

**THE METROPOLITAN DISTRICT COMMISSION
PUBLIC HEARING**

125 Maxim Road
Hartford, Connecticut 06114
Wednesday, November 16, 2020

Present: Commissioners Peter Gardow, Allen Hoffman, Dominic M. Pane, Pasquale J. Salemi, James Woulfe and Chairman DiBella; Citizen Member Awet Tsegai

Also

Present: Scott Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Christopher Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Christopher Martin, Chief Financial Officer
Sue Negrelli, Director of Engineering
Robert Schwarm, Director of Information Technology
Lisa Remsen, Manager of Budget and Analysis
Nefertere Whittingham, Financial Analyst
Carrie Blardo, Assistant to the Chief Operating Officer
David Silverstone, Independent Consumer Advocate

The public hearing was called to order by District Chairman DiBella at 5:30 PM

Chairman DiBella read the following statement:

“This is a public hearing of The Metropolitan District. The District Board will receive public input on the proposed 2021 budget for The Metropolitan District, Water & Sewer Rates, and Revisions to Ordinances.”

“On October 23, 2020, the 2021 proposed budget was made publicly available and posted on www.themdc.org. At its October 5th 2020 meeting, the District Board referred the proposed budget to the Board of Finance. A final decision on the 2021 proposed budget, rates and ordinances has yet to be made. The District Board will consider and approve a final budget at its December 7, 2020 public meeting, and will take into account what is said at this hearing.”

John Mirtle, District Clerk, read the following into the record:

The following hearing notice was published in the Hartford Courant on November 6, 2020 and again on November 12, 2020; and the notice was filed, for public

inspection, in the office of the town clerk in each municipality that is a member town of The Metropolitan District.

NOTICE OF PUBLIC HEARING
OF THE METROPOLITAN DISTRICT
PROPOSED 2021 BUDGET, WATER & SEWER RATES AND
REVISIONS TO ORDINANCES
The Metropolitan District, 555 Main Street, Hartford, Connecticut

Pursuant to Special Act 01-3, as adopted by the General Assembly of the State of Connecticut, and Section 2-14 of the Compiled Charter of The Metropolitan District (“District”), the District will hold a public hearing on the proposed fiscal year 2021 budget, water and sewer rates, and revisions to the District’s Ordinances. The hearing will be held at the Metropolitan District Training Center, 125 Maxim Road, Hartford, Connecticut, on **Monday, November 16, 2020 at 5:30p.m.**

Due to COVID-19, any attendees at the public hearing will be required to wear masks, adhere to social distancing and other safety protocols. Anyone recently or currently experiencing COVID-19 related symptoms (e.g. fever, cough or difficulty breathing) or has been in contact within the past 14 days with a person known to be infected with COVID-19 is prohibited from attending the hearing in person. Members of the public that would like to participate remotely may call into the public hearing at **(415) 655-0001 Access Code: 43808661#**. It is encouraged that anyone from the public wishing to submit public comment on the budget, rates or ordinances do so by submitting written comments to DistrictClerk@themdc.com prior to the hearing. Comments received in advance of the public hearing will be available to District Commissioners during the public hearing and incorporated into the record. Submitting written comments does not prevent any member of the public from also making oral comment during the hearing.

The proposed fiscal year 2021 budget, rates and ordinance revisions are available for public inspection at www.themdc.org/budget or by request to DistrictClerk@themdc.com. Proposed changes to the following sections of the Ordinances will be considered:

WATER SUPPLY ORDINANCES:

§ W1a	“WATER USED CHARGE (TREATED WATER)”
§ W1f	“SURCHARGE OUTSIDE THE METROPOLITAN DISTRICT FOR CAPITAL IMPROVEMENTS”

§ W2d	“ALL WATER METERED”
§ W2g	“LOCATION OF WATER METER”
§ W2h	“CHARGE FOR METER BOXES AND PITS”
§ W5k	“SPECIFICATIONS FOR DIRECTIONAL BORING OF WATER SERVICES & MAINS” (NEW)
§ W6f	“CHARGES FOR PRIVATE FIRE PROTECTION SERVICE”
§ W7g	“VIOLATION OF ORDINANCES, PENALTIES”
§ W7I	“VEHICLE OPERATION ON PREMISES OF THE METROPOLITAN DISTRICT”

