

**THE METROPOLITAN DISTRICT COMMISSION
PUBLIC HEARING**

555 Main Street
Hartford, Connecticut 06103
Wednesday, November 15, 2021

Present: Commissioners John Avedisian, Richard Bush, Peter Gardow, Allen Hoffman, James Woulfe and Chairman DiBella; Citizen Member Awet Tsegai

Remote

Attendance: Commissioners Jean Holloway, Mary LaChance, Byron Lester and Bhupen Patel; Citizen Member Joan Gentile

Also

Present: John S. Mirtle, District Clerk
Christopher Levesque, Chief Operating Officer
Robert Barron, Chief Financial Officer / Director of Finance
Sue Negrelli, Director of Engineering (Remote Attendance)
Lisa Remsen, Manager of Budget and Analysis
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 2022 budget for The Metropolitan District, Water & Sewer Rates, and Revisions to Ordinances.”

“On October 25, 2021, the 2022 proposed budget was made publicly available and posted on www.themdc.org. At its October 4th 2021 meeting, the District Board referred the proposed budget to the Board of Finance. A final decision on the 2022 proposed budget, rates and ordinances has yet to be made. The District Board will consider and approve a final budget at its December 6, 2021 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 5, 2021 and again on November 12, 2021; 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 2022 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 2022 budget, water and sewer rates, and revisions to the District’s ordinances. The hearing will be held at the Metropolitan District Board Room, 555 Main Street, Hartford, Connecticut, on **Monday, November 15, 2021 at 5:30p.m.**

A mask must be worn in all MDC facilities located in Hartford at all times regardless of vaccination status, per the executive order of Hartford Mayor Bronin effective August 10, 2021. Members of the public that would like to participate remotely may call into the public hearing at **(415) 655-0001 Access Code: 43808661#** or via [Webex video link](#). 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 2022 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”

SEWER ORDINANCES:

§ S2e “WASTES EXCLUDED FROM ALL SEWERS”

§ S2q “USE OF COMBINED SEWERS”

§ S2s “STATE OF CT GENERAL PERMIT FOR DISCHARGES FROM MISCELLANEOUS INDUSTRIAL USERS”
§ S2t “REQUIRED WASTEWATER DISCHARGE PERMIT(S)” (NEW)
§ S2u “DISCHARGE GREATER THAN 50,000GPD” (NEW)
§ S2v “ADDITIONAL PROHIBITIONS” (NEW)

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.

PUBLIC COMMENTS

Judy Allen, of West Hartford, read from the following written comments:

Nov. 15, 2021

Comments for Public Hearing Regarding Proposed 2022 Budget, Water and Sewer Rates, and Changes to Ordinances.

The MDC, like everyone else, is facing rising costs for everything. Supplies cost more and are harder to obtain. The enormous rise in the price of natural gas and chemicals hit the MDC hard. These realities underscore the need to increase revenue while trying to keep expenditures down. There are more equitable ways to do this.

One opportunity is the Sewer Customer Service (SCS) charge. A recent study by Raftelis makes it plain that the possibility exists to recalculate this charge making it more equitable and increasing revenues. Right now all customers are charged the same flat fee regardless of the size or kind of customer.

The \$2 increase in the SCS charge represents the largest increase in a customer’s bill. This charge is also meant to decrease the ad valorem burden on member towns. In the Raftelis study an example was given about what revenues would look like if the SCS charge had been calculated in a more equitable way in 2021. The MDC could have almost doubled their revenue from this charge. But the study recognizes that such a large increase for some customers might be burdensome and recommends a more gradual increase over the next few years and gradually increasing revenue from this source. The staff has been using the contents of this study in proposing the new SCS charge. It is regrettable that a discussion with commissioners will only happen at the next Bureau of Public Works meeting on Nov. 22 with little time to consider changes before the proposed budget is voted on.

It's a problem that the public does not know how this charge is calculated or how staff proposes to address this unfairness. Why does the proposed 2022 charge continue to be applied the same to all regardless of the kind of customer? How and when does the MDC intend to address this?

