

**THE WATER BUREAU
SPECIAL MEETING**
555 Main Street
Hartford, Connecticut 06103
Monday, February 3, 2020

Present: Commissioners Andrew Adil, Avery Buell, Daniel Camilliere, Peter Gardow, Denise Hall, Georgiana Holloway, David Ionno, Gary LeBeau, Jacqueline Mandyck, Dominic Pane, Pasquale J. Salemi, Raymond Sweezy, Alvin Taylor and District Chairman William A. DiBella (14)

Absent: Special Representative Michael Carrier (1)

Also

Present: Commissioner Bhupen Patel
Citizen Member Joan McCarthy Gentile
Scott W. Jellison, Chief Executive Officer
Christopher Martin, Chief Financial Officer
Christopher Stone, Assistant District Counsel
Steve Bonafonte, Assistant District Counsel
John S. Mirtle, District Clerk
Christopher Levesque, Chief Operating Officer
Robert Schwarm, Director of Information Technology
Robert Zaik, Director of Human Resources
Nick Salemi, Communications Administrator
Julie McLaughlin, Communications Administrator
Allen King, Real Estate Administrator
Rich Norris, Project Manager
Phil Schenck, CDM
Carrie Blardo, Assistant to the Chief Operating Officer
Victoria S. Escoriza, Executive Assistant

CALL TO ORDER

Chairman Sweezy called the meeting to order at 4:33 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

Judy Allen of West Hartford spoke in opposition of the economic development rate and submitted the following written comments:

Public Comments
Water Bureau
Feb. 3, 2020

I believe we are in a partnership, the MDC and its customers. We rely on you for a crucial service and in return you rely on your customers to pay for this service. Therefore I'm going to use the word "we" whenever possible to emphasize that we are in this together.

We have been frustrated and at times desperate to look for ways to raise revenue and keep costs down. Though motivated to do whatever is best for customers, commissioners still strongly believe that selling more water is the only the answer. We know that's not true. Water utilities everywhere face the same challenges of declining water consumption and have found ways to address this without incentivizing large water users to use more water. In fact there is a grant provided by CT Water to help implement the State Water Plan, and the priority issue they will be looking at is just how CT can make use of rate structures to address this.

Changing a rate structure would take time.

The proposed discount rate is nothing but a quick fix.

What is being called an economic development rate is really just the same discounts as in the past, and is a symptom of a larger problem. We are making no progress toward a long term solution based on sound economic principles.

Why choose these particular thresholds? Is there an analysis of what the best threshold is to optimize revenue for the MDC or an arbitrary number kicked around, guessing what might work?

This too is a symptom of the larger problem. Decisions about rates, discounts and other financial decisions need to be rooted in fact through an analysis of the issues.

Perhaps because discounts didn't fly in the past, commissioners thought they could call it something else and the public wouldn't notice. Commissioners are so bound to believing this is the solution to our problems rationalizations are created that I think some truly believe.

One is that this is an economic development rate just like the ones used by every other water utility in the state. But we know that's not true because a real economic development rate is time limited, it doesn't go on and on, it doesn't change arbitrarily from year to year to benefit one customer over another.

Rather an economic development rate is for significant development, one that can bring good jobs to the area regardless of whether they are a mega user of water or not.

The MDC has on its legislative agenda a change to the Charter for the creation of an authority to run a storm water sewer service (with towns approval). Yet there is no ask for a Charter change that would allow for the creation of a real economic development rate

In case there is any question as to the purpose of these discounts, this is a quote from our CEO, Scott Jellison from the last Water Bureau meeting on Jan. 15, 2020:

"We know large water users, and we have one and we all know it's Niagara, has built out infrastructure to do X, which is 1.8 million gallons of water a day. They are not there, they are using much less. The answer to why, we don't know, is it market, is it, whatever it might be, the question is, if it's associated with the water rate and/or the CW surcharge, which is a major component to expense, then obviously this would benefit and we would see them use more water."

Do we need to say anything more about who benefits from this proposed rate?

Another rationalization for this rate is that it will bring new businesses to the area. But do we know if these rates, designed for Niagara, would really attract any other kind of industry?

I heard the idea tossed around that maybe a water intensive candy manufacturer would be interested in locating here. But they make a product, they don't produce drinking water in bars covered by candy wrappers. Even if they could meet the threshold, would the ratio between water consumed and water discharged be enough to attract them?

Another part of the problem leading to escalating water rates is failure to plan ahead. It results in costs we can't afford.

For example, last year during the budget making process commissioners were made aware that a judgment for a class action suit would likely come down during 2020 and it was estimated this could be as great as \$10 million or more and could need to

paid quickly. There was discussion about 2 ways this could be built into the budget. In the end the decision was not to budget for this at all. Now a settlement seems to have been reached, less than what was originally feared and would not have to be paid for all at once. However, it still will be likely that during 2020, an estimated \$2 million may be lost in water revenue that was not budgeted for.