SEWER ORDINANCES:

§ S2e	“WASTES EXCLUDED FROM ALL SEWERS”
§ S3w	“SPECIFICATION FOR PIPE BURSTING HOUSE CONNECTIONS AND SEWERS” (NEW)
§ S12d	“VOLUME OF SEWAGE DISCHARGED”
§ S12I	“BILLING SEWER USER CHARGE”

GENERAL ORDINANCES:

§ G6a	“GENERAL”
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All interested parties from The Metropolitan District’s member municipalities may appear to be heard.

John S. Mirtle, Esq.
District Clerk

John Mirtle, District Clerk, read the public hearing guidelines and updated attendees on proposed amendments to some budget related resolutions based on the recent motions passed at the last Board of Finance meeting.

PUBLIC COMMENTS

Mayor Marcia LeClerc of East Hartford, thanked the MDC for revisiting the funding of Riverfront Recapture Inc in the proposed 2021 budget.

Judy Allen, as representative of Save Our Water Connecticut, summarized the following written comments:

November 16, 2020

John S. Mirtle, Esq.
District Clerk, The Metropolitan District
555 Main Street Hartford, CT 06142



Dear Mr. Mirtle, Mr. Jellison and Commissioners,

Save Our Water CT appreciates the opportunity to submit comments to the MDC at this public hearing regarding the proposed budget and the proposed water and sewer rates for 2021.

We thank the MDC for its decision to avoid water shutoffs during this COVID-19 epidemic. Access to clean water is essential for the health and safety of all residents, whatever their economic situation. In addition the option to contribute to Operation Fuel on MDC's electronic bill-paying platform has been a valuable feature. Hopefully this can be added to paper bills as well.

Save Our Water CT wishes to comment on the proposed increase to the treated water rate. Last March, the board passed discounts that benefited Niagara Bottling, Inc only. Those discounts apply to monthly water use averaging over 600,000 gallons a day. This has resulted in a 20% discount on water rates and a 90% discount on the Clean Water Project charge.

These discounts have NOT resulted in the promised economic benefit to the greater Hartford community or to the MDC's customers. Instead, over the mid-March to September 30th period, the estimates are that Niagara saved about \$40,000 in water fees and \$210,000 in Clean Water Project charges for a total of \$250,000. That money was lost to the MDC revenue stream and therefore must be subsidized by the other MDC customers.

Last February MDC's main rationale for giving Niagara these discounts was that Niagara would be incentivized to use more water which would result in lower water rates for all customers. Data provided at last year's public hearing indicated that if Niagara used the maximum water they are allowed to use, 1.8 million gallons a day, a residential customer using 72 ccf of water per year could expect a drop in their water bill of 67 cents per month or \$7.92 a year.

But the hoped for benefits have not been realized. As recently noted by CEO Scott Jellison, Niagara's water use appears to be driven by market demands for bottled water, not by a discounted price. That should be no surprise, as the water content of bottled water makes up only a tiny fraction of the costs to bottle and deliver their product.

Nor have discounts resulted in any other large volume industrial water user being attracted to the MDC region, another justification for giving discounts. Land availability, location, tax policies and a host of other issues play a more important role.

There is no current other customer with the ability to use anywhere near the amount of water needed to qualify for a discount.

This year the MDC is proposing a 7 cent increase per ccf in the water rate or a 1.7% increase in a customer's bill. While the MDC may view this as a modest increase, it follows an increase of 47 cents last year and a 36 cent increase in 2018.

Save Our Water CT understands that 2020 has been a challenging year for everyone, including the MDC. Yet proposing another rate increase, no matter how small, during a pandemic, places more pressure on low income residents. Those who benefitted from the assurance that their water would not be cut off will ultimately have to pay those bills. Any increase in this year's rate results in an increased burden just as the pandemic is once again on the rise.