Another opportunity for increased revenue is the discounts for large volume water users for which only Niagara Bottling can use. No other customer comes near the amount of water that would qualify it to receive discounts. It's now clear that Niagara buys water in response to market conditions. Regardless of discounts, they will only bottle the water they need to meet the market demands, no more, no less. Discounts make no difference. The water Niagara buys above the threshold qualifying it for discounts is revenue lost both for water and especially the Clean Water Project.

Yet you still cling to the idea that this discount will attract more large volume water users. Consider how large that customer would have to be to make use of these discounts and the footprint that large customer would need. Niagara's building is equal to 2 football fields. Two football fields of run off from impervious surface, plus paved parking.

The incongruity of demanding towns deal with their storm water problems as soon as possible, while promoting huge development that would increase stormwater run off is a problem.

It is towns that need to decide what development they want and what impact that may have on their storm water problems.

In a recent meeting Mr. Jellison complained that if they keep providing discounts, then taking them away, giving them again, then taking them away only serves to breed distrust. There is a simple solution to this, rescind the discounts and keep it that way. Not only is this fair, it increases MDC's revenues.

Please reconsider the SCS charge and the Niagara discounts for fairness, business appropriateness and for the potential increase in revenue.

Judy Allen
West Hartford

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

COMMENTS OF INDEPENDENT CONSUMER ADVOCATE
RE INCREASES IN WATER AND SEWER RATES

November 10, 2021

INTRODUCTION

The Independent Consumer Advocate (ICA) has reviewed the public notices and the full budget of the MDC in support of its proposed increases to water and sewer rates as well as the changes to the Ordinances of the District regarding sewers. The proposed changes to the Sewer Ordinances in section S2e-2v appear to be aimed at preventing further introduction of storm water into the sanitary sewer system and limiting inflow to the combined sewer system. These provisions should be adopted. While no increase in the Clean Water Project surcharge of \$4.10/ccf is contemplated for 2022, this charge is projected by MDC consultants to increase substantially in future years. The ICA urges the MDC to carefully consider such charges, their adverse impact on water consumption and the ability to smooth out such increases.

SEWER RATES

1. The increase in the sewer customer service charge is being imposed unfairly and inequitably. There are three contemplated changes to sewer rates: increase in sewer customer service charge of \$2.00, increase in sewer user charges of 11.1%, and increase in the ad valorem of 3.1%. The ICA urges the MDC to evaluate these charges and make certain adjustments to the proposed increases. The current sewer customer service charge is \$7.00 per customer per month. This rate applies equally to all customers regardless of size. The smallest residential single-family house pays \$7.00 as does a mid-size office building with one sewer connection, as does a factory with one connection. This is the only customer charge imposed by the MDC which does not vary with customer size. So, for example the water customer service charge is \$14.98 for a typical single-family house and as much as \$1,896.38/month for the largest customer. The proposed increase of \$2.00/month is imposed on all customers so that the smallest pays \$2.00 more and the largest the same \$2.00. Not only is this inconsistent with all other customer charges imposed by the MDC, it is also inconsistent with the Raftellis report of November 2, 2021, which has been used to justify the \$2.00 increase. The Raftellis report reaches two conclusions. First, it determines that the sewer customer charge should be raised in order to recover customer related costs. It determines that the total raised through the sewer customer charge should be \$19 million instead of the current \$8.4 million. Second, it sets forth what it determines to be an equitable way of recovering that revenue from the different size customers. It recognizes certain data deficiencies and recommends that until these are rectified, that water meter size be used as a reasonable proxy. It then recommends increases from \$4.00/ month for the small customers up to \$3,000/month for the largest customer. Finally, it suggest phasing these increases over a period of years. The proposal before the MDC appears to be in agreement with the first determination, i.e. increase the amount of money raised by the sewer customer service charge, but utterly and inexplicably is silent on the second determination, i.e. increase the charge based on water meter size. As the Raftellis study says in response to the absence of data on sewer laterals, "In the interim, to reflect the cost of providing service to customers more accurately, a customer's water meter size could be a reasonable differentiating basis. Throughout the industry, the most common basis for differentiating sewer fixed charges is on the size of the customers' water meters." No reason is given for the proposal by the MDC to do it differently. The ICA has certain reservations regarding the claim that the sewer

customer service charge should recover \$19 million. For example, it is not clear why 100% of command center expenditures related to sewer should be charged to the customer charge. This implies that the command center never handles sewer main breaks. However, the failure to assess the increase proportionally is much more serious and has a much greater impact on the smaller customers. Raftellis recommends an ultimate rate of \$11.66/month for the smaller customers. The contemplated \$2.00 increase brings the rate to 77% of the ultimate rate for such customers. In contrast, the \$2.00 increase brings the rate to .3% of the ultimate recommended rate, \$3,071.85, for the largest customer. This is neither fair nor equitable. The ICA recognizes that there may be a desire to keep the ad valorem lower than it otherwise would be by increasing the sewer customer service charge. While this may be viewed favorably by some, it comes at the expense of individual customers. It adds insult to injury to compound this by imposing a relatively larger burden on the smaller customers. The ICA recommends that if the MDC wishes to raise an additional \$2 million through the sewer customer service charge, it do so by increasing the rate proportionally to the size of the customer, as determined by the water meter. Raftellis could certainly supply the necessary information to do so.

2. The increase in the sewer user fee of 11.1% is inconsistent with the ad valorem increase of 3.1%. The filing proposes an increase in the sewer user fee of 11.1%. This fee is charged to high volume users and tax-exempt customers. Certain high tax customers receive a rebate on a portion of this fee depending on their level of property taxes paid. The fee is required by the EPA and is supposed to be calculated annually. There is no explanation in any of the materials to support this increase. At the very least this justification should be provided and there should be some explanation of why this increase is 3 times, in percentage terms, the increase in the ad valorem.

3. The increase in the ad valorem should be smaller. While the 3.1% increase is modest, it could be even less. For the last several years, the ICA has argued that the payroll expense is overstated because it assumes that every authorized position is filled every day of the year—a near impossibility. In the past this argument has been rejected on the grounds that it is too hard to project which positions will be vacant, or that it will not be possible to fill authorized positions because it will not be known whether there will be room in the budget. These arguments cannot withstand a careful analysis. In 2021, regular payroll and total payroll (overtime, bonus, etc.) were budgeted at \$40.2 million and \$45.3 million respectively. The projected spend level is \$37 million and \$41.5 million respectively. The 2022 budget is a bit smaller than the 2021 budget. If even half of the difference between budget and projected was incorporated into the budget, this would amount to a reduction in 2022 payroll of \$1.5 million. Of this approximately one-half, \$750,000 would be allocated to reduce sewer expense and one-half to water. This vacancy adjustment would merely be noted as a reduction in overall payroll costs. The same number of positions would be authorized and could be filled as necessary. Just as all other costs are based on reasonable assumptions about usage, so too should payroll costs be based on reasonable assumptions regarding the ability to keep fully staffed all the time. Since only one half of the difference between budget and projected actual is being included in the

vacancy credit, there is still ample room in the budget to accommodate quicker hiring or fewer vacancies than have been historically the case. There is also ample room to use these excess funds to plug other 'holes' in the budget should they appear during 2022.

WATER RATES

The increase in the ccf charge for water is proposed to increase from \$4.05 to \$4.09, a modest increase. The Clean Water Project Charge is proposed to remain as it is for 2022. The \$.04 increase could be reduced based on the payroll savings discussed above. The result of the application of the payroll savings would reduce the water rate increase to close to zero.

CONCLUSION

The Board is urged to consider these adjustments to the proposed budget and rates for 2022.

Respectfully submitted,
David Silverstone
Independent Consumer Advocate

Patricia OConnor, West Hartford Resident, submitted the following written testimony:

Dear Mr. Myrtle, Please file the attached written testimony for the budget hearing today. Thank you. Thank you for this opportunity to comment on the Proposed MDC Budget 2022. As i have been keeping up with your on line meetings related to budget, I understand that the proposed rate increase to customer monthly sewer charges is partly to relieve pressure on the Ad Velorum. This is problematic. West Hartford residents have long noted the inequity of the Ad Velorum charges as they are administered to member towns based on property values. This creates a heavier burden on West Hartford member than other member towns. It appears the MDC is trying to fix this inequity with an equally inequitable and insufficient charge of an extra \$2.00 per billing cycle— from \$7.00 to \$9.00 on the current sewer charges. This proposal is partially made based on a study which has been withheld from public view and, despite requests, withheld from the Consumer Advocate until it's release this weekend. The late public release of the report, just one day before the public hearing on the budget, seems like a conscious attempt at clouding transparency which is at the heart of the MDC difficulties with consumers. This overall charge creates it's own inequity and again favors the high volume user, specifically Niagara. Efforts to do away with the Niagara discounts administered against public approval have fallen on deaf ears in spite of the fact that with the discounts the MDC has lost considerable revenu which would help budget constraints. The proposed increase treats residential customers and super users the same \$9.00. Personally, I object to what seems like back room decisions and communications. It appears the report was just released to the Commissioners on November 3 with no time for the Commissioners to study and

comment at its meeting and, importantly, on the suggestions of alternate ways to increase sewer revenue. (charges directly related to meter usage). Do the Commissioners understand and agree to the MDC ineffective way to recoup sewer charges? Do they think this solves a long standing problem? What about the proposed alternative solutions? This hearing is a request to approve the proposed budget, yet all the information has not been brought to light. MDC decisions have not always been financially sound decisions. The attitude that only the MDC can solve its problems leaves out the informed creative options of the commissioners and the public that are so very much needed to make the MDC an innovative and sound administrator of our most precious natural resource. It also leaves the public without an overall view of problems the MDC is facing which will eventually be passed on to customers. The public does not have a clear view of the future that is known by MDC Administrators. I look forward to discussions on other ways to stay abreast of these quickly rising costs.

Very truly yours,
Patricia OConnor
14 Trotwood Drive West Hartford

Patricia OConnor, West Hartford Resident, submitted the following second written testimony:

I appreciate the opportunity to comment on the Proposed 2022 MDC Budget before the hearing on this date: As I have been keeping up with your on line meetings related to budget, I am under the impression that the proposed rate increase to monthly sewer charges is for the purpose of relieving pressure on the Ad Velorum. It is my opinion that this is problematic. West Hartford residents have long noted the inequity of the Ad Velorum charges as they are administered to member towns based on property values. This creates a heavier burden on West Hartford customers than other towns. It appears the MDC is trying to partially address the inequity of the ad Velorum by an equally inequitable and insufficient charge of an extra \$2.00 per billing cycle— from \$7.00 to \$9.00 on the current sewer charges. This overall charge creates it's own inequity and again favors the high volume user, specifically Niagara. Efforts to do away with the Niagara discounts administered against public approval have fallen on deaf ears in spite of the fact that with the discounts the MDC has lost considerable revenue which would help budget constraints. The proposed increase treats residential users and super users to the same \$9.00. This proposal is partially made based on a study which has been withheld from public view and, in spite of numerous requests, has also been kept from the MDC Consumer Advocate. The late release of the report to the Commissioners, on November 3, just before the meeting for discussion on the budget, appears to be a conscious attempt at clouding transparency which is at the heart of the MDC difficulties with consumers. Arrangements could have been made in good conscience to disseminate the report earlier to Commissioners and the Consumer Advocate since it is being used in the now proposed budget for which the MDC requires approval voting and approval. Personally, I object to any act by the MDC that even gives the impression of lack of transparency or lack of cooperation. Decisions made behind closed doors have not

always been financially sound decisions. The attitude that only the MDC can solve its problems leaves out the informed creative options of the commissioners, other water overseers, and the public. New ways to address problems are much needed to make the MDC a trusted and sound administrator of our most precious natural resource. I look forward to discussions on the report prior to the approval of this budget. I would not like to feel the Commissioners and a small number of the customers is approving a budget that is not sufficiently understood, discussed, and approved - including other options to gain revenue.

Very truly yours,
Patricia OConnor
14 Trotwood Drive West Hartford

Mike Zaleski, CEO of Riverfront Recapture Inc, thanked the MDC Commissioners for their continued investment into public spaces and Riverfront parks in the 2022 Budget.

ADJOURNMENT

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

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date of Approval