

**Jewett City Department of Public Utilities
Board of Commissioners
Public Hearing Minutes
November 21, 2023**

The Public Hearing of the Jewett City Department of Public Utilities (JCDPU) Board of Public Utilities Commissioners was held in the Meeting Room of the Jewett City Municipal Center on Tuesday, November 21, 2023, at 6:00 pm. The notice of the meeting is attached.

In attendance were Chairman Demicco III, Comm. Kenneth Comfort, and Comm. James Derusha. Also in attendance was Kenneth S. Sullivan, Director of Utilities.

Also in attendance were interested members of the public.

Chairman Demicco read the call of the public hearing.

The Pledge of Allegiance was recited before the start of the public hearing.

Chairman Demicco thanked the attendees for coming to the public hearing. He announced that per CT State Statues, this Public Hearing notice was advertised in the Norwich Bulletin on November 5, 2023 and mailed to all property owners. He also stated that the purpose of this public hearing was to hear concerns or general thoughts from the public regarding a proposed sewer rate increase of 9.75% which would take sewer rates from \$7.05 per unit, where a unit is 748 gallons, to \$7.74 per unit. Also, Chairman Demicco stated that Debt Escrow funding would increase to \$0.13 per unit billed instead of the \$0.12 per unit billed previously, but the bottom line is that the rate increase is still 9.75%

Chairman Demicco stated that he would allow Ken Sullivan now to explain more of the reasons for the sewer user rate increase.

Director Sullivan stated that he wanted to first give a high-level explanation of what is driving this rate increase. He stated that the drivers tend to be inflation and the fact that there is a lack of flow coming into the WWTP that produces a shortfall of needed revenue which produces very large losses at the plant every year. He stated that these losses average \$300,000.00 to \$350,000.00, that combined with rising prices produces the revenue shortfall that exists at the present time. He explained that capital assets are failing right now and everything that needs replacing seems to cost between \$150,000.00 and \$200,000.00. The same things that are affecting everyone, is affecting us as well, and it is not just this rate increase but everything that has gone up as well. He stated that the JCDPU understands what everyone else is feeling.

Director Sullivan stated that because this public hearing was going out to the WEB, he had a letter of explanation that he would like to read. He mentioned that many people here at the public hearing have attended most or all of the Borough of Jewett City meetings and are aware of the drivers, but wants to reach out to the people that may not attend the Borough meetings regularly, wanting them to understand what is going on.





Director Sullivan read: "In the late 1990's Jewett City service area was placed under a building moratorium by DEP, so that no building would be allowed until and unless the sewer plant was upgraded. It required upgrading because in heavy rain situations the former sewer plant would produce overflow that would discharge into the Quinebaug River. Such untreated overflow is not allowed and accordingly the building moratorium was placed upon this area by DEP. The upgraded plant lifted the building moratorium that was placed upon this area. In 2004, the upgrade to the Waste Water Plant was completed and we now have a state-of-the-art plant with a 1.1 million gallon per day capacity and that in the long run will be a good news situation, but that time is not now. This plant employs a Bardenpho process that consists of a four-stage process with biological nutrient removal of phosphorus and nitrogen, better health for our waterways. A very good news story for both the environment and for possible future economic development, that all hinges around this waste water treatment plant. Someone asked recently why it was built so large? And the answer to the question is multi-faceted. One: by waste water treatment plant standards this plant is one of the smallest in the State of Connecticut having a 1.1 million gallon per day capacity. Two: while this plant was being built, the contractor and other sources ran various economic models that all indicated rapid, significant growth of economic development would occur and the corresponding increase in flows to the wastewater treatment plant, all of this would happen in this area over the next decade or so and unfortunately that has not occurred, or at least not yet. Certainly, the great recession of 2008 did not help this cause at all. Lastly, when applying for grants etcetera, you have to strike while the iron is hot, and that is what was done in this case. This could not have been built in stages as the cost would have been significantly north of the \$19.2 million dollars that this plant cost to build. So in that sense, all was done correctly. What brings us to this point where we are reaching out to the rate payers for financial help! In recent years we been regularly employing modest rate increases while desperately trying to wait for economic development, but that development simply has not occurred to date. To demonstrate this fact, I can offer the following: In 2005 the waste water treatment plant served 265,000 gallons per day of flow and today we serve approximately 290,000 gallons per day of flow. This clearly demonstrates a lack of economic growth in this area that is negatively affecting the financial status of the plant. I stress that development is needed to reduce the burden on the rate payers. I firmly believe that economic development will come and is only a question of 'when' rather than 'if'. But that time does not appear to be now. In the past year we have seen rapid failure of large capital assets at our waste water treatment plant and that additional financial burden can't be sustained with present funding. In this case, the business must continue as it is impossible to close the waste water treatment plant. I have communicated with the State of Connecticut about our financial needs and I have reached out to our Congressman, Joe Courtney's office as well. To this date I don't have any firm answers as to the possible financial aid coming from either the state or federal government, but we do remain hopeful. I expect to know more news in sometime in January. I do need to thank Representative Brian Lanoue and Senator Somers for their listening ears to our issues and I also want to thank Congressman Joe Courtney and his staff for their attention to this issue. Without a firm commitment for any other financial aid and without the needed economic development that could produce the additional revenue needed, we have to come to the ratepayers. I wanted to take a minute to talk about the proposed and extremely well needed 9.75% rate increase. This rate increase would raise approximately an additional \$78,000.00 of additional revenue and that is far short of the help that this plant will ultimately require, but it is certainly a step in the right direction. To start, I would like to point out that a 9.75% rate increase would represent an average cost increase of approximately \$13.25 every three months for the average single-family home and again I can't emphasize enough the importance of this rate



increase in a financial sense. As an example, and example only, I would render the following information: an additional 50,000 gallons per day of flow to the plant would produce an additional \$186,000.00 per year of revenue using the proposed new rates as an example, and that would be a fantastic start. To be running well in a financial sense, I would like to see this plant serve an additional 100,000 gallons per day in the corresponding additional revenue of \$372,000 per year using the newly proposed rates as an example. As an illustration only, I would point out that if an additional 50,000 gallons per day of flow came from an all-residential source, that would equate to approximately an additional 250 single family homes. So again, we point to the need for commercial and/or industrial economic expansion. We currently fund capital at only \$30,000.00 per year, and this past year it was dictated that amount should be at least \$225,000.00. We can't fund the present failure rate of capital assets as needed because we don't have necessary flow and corresponding revenue that would equate to that flow, and accordingly, here we are. The future is concerning because without a large infusion of cash or without rapid economic development that rapidly increases flow to the plant, and the corresponding revenue associated with that increase in flow, or some combination of the two, rate increases would be the only way to fund the plant. For example, and only as an example, if we don't receive any of the previously described cash infusions, whether it be by economic growth or by rate payers or by bond initiatives by the State, or by federal government, we could be looking at another rate increase by no later than October 2024."

Director Sullivan stated that's the situation and he can't emphasize enough the need for economic expansion being significant, particularly now with the additional financial storm of rapid large capital asset failures at that plant, they have to be funded. He stated that he knows DEP would tell people in this room who have more experience, that we have a plant, fund it. He stated, "That's where we're at."

After explaining the above, Director Sullivan asked if there were any questions.

Chairman Demicco asked that if anyone had questions to please state their name and address for the record.

Laurie Sorder of 67 Ashland Street stated that she had asked this at the Borough meeting but would like to ask again for the record here, is there were any way to modify the operation at the plant that would tone it down a little bit so that it would be a savings? Director Sullivan stated that the best he knew all the stages of the operation being done were necessary to treat the flow and put us at permitted levels to discharge into the Quinebaug River. We have the VFD's that are employed and done retrofit lighting down at the plant, and have done things that we know of to do, so he answered "Probably not."

Tim Sharkey of 11 Lenox Avenue stated that the Borough through ARPA Funds have given close to \$400,000.00 that's already gone into that plant. Director Sullivan pointed out that at this time, today, he has a punch list of \$680,000.00 of failed or failing capital assets down at the plant and that's the reason we're here today. He also stated that we can fund some of it but the situation becomes very cloudy by June or July of 2024. He stated that he couldn't predict what will fail in the future.

Jim Barnie, property owner, asked what the failure stream going forward and could he make any estimate of replacing \$200,000.00 or \$100,000.00 per year. Director Sullivan stated that he would feel comfortable at funding depreciation/capital assets at \$225,000.00 to \$250,000.00 per year in the future. Jim Barnie also commented that he was the Chairman of the Capital Improvement Committee of the Town of Griswold and Borough of Jewett City and condominiums being that this is a major problem throughout that no one is properly funding anything going forward that he is aware of, which is a critical thing. Director Sullivan agreed that it is an ongoing problem you have when you don't have adequate revenue for the cure



for that problem. He stated adequate revenue meaning commercial or industrial development. He also stated that no one wants funding from an all-residential source.

Laurie Sorder asked another question: With the WWTP being a Borough Entity, the impetus being the rate payers, and there are some rate payers outside the Borough, correct? 'Yes', was answered by Director Sullivan. Mrs. Sorder asked if it was a small number or how it was comparatively? Director Sullivan stated that most of the customers are inside the Borough. Mrs. Sorder asked if this was basically a Borough problem, or she had remembered that when the WWTP was upgraded that it was a joint effort. Director Sullivan stated that the Town of Griswold did contribute something to the upgrade of the plant. Mrs. Sorder stated that with the assumption that the economic development would come the ball would roll. Director Sullivan stated that was correct but wanted to point out that the school system contributes significantly to the flow and the rate increase would affect them in a big way.

Jim Barnie again asking what the increased number that the schools would be liable for when this goes into effect? Director Sullivan stated that he didn't have the flow amounts in front of him to tell him at this time, but he would find out and get back to him. Director Sullivan asked the secretary to make a note of this request.

Jim Barnie asked if there should be a total shut down of the plant, and Director Sullivan interjected that that can't happen! He stated that flow could not by-pass the plant and flow into the river, it can't happen. He stated that it's not an option! After some back and forth, Director Sullivan stated again it can't happen, and stated that it would go bankrupt before that could happen, it could never happen, no matter what! Period!

Chairman Demicco asked if anyone else had questions.

Kathy Waselik of 2 Annex Street asked if there were any grants or anything that were applied for now or in the future? Director Sullivan stated that he was talking to the state about a bonding initiative and to Joe Courtney's office as well. He explained there was a grant that happened at NPU but that was project related, stating we don't have a project, that ours is a lack of or shortfall of revenues.

Jim Barnie asked about the Wall and how it was progressing. Director Sullivan asked Tim Sharkey to give an immediate update and response to this question of funding for the Flood Wall. Warden Sharkey stated that at the last meeting regarding this that we got another \$400,000.00 roughly and Director Sullivan included that the JCDPU had to go out and get updates on quotes to find out if the last quote rendered is still valid. Mr. Sharkey mentioned he thought the quote was good until August 2023, and because it was so late in the season, Peter told him that they would probably wait until the spring time now. Warden Sharkey stated that with the first bid we got a million-dollar grant, at that time the wall was to cost about \$870,000.00 and then COVID hit us and the project was put on hold. He stated when that was cleared to go, two bids came in, one for \$1.9 million and the second for \$1.2 million and we only had a grant for one million dollars. Warden Sharkey said that the State did not have enough money to give us, and told us to take the rest out of our pockets and even asked us to ask another town to give us \$200,000.00.

Director Sullivan asked if there were any other questions.

Leona Sharkey of 11 Lenox Avenue stated that it was mentioned earlier that Director Sullivan had spoken to State Representative Brian Lanoue and had communicated with State Senator Heather Somers and also bonding through the State of Connecticut and is assuming that both our State Representative and Senator are on board and are helping with that bonding initiative and if so, did they put anything into Legislation to have that bond commission hopefully pull that request and asked if he was in conversation with them? Director Sullivan stated that he had an in-depth conversation with Representative Lanoue



within the last week stating that he remains fairly hopeful for some good news out of the December meeting. Mrs. Sharkey asked if they are actively working on our behalf? Director Sullivan stated that he wanted everyone to understand that at this time he does not have a firm commitment. Mrs. Sharkey stated that that was fair but good to know they are actively working to help. She thanked Director Sullivan.

Chairman Demicco informed everyone that he received a letter from a consumer to be read for the minutes: "Dear Commission Members, I am unable to personally attend this evening's November 21, 2023, public hearing concerning the proposed rate increase per the Borough sewer rates. Were I and my family able to attend we would testify that since there was a similar increase a year ago and more importantly due to the economic realities and the fact that our population is now struggling to make ends meet financially, we formally request that the Commission not raise any further rate increases now. Within our family business, we network with hundreds of residents per week and the hardships are real. Thank you for seriously taking our earnest opinions this evening. Sincerely, Phillip E. Anthony and family."

Chairman Demicco stated that this be put in record.

Director Sullivan stated that he wanted to offer up that we have had regular modest rate increases and that's what is being referenced, he thought, in the email and the reason they were modest was because he was trying to buy time for economic development. He stated that the last place he wanted to go, with situations like this, is the rate payers.

Chairman Demicco asked if there were any other questions.

Chairman Demicco thanked everyone for attending and stated if there are no other questions, he asked for a motion to adjourn.

Comm. Comfort made the motion to adjourn the public hearing at 6:25 pm. The motion was seconded with all in favor.

Respectfully submitted:



Debra L. Bingell
Secretary to the Board