Our understanding is that the MDC proposes to keep the CWP charge for 2021 the same as the rate for 2020. Even if the MDC dips into its rate stabilization fund so as to not to increase that charge, the loss of revenue from Niagara due to the discounts, is ultimately subsidized by rate payers and the citizens of CT, who pay for the CWP bonds.

All the while, this one California corporation reaps the benefit of receiving discounted MDC water for their corporate assets.

Save Our Water CT respectfully suggests that MDC staff and commissioners revisit their unfortunate decision to establish a rate structure designed specifically to benefit only one current customer and to attract massive water users such as bottlers to our area. Instead, the MDC should utilize the expertise of the Water Planning Council, the Public Utility Regulatory Authority and the water industry experts to evaluate emerging and more progressive pricing structures including ones which support a basic rate for economically challenged "subsistence" water users.

Paula Jones
For Save Our Water CT

Judy Allen, of West Hartford, made the following public comments:

11/16/2020

Regarding the Proposed Budget and Water and Sewer Rates for 2021

I am submitting these comments as a customer of the MDC and not representing any organization.

I want to thank the staff for responding to my questions about the budget ahead of this public hearing. The responses were very helpful.

There was one I still have questions about. I wasn't asking about long term plans for water projects included in the CIP plan. I am questioning what kind of plan exists for keeping water rates down.

Last year and this, a chart comparing MDC water rates with other water utilities around the state was used in budget presentations. Slide 7 of the Board of Finance Budget Workshop on Sept. 29th, compares MDC with Regional Water Authority for the past 5 years. Each year the MDC's rates are lower than Regional's. But those numbers reveal an important trend.

From 2016 to 2020 MDC's rates increased a total of \$1.31 while Regional's increase during this same time period was a total of 72 cents. In just the past 2 years MDC's water rate increased 83 cents. If this trend continues, MDC will overtake Regional's water rate soon and will no longer be the cheapest rate in the state.

Regional Water has a forward looking plan. They face many of the same challenges as the MDC.

You spent a lot of time and money figuring out how to keep the Clean Water Project charges down with a plan that stretches out 40 years. There's no reason you can't develop something similar for the water rates, if only for 5 years.

Judy Allen
West Hartford

David Silverstone, Independent Consumer Advocate, read from the following written comments:

INDEPENDENT CONSUMER ADVOCATE

COMMENTS ON THE PROPOSED 2021 MDC BUDGET

November 13, 2020

INTRODUCTION

The Independent Consumer Advocate (ICA) has examined the proposed 2021 MDC budget, asked Management a series of questions regarding the budget, attended the Board of Finance meetings during which the budget was discussed and made several suggestions for budget changes during those meetings. The ICA has appreciated the opportunity to participate in this process. The following comments are intended to assist the MDC in finalizing the 2021 budget.

The ICA recognizes the hard work of the Board of Finance and supports its recommendations regarding the treatment of the disputed Colebrook Dam maintenance charges, the reduction of the ad valorem increase to zero, and the increase to the proposed contribution to Riverfront Recapture. These are difficult times for all citizens in Connecticut and these recommendations provide some necessary relief.

There remain several provisions in the proposed budget that need to be addressed.

THE PAYROLL COSTS SHOULD BE REDUCED BY AT LEAST THE AMOUNT OF THE PROPOSED INCREASE OF \$671,000.

The 2020 budget provided \$44,630,000 for total payroll costs which includes regular pay, overtime, premium, and standby pay. Of this amount, Management projects spending \$40,972,500 or \$3.7 million less than budgeted. This is not surprising given that of the 479 positions authorized, the average number of positions filled during 2020 was 458. That is, on average there were 21 vacancies throughout the year. The number of filled positions never reached the 479 authorized and ranged from 471 in January to 444 currently (Sept.).

It is unreasonable to expect all authorized positions to be filled all the time and yet that is the assumption the budget makes. There are retirements, voluntary and involuntary terminations, and so on. It is impossible to anticipate all of these separations in advance and complete the onboarding process quickly enough to avoid vacancies.

Management has done a good job of reducing the authorized positions from 479 to 452. It appears based on the data available, that it will start the year with less than the 452. The budget document increases total payroll by \$671,000 (p. A-10). This increase should be eliminated and the savings divided between water and sewer budgets. The allocations among the various payroll accounts should be left to Management in order to preserve necessary flexibility.

The budget document is over 300 pages and includes great detail on a wide variety of accounts and departments. Why provide all this detail if, at the end of the day, the payroll accounts are left with this much slack? Last year, the ICA suggested that the payroll account could easily accommodate a

reduction of \$500,000. That recommendation was not accepted. The projection is that payroll will end the year \$3.7 million less than budgeted. The MDC should not make the same mistake again.

This year the MDC is proposing to increase Outside Services by \$600,000—from \$2.8 million to \$3.4 million.(p. A-14). When asked for justification for this increase the response was to provide for possible pandemic expenses and a spate of retirements could necessitate more outside services. The example provided by management was that if an electrician retired, an outside contractor may be necessary. The ICA certainly agrees that these are reasonable provisions in light of the state of the pandemic and the expected retirements as Management has discussed. However, these justifications for the increase in outside services further demonstrates that the payroll increase is not justified.

THE PROJECTION FOR WATER CONSUMPTION IS REASONABLE.

In previous years there has been some discussion over the projection of future water consumption. This year the budget assumes the same consumption in 2021 as was projected for 2020. While consumption in 2020 is about 4% over budget, making the same assumption for 2021 as was made in 2020 is reasonable under all the circumstances.

Consumption in 2020 was undoubtedly affected by the very dry Spring and Summer. The lack of rainfall led to an increase in irrigation. The pandemic led to an increase in residential consumption albeit a smaller decrease in commercial consumption. Given the uncertainties of the continued effect of the pandemic, keeping the consumption assumptions flat is reasonable.

RATE STRUCTURE CHANGES REQUIRE CONTINUED SCRUTINY.

As has been exhaustively discussed over the last year, the discount given to MDC's largest customer has resulted in lost water revenue and lost clean water project charges. Based on data through October, the total of the lost revenue is approximately \$500,000 per year. (Approximately \$80,000 in lost water revenue and \$420,000 in lost clean water project charges.) Again, based on the available data, these discounts have not incentivized increased consumption. For example, the consumption in January and February 2020 when compared to 2019 was approximately 50% higher. The discount was not effective until mid- March, 2020. From mid- March through September, the consumption comparison between 2020 and 2019 was less than 50%. Hence, the discount did not result in additional consumption. The MDC should reconsider whether this discount benefits or burdens all other customers.

The proposed budget proposes significant increases in private fire protection. It proposes an 80% increase in monthly charges for 6" connections or \$732 per year. It also proposes an increase of 80% for 16" connections(\$5040 per year), an increase of 170% for 20" connections(\$11520 per year) and an increase of 400% for 24" connections(\$19440 per year). While there are only 2 customers with 16" connections and 1 customer with a 24" connection, it is not known the number of customers with 6" or 20" connections. (On November 1,2020, ICA sought this information but it has not been provided).

The ICA agrees that these customers have been undercharged in prior years and these increases appear to be more closely based on the actual cost to serve them. However, increases of this magnitude should be phased in over several years to avoid 'rate shock'. Because the number of connections for 6" and 20"

connections have not been provided the ICA is unable to determine if a more gradual increase would have a major revenue impact on MDC. For those customers with 16" and 24" connections , spreading the increase over two years would only decrease revenues in 2021 by approximately \$15,000. The ICA urges this more gradual phase in be provided these customers. Similarly if the phase in of 6" and 20" connections would not substantially impact revenues, a two year phase in is more appropriate.

CONCLUSION

Thank-you for the opportunity to provide these comment.

Respectfully Submitted,

INDEPENDENT CONSUMER ADVOCATE

By



David Silverstone

Mike Zaleski, CEO of Riverfront Recapture Inc, thanked the MDC Commissioners for their proposed funding of the Riverfront Recapture in the 2021 Budget.

ADJOURNMENT

The public hearing was adjourned at 5:48 P.M.

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval