection and more for the water.

Ms. Russell expressed her concern over busting the budget to get the meters and of using the new radio read meters here when the rest of the ratepayers should have them.

Mr. Bond said that he thinks that they should just put the meters in and cited that they have paid well over \$1M just to have sewer and water and the sewer charges work in conjunction with the water usage.

Mr. Kargl said that the sewer fees are based on the water usage so it would be appropriate for some of the dollars to come from the sewer assessment fund. He noted that they do not have to make this decision tonight.

Mr. Formica suggested that they charge Attorney O'Connell with doing some research on this for them and that he brings it back for their next meeting.

7. Hydrant Fees

Mr. Formica noted Ms. Russell's fire hydrant proposal, information and questions (Attached at end of Minutes).

Mr. Kargl said that this has been brought up previously by Ms. Russell and that it is for discussion now so that they can get started on it.

Ms. Russell said that her concern is if they are going to do something different from the 10% yearly increase – when it would have to be done by.

Mr. Formica said that it would have to be by the January meeting. He noted that Mr. Kargl had received an e-mail from Mr. Zoller who could not attend the meeting this evening, regarding his suggestions on this item and the Gateway meters. He read Mr. Zoller's comments into the record (Attached at end of Minutes).

Mr. DiGiovanna said that he does not think that they can get it totally done by January and that he could agree with doing something gradually over a period of time.

Mr. Murphy said that he can't see making massive changes – but probably more than the 10% per year increase; perhaps 14% per year. He said that he could not see it hurting other budgets or the taxpayers of the Town as it probably would not pass.

Mr. Bond said – that just as he has said many times before – they are taking from Peter to pay Paul. If they want to do this – then they should charge water & sewer for the office space it uses. He said that his opinion is that it is a town as a whole and once you start charging for every little thing you ultimately lose.

Ms. Russell said that she feels very strongly that what she is suggesting is not something that the water & sewer hasn't received at one time, as they have been paid the higher fee. When times were flush, the water & sewer cut the Town slack on this and it was an 84% decrease from what they were getting, so it is time to increase it so that they have a good fire protection system for the Town. She thinks that they could make some adjustment in the new budget cycle – say \$50 more per hydrant for the 800 hydrants which is a \$40,000 total cost to the Town which is also in comparison to the 1999 fee. They need to get back on track and this would do it. She does not feel that they should be a door mat any longer.

Mr. Mingo said that 30% of the water system is for fire protection and he thinks that they should be doing a benefit charge to developers for this.

Mr. Spencer said that he agrees with some of the points that have been mentioned but that this really cannot be done by January.

Mr. Formica said that no one is asking anyone to be a door mat or to be dumped on but there are a number of things tht the Town provides to the water & sewer system at no cost in terms of equipment and they just spent \$8M to expand the water system. The Town is supporting the water system by paying the bond on it and there is enough evidence to offset where the Town is supporting the water & sewer department.
The question is where they want to go as a Commission as Ms. Johnson needs to put it together before the end of January.

Ms. Russell suggested changing the hydrant fee by \$50 more per hydrant and then discussing other methodology.

Attorney O'Connell said that one thing that comes to mind is that the hydrant fee is a part of the municipal budget and it is a two-way item – it cannot just be imposed on them. He suggested having a study group made up of members from the Board of Selectmen and the Board of Finance as this cannot just be imposed on the Town.

Mr. DiGiovanna asked if it would have to go to a public hearing.
Attorney O'Connell said not separate – only as part of the overall Town budget.
Mr. DiGiovanna said that he thinks that Attorney O'Connell made a great proposal to get a subcommittee together.

****MOTION (6)**

Mr. Mingo moved that the Chairman be authorized to appoint a hydrant fee study group comprised of members from the Board of Selectmen, Board of Finance and Water & Sewer Commission.

Mr. Murphy seconded the motion.

Ms. Russell said that she wanted to know what can be accomplished with this as the need is urgent for it to be done now.

Mr. Formica clarified that it is up to him or the next Selectman to participate and up to the two other groups if members want to join in or not and that is all that he can say right now.

Vote: 5 – 2 – 0. Motion passed.

Against: Mr. Formica, Mr. Mingo

8. Landmark Sewer Capacity Update

Attorney O'Connell updated that they filed the brief today with regard to terminating the remand position made by Landmark. Landmark filed a new appeal.

9. Water Project Updates

▪ **Regional Interconnection**

Mr. Kargl reported that he has submitted the final figures to the DPH - \$658,676 and for all practical purposes the project is closed. He noted that he did a few change orders – one for a portable generator for the tank site that has a manual transfer switch. He said that he would have the final project costs for the next meeting.

Mr. DiGiovanna asked when they would start sending water over to New London.

Mr. Kargl said that has already started and they will be doing catch-up now.

Mr. Murphy asked about having a best practices review of the overall project.

▪ **Filter Rehabilitation – Bride Lake Filtration Plant**

Mr. Kargl reported that they need two motions to complete this issue. They have already approved the materials purchase and the second component was the contractor to do the work. This went out to bid and Carbon Filtration Systems Inc. from Rhode Island bid on it. They are on the bid list.

Mr. DiGiovanna asked if any research was done on the bidder.

Mr. Kargl said that they are on the Hungerford Terry preferred list of vendors.

****MOTION (7)**

Mr. DiGiovanna moved to approve the Carbon filtration Systems, Inc. bid in the amount of \$32,000 for the removal, disposal and replacement of the existing media and internal structures for two greensand filters at the Bride Lake Treatment Plant.

Mr. Murphy seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

****MOTION (8)**

Mr. Mingo moved to approve up to \$32,000 from the Water construction Account to pay for the removal, disposal and replacement of the existing media and internal structures for two greensand filters at the Bride Lake Treatment Plant.

Mr. DiGiovanna seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

10. Budget Report – Finance Director

Ms. Johnson noted that she had provided them with her report and would answer any questions they might have.

There were no questions.

11. Communications

▪ **See Correspondence Log**

There was no discussion.

12. Chairman's Report

Mr. Formica thanked the Commission for all of their efforts over the last seven years and said that they found them to be extraordinary to work with. They have been blessed as a community to have staff such as Mr. Kargl whom he thanked for his expertise and passion; and more recently Mr. Bragaw who is a great asset. He thanked everyone and wished them all well.

Mr. DiGiovanna thanked Mr. Formica for all of his hard work and said that it was a pleasure to work with him. He wished him well in his future endeavors.

The Commissioners echoed Mr. DiGiovanna's sentiments and well wishes.

13. Staff Updates

a. Water Department Monthly Report

Mr. Kargl said that this report was in their packets.

b. Sewer Department Monthly Report

Mr. Kargl noted that this report was in their packets and that both accounts continue to stay low, potentially through the preventative work that they have done to fix infiltration and leaks.

14. Fluoride Update

Ms. Russell said that she did not have anything new to report at this time.

15. ADJOURNMENT

Mr. Formica called for a motion to adjourn.

****MOTION (9)**

Mr. DiGiovanna moved to adjourn the December 9, 2014 Regular Meeting of the East Lyme Water & Sewer Commission at 8:55 PM.

Mr. Mingo seconded the motion.

Vote: 7 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

Brad Kargl

From: Brad Kargl
Sent: Monday, December 08, 2014 8:10 AM
To: 'dzoller@aol.com'
Cc: Joe Bragaw; Paul Formica
Subject: RE: Water & Sewer Commission Meeting

Okay Thanks Dave.

I'll pass along at the meeting.

Brad

From: dzoller@aol.com [mailto:dzoller@aol.com]
Sent: Sunday, December 07, 2014 9:22 AM
To: Brad Kargl
Subject: Water & Sewer Commission Meeting

Brad,

I am sorry that I will not be able to attend the Commission meeting on Tuesday evening. I have received the meeting packet and have brief comments on two of the agenda items:

Agenda Item # 6. Gateway Meters

At a recent meeting, Dave Bond suggested a cost sharing arrangement with the developer if we are to install meters for all the units in the project. I think this is a good idea and will reduce the impact on our budget.

Agenda Item #7. Hydrant Fees

Dave Murphy reminded us that in recent years we have been pursuing an incremental approach to reach the old \$150/hydrant figure. So as to reduce the impact on the budgets for the Town as well as the Commission, I believe we should continue this approach. As Paul has suggested, if we go line-by-line in both the Town and Commission budgets, there will be a number of places where we would have to make adjustments to pay the Town for services (to the Commission) provided by the Town. There may also be expenses (other than hydrant maintenance) where the Commission is providing services to the Town. My gut feel is that this exercise would result in an increase in the Water and Sewer Commission budget - one that we cannot afford.

Regards,
David Zoller

From Dave Zoller -
Attachment WLES 12/9/14

To: Paul Formica

October 20, 201

Fr: Carol Russell

Re: Public Fire Hydrant Fee Proposal for FYE 2016

Brief Background

Up until FYE 2000 the town paid an annual fee equal to \$150 per fire hydrant to the Water Commission. This fee was intended to support all aspects of public fire hydrant maintenance including infrastructure support to insure the water flow necessary for fire protection. In fiscal years 1998 and 1999 the total payment equaled \$74,708 per annum, based on approximately 498 hydrants. In 2000 the Water & Sewer Commission voted to reduce the required payment for town fire hydrants to a flat annual rate of \$12,000. My understanding is the operating budget at that time was considered to be in excellent shape with strong cash reserves. Therefore, the Commission determined such a reduction would not harm the fiscal health of the water operating fund, and it would be appropriate to reduce the town's costs for the fire protection aspects of the water system.

From 2000 thru FYE 2011 the annual town payment for fire hydrants remained flat at \$12,000. During that time the number of fire hydrants increased to 800 and the Water operating budget became leaner and leaner. Since November 2009 the Commission has approved five annual water rate increases, totaling 23% as of November 2013. And now the Commission must consider yet another rate increase of 5% to balance the operating budget. To cut that increase to 4%, the Commission was advised \$23,000 in revenue would have to be found from other sources. Unfortunately, it turns out that when the Commission reduced the town fire hydrant fees back in 2000, it essentially marginalized the second most important revenue source available to support the operating budget.

rate payers & taxpayers are the same class of people.

Starting in FYE 2012 the annual fee charged to the town for fire hydrants has been increased by 10% per annum, so that in FYE 2015 the annual payment is now \$17,569. Unfortunately, at this rate it will take over eight years to achieve an annual payment of \$40,000, or \$50 per town hydrant (a rate still substantially less than the 1999 rate of \$150).

66.7% increase over 1999

My Proposal

We need to revisit the rate increase schedule for town hydrants. Fire protection is not limited to our water customers but benefits the town as a whole. Related operating costs should once again be funded accordingly to give some relief to our rate payers. My proposal is as follows:

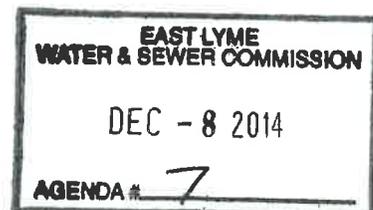
Effective FYE 2016 we charge the town based on a fee of \$50 per hydrant, and in FYE 2017 we increase the fee to \$100 per hydrant. The proposed goal is to accelerate return of the hydrant fee to \$150 on or before FYE 2020.

(\$80,000) increase of 7.1% over 1999 amt.

Consider: At \$50/hydrant the annual cost to the town is \$34,708 less than in 1999. At \$100/hydrant the annual cost to the town increases to less than 1% over the 1999 payment. At \$150/hydrant the annual cost to the town would be about a 6% increase over the 1999 payment.

At a minimum the town has saved \$990,067 in annual hydrant payments during the period FYE 2000 thru the present. If the increase in the number of hydrants is considered, based on the 1999 rate of \$150/hydrant, the town has saved over a million dollars during the same period.

Also, New London/Waterford currently pay \$393.36 per town hydrant and Groton pays \$585.35 per hydrant to their respective water authorities. We need to formalize/negotiate an appropriate charge to Montville and Waterford for fire hydrants in their respective communities which are part of our regional interconnection infrastructure.



Attachment class 12/9/14 submitted by CR

Public Hydrant Payment Analysis
2014 Comparison of Area Support for Public Hydrants

Entity	Description	Per Hydrant Charge	Annual Charge per inch Foot of Mains
Norwich Public Utilities	Municipal-Norwich (some customers in neighboring communities)	None	No
East Lyme	Municipal	19.96	No *
Aquarion	Topstone	72.58	Yes
Preston Plains	Mashantucket	107.84	No
Connecticut Water	Bradley Field Service	125.64	Yes
Connecticut Water	Connecticut Water Division	209.40	Yes
Aquarion	Southern Division	222.00	Yes
Aquarion	Eastern Division	264.58	Yes
Aquarion	Eastern Division-Olmstead, Judea, Tyler, Circle Dr., Chestnut Tree Hill	264.58	Yes
Aquarion	Eastern Division-United	264.58	Yes
Aquarion	Western Division	264.58	Yes
Aquarion	Northern Division	264.58	Yes
New London	Municipal - New London, Waterford	393.36	No
Aquarion	Eastern Division-Rural	414.33	No
Aquarion	Eastern Division-Brookfield	414.33	No
Jewett City	Private Water Company	540.70	Yes
Groton Public Utilities	Municipal	585.35	No

* Estimate based on 800 public hydrants
\$21.96 following 10% increase for FYE 2015

Attachment Was 12/9/14 Submitted by CR

**East Lyme Water
Analysis of Public Hydrant Revenue**

Fiscal Year Ending 6/30	Projected Public Hydrant Annual Payments *	Actual Public Hydrant Annual Payments	Reduction of Available Funds **
1998	74,708.00	74,708.00	-
1999	74,708.00	74,708.00	-
2000	74,708.00	12,000.00	(62,708.00)
2001	74,708.00	12,000.00	(62,708.00)
2002	74,708.00	12,000.00	(62,708.00)
2003	74,708.00	12,000.00	(62,708.00)
2004	74,708.00	12,000.00	(62,708.00)
2005	74,708.00	12,000.00	(62,708.00)
2006	74,708.00	12,000.00	(62,708.00)
2007	74,708.00	12,000.00	(62,708.00)
2008	74,708.00	12,000.00	(62,708.00)
2009	74,708.00	12,000.00	(62,708.00)
2010	74,708.00	12,000.00	(62,708.00)
2011	74,708.00	12,000.00	(62,708.00)
2012	74,708.00	13,200.00	(61,508.00)
2013	74,708.00	14,520.00	(60,188.00)
2014	74,708.00	15,972.00	(58,736.00)
2015	74,708.00	17,569.00	(57,139.00)
	1,270,036.00	337,108.00	(932,928.00)
	1,344,744.00	354,677.00	(990,067.00)

* Assumes annual payments continue to be fully funded at 1998 levels

** Lost revenue to support all aspects of public hydrant maintainance and related infrastructure improvement

October 23, 2014

To: Brad Kargl

Fr: Carol Russell

Re: Questions related to Hydrant Fee Discussions

Your help with the following questions will be appreciated:

1. I approximated the number of town fire hydrants in 1998-99 to be 498 based on dividing the annual payment of \$74,708 by the rate of \$150/hydrant. The actual answer came out to 498.05333. This discrepancy seemed odd. Please confirm my estimated number of hydrants for this period is accurate.
2. At what point did the number of town hydrants increase to 800? Was this increase gradual or did it occur because of one or two major projects?
3. Regarding the O/M Building –
 - Did the town pay for the construction of this building or Water & Sewer or both? Did the town always own the building or did it once belong to Water & Sewer? If ownership transferred from Water & Sewer to the town, when and why did this occur? I ask this because one of the Commission members said he thought Water & Sewer owned O/M. Is he mistaken?
 - What percentage of the costs for maintenance and repairs of O/M are paid by Water & Sewer? Has this been consistent historically?
 - What percentage of the cost for insurance on O/M is paid by Water & Sewer? Has this been consistent historically?
 - Historically, who has paid for utilities at O/M? Was
4. Was there a time when some Water & Sewer employees were assigned to their own bargaining unit(s)? If so, when did this change and why?
5. Historically, has the town ever expected Water & Sewer to pay rent to the town for office space or storage space in town buildings?
6. How far back historically have hydrant fees been charged to the town to support the fire protection aspects of the water system?
7. What percentage of fringe benefit costs does Water & Sewer pay for employees who provide fulltime services? Part time services?

If possible, I would like to meet with you to discuss. Please email me and let me know what works with your busy schedule.

Thanks.

Carol