Do discounts represent a way MDC believes it can raise revenue fast when it runs into a problem?

For 2 years lobbyists and attorneys were paid to fight the inclusion of the words “public trust” in the state water plan, only to have it adopted without any changes to the original wording. That’s a lot of time and money to accomplish nothing. That’s a lot of customer money wasted. Is this good stewardship of customer’s money?

Good things have been done to help cut expenses, the decommissioning of the hydro at Colebrook is one example. And the agreement with unions for new multi tasking is another. It’s resulting in a decrease in the workforce. Those are union jobs. What about non-union and administrative positions? Are those decreasing as well? Union workers are paid well and they deserve it. Their pension plan has been a struggle to keep in check. What does the payroll for our administrative staff look like, what does their retirement plan look like?

We do need high quality people leading the MDC and that means paying well. Let’s make sure that what is needed to carry out the immense challenges we face are reflected in the talents of the people we employ.

When the MDC was asked to find ways to bring the water rates down, you came up with cuts to recreational programs. Why was the budget for administration not touched? I just don’t believe the COLA increases are justified. I don’t believe we can say that if they didn’t get those increases they would have problems paying their water bills. I don’t believe that any would quit because of not getting that increase. I don’t understand what “longevity pay” is except an automatic raise, perhaps built into an employment contract. Raises should be based on performance. I don’t believe that all that money budgeted for conferences, professional dues and memberships, publications and the like are absolutely needed. And I really don’t believe the MDC needs that many attorneys and consultants.

Discounts for Niagara have been rejected over the past 4 years because of public pressure. Why would this year be any different? Did commissioners really think a name change would make a difference?

In a nut shell, commissioners have been told, “we have to incentivize people to use more water while convincing people we are for conservation”. That’s not possible. You can’t give me an apple and try to convince me it’s an orange. It’s far from transparent. It’s not a solution. It makes people angry. We know an apple when we see one. We know you can’t fool anybody by putting the label of “economic development rates” onto discounts for one customer only. A discount is a discount whatever label is put on it.

Judy Allen
West Hartford

Valerie Rossetti of Bloomfield spoke in opposition of the economic development rate and submitted the following written comments:

MDC Board members and Commissioners:

I am speaking in opposition- once again- to the proposal to institute an “economic development” rate, which would offer a 20% discount on water use through a single meter of over 600,000 gallons/day. Members of Save Our Water CT are actually sympathetic to the challenges the MDC faces in dealing with its aging infrastructure, its declining water use and its mandate to clean up its sewage overflows. We wish there could be more constructive ways and broader thinking about meeting these challenges. It’s painfully clear that this “economic development rate” - a new name for Niagara discounts- will not solve these problems. Nor will it elicit good will from its residential customers who are bearing the burdens of recent significant rate increases. There is first of all an issue with the validity of this purported “economic development rate”. Is MDC authorized in its charter to be engaged in economic

development? Is it actually authorized to deviate from uniform rates? A **true** economic development rate would apply to more than one industry and would be time-limited, as is the case with South Central Regional Water Authority. See the information from their website at the bottom of this comment. Next, even an increase of water use by Niagara by 500,000 or 1M gallons/day represents a **minor percentage** of MDC's 48M gallons/day output. Will Niagara actually increase its water use? The MDC could stand to LOSE money if it doesn't. In the recent past MDC officials have loudly proclaimed "We don't speak with Niagara". Has that now changed? Can we actually receive a direct answer today over how many lines Niagara is running, how much water they are using, whether discussions with them have been had, and whether deals are in the works for other bottling corporations in MDC territory? Has there been any detailed financial analysis for the impact of these discounts on residential rates or the town's ad valorem? Years of rate increases are predicted by the MDC. Is this one action going to stabilize this situation? Have the MDC Commissioners actually consulted their towns? Have other rate structures been analyzed? Seasonal rates? Inclining block rates with protection for the poorest MDC customers using only basic household needs? Is there any protection for situations of severe drought? Both MDC and Niagara lobbied furiously against regulations limiting water extraction and transport out of the watershed during drought. Niagara in fact sued Groveland, FL when it asked them to temporarily cut back water use. We blithely assume the MDC will ALWAYS have enough water. But no one really knows anymore, especially as the MDC may be called upon to provide water to other CT communities during drought or provide water to those with PFAS contamination. Finally, a declining block rate structure as proposed, stands in direct contradiction to our current state water plan and a philosophy of environmental sustainability. In the words of a state legislator upon hearing of Round Three of "Niagara" discounts: **"They're asking for more regulation"**.

South Central Regional Water Authority "Economic Development Rate":

To further water as an asset and driver of economic growth for our region and the state, we offer an economic development rate as an incentive to encourage **new*** commercial and industrial customers in our service area that are significantly expanding operations. We also assist distressed businesses contemplating closing by assessing the customer at 80 percent of applicable water rates for the **first five years of occupancy**. Rates are subject to periodic effects of a general rate increase and/or surcharge. If the customer's period of occupancy is less than five years, we will pro-rate the full rate back to the first date of occupancy. **After the initial five-year period, we will assess the customer its full applicable water rates. To qualify for this economic development rate, customers must use at least 500,000 gallons of water a year.** (<https://www.rwater.com/in-the-community/economic-growth>)

Valerie Rossetti
88 Kenmore Rd
Bloomfield, CT 06002

Tollie Miller Submitted the following written comments:

From: [Tollie Miller](#)
To: [Mirtle, John](#)
Subject: Fwd: Proposed economic development discounts
Date: Monday, February 03, 2020 2:07:56 PM

Dear Mr. Mirtle,

I am writing to oppose creating a large water user discount . The MDC is in financial straits and that needs to be addressed, but NOT by offering a discount that will encourage more large corporations to buy up CT water. Nor will this tactic raise substantial funds for the MDC. We need to look at other ways to raise the money to repair failing infrastructure. NOT hiking rates to individual users (which particularly hurts the folks who can least afford it) or then turning around to offer incentivizing discounts to corporate interests.

I would respectfully suggest that the MDC does a better and deeper financial analysis, with the help of the Consumer Advocate David Silverstone, and the Water Planning Council, who have the big picture of CT water and also an environmental sensibility which the MDC lacks. (I shudder to think of the millions of single use plastic bottles coming out of the Niagara plant each day.)

I also suggest that criteria be developed for MDC commissioners so there are people on the MDC board who bring knowledge and experience to the admittedly difficult issues facing the MDC. These criteria could include engineering, science, financial and environmental acumen. Such a group could come up with wiser, more effective, and fairer policies to address the MDC's future.

Tollie Miller
Bloomfield

APPROVAL OF MINUTES

On motion made by Commissioner Adil and duly seconded, the meeting minutes of January 15, 2020 were approved.

ECONOMIC DEVELOPMENT RATE

To: Water Bureau for Consideration on February 3, 2020

At a meeting of the Water Bureau on January 15, 2020, the Water Bureau recommended to the District Board the passage of an economic development rate for the water used charge (§ W1a) for customers that purchase more than 668ccf of water per day, as averaged over a monthly billing period.

It is **RECOMMENDED** that it be:

Voted: That the Water Bureau amend its resolution of January 15, 2020 and recommend to the District Board the following:

Resolved: That the District Board approve the following economic development rates for the water used charge (§ W1a)

SEC. W1a WATER USED CHARGE (TREATED WATER)

For customers which do not resell treated water, the WATER USED CHARGE is the quantity of water used as read at the meter, as follows:

<u>BILLS RENDERED</u>	<u>RATE</u>
<u>MONTHLY</u>	\$3.97 per 100 Cubic Feet

The WATER USED CHARGE for such customers subject to § S12x of The Metropolitan District Sewer Ordinances who purchase more than ~~668~~ 802ccf of water per day, as averaged over a monthly billing period, as follows:

For each of the first ~~668~~ 802ccf of water used per day:

<u>BILLS RENDERED</u>	<u>RATE</u>
<u>MONTHLY</u>	\$3.97 per 100 Cubic Feet

For each ccf of water used per day in excess of ~~668~~ 802ccf:

<u>BILLS RENDERED</u>	<u>RATE</u>
<u>MONTHLY</u>	\$3.18 per 100 Cubic Feet

For customers which, by agreement with the District or otherwise, resell treated water, the WATER USED CHARGE is the quantity of water used as read at the meter, as follows:

<u>BILLS RENDERED</u>	<u>RATE</u>
<u>MONTHLY</u>	\$3.97 per 100 Cubic Feet

Respectfully submitted,



Scott W. Jellison
Chief Executive Officer

On motion made by Commissioner Pane and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

**REQUEST OF THE STATE OF CT DEPARTMENT OF TRANSPORTATION FOR AN
EASEMENT OVER DISTRICT PROPERTY LOCATED AT INTERSECTION OF ROUTES 318
AND 219 IN BARKHAMSTED**

To: Water Bureau for Consideration on February 3, 2020

After several months of working with the State Department of Transportation (DOT) on the reconfiguration of the intersection of Routes 318 and 219 in Barkhamsted, MDC Water Supply, Real Estate and Engineering staff have reached a tentative agreement with DOT regarding easements over MDC property necessary to complete the reconfiguration. Those easements are set forth in the easement map attached hereto as Exhibit A.

In summary, the easements and associated values are shown below. Please note the valuations assigned by DOT are consistent with MDC valuation for similar easements it acquires for infrastructure improvements on private property.

1. Defined Easement for Highway Purposes - \$2,984.00 for 10,469 sq. ft. equals \$0.29 per sq. ft. or \$12,632.40 per acre (marked in red on attached map)
2. Defined Sightline Easement - \$2,241.00 for 9,958 sq. ft. equals \$0.23 per sq. ft. or \$9,801 per acre (marked in red on attached map)
3. Drainage R-O-W - \$570.00 for 2,532 sq. ft. equals same as sightline (marked in blue on attached map)
4. Easement to Slope \$891.00 for 14,843 sq. ft. equals .06 per sq. ft. or \$2,613.00 per acre (marked in green on attached map)

In addition to the monetary consideration for the easements, DOT has agreed to construct, at its costs, for MDC access to "Bill's Brook", a water overflow area owned and used by the MDC.

It is RECOMMENDED that it be:

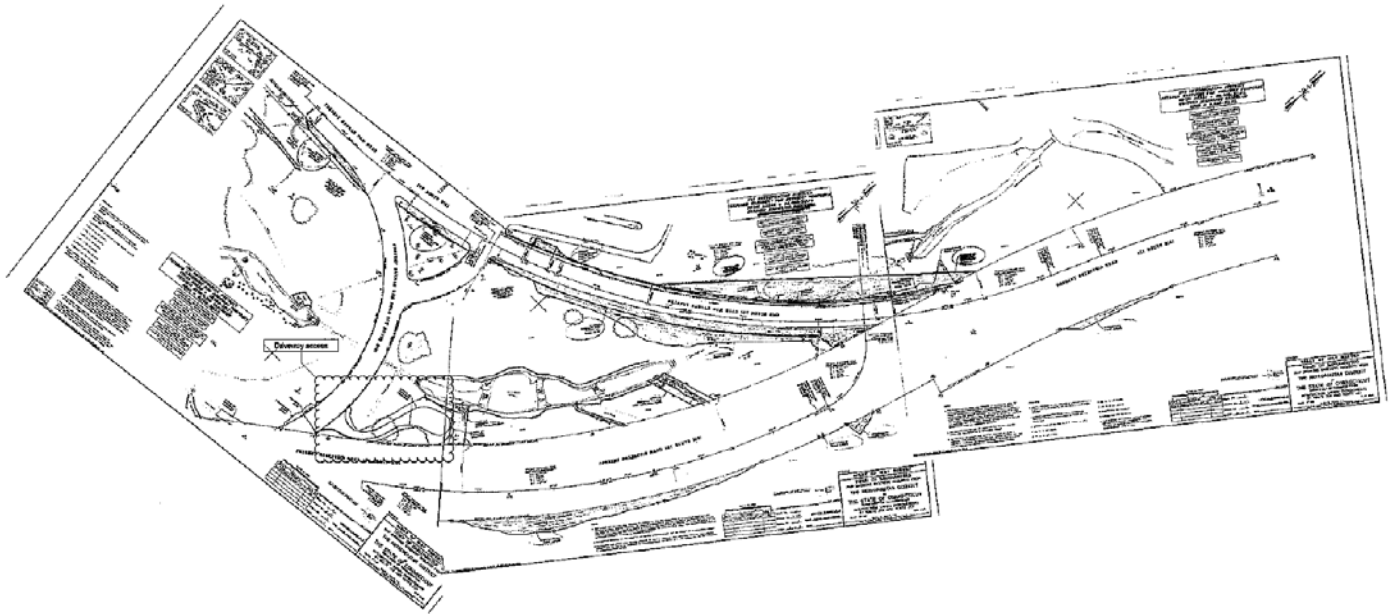
Voted: That the Water Bureau recommends to the District Board the following:

Resolved: That the Metropolitan Water Bureau recommends to the District Board that the Board authorize the Chairman, or his designee, to execute any and all documents, in form and substance approved by District Counsel, reasonable necessary to convey, for the consideration stated above, the described easements to the DOT, and ensure the completion by DOT of those improvements that provide better access for the MDC to its property containing "Bill's Brook", all as shown on the attached map.

Respectfully submitted,



Scott W. Jellison
Chief Executive Officer



***On motion made by Commissioner Pane and duly seconded,
the report was received and resolution adopted by unanimous
vote of those present.***

OPPORTUNITY FOR GENERAL PUBLIC COMMENT

Judy Allen of West Hartford spoke regarding MDC public image and the upcoming public hearing on the economic development rate.

ADJOURNMENT

The meeting was adjourned at 4:54 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval