



TOWN OF ENFIELD

Town of Enfield with WPCA Subcommittee

March 15, 2018

1. Call to Order

The meeting was called to order at 5:30 p.m. by Councilman Arnone when a quorum was present.

2. Attendance

Present:

Donna Szewczak, Commissioner, Town of Enfield WPCA
Thomas Arnone, Commissioner Town of Enfield WPCA
Joseph Muller, Commissioner, Town of Enfield WPCA
Bryan Chodkowski, Town Manager, Town of Enfield
Jonathan Bilmes, DPW Director, Town of Enfield
Kevin Shlitz, WPCF Superintendent, Town of Enfield
Jay Sheehan, Principal - Woodard & Curran
Tom Schwartz, Sr. Project Manager, Woodard & Curran
Toby Fedder, Financial Specialist, Woodard & Curran
Kevin M. Flood, Sr. Project Manager, Fuss & O'Neill, Inc.

3. Discussion-Rate Study

The following is a summary of the Powerpoint presentation by Woodard and Curran:

Presentation

Currently the rates, capture approximately \$4.8 Million dollars annually in revenue but when you look at the other costs, this is more than the revenue coming in. Specifically, there are operating costs, indirect costs, funds for stabilization, capital outlay for projects and finally existing and pending debt service outlay.

The existing debt service is from the \$3.6 million borrowed from the General Fund to pay for operating costs. This was to be paid back over 10 years but payments have not been to the extent planned. This has been because revenue has been coming in less than anticipated due to town changes in summer discounts, adjusted metering, overall reduction in water usage and minimum payments for low water users.

There was some discussion about forgiving the General Fund loan to the WPCA. John Wilcox explained that will not be a simple procedure.



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Given this information, there needs to be a change in the rates for the town to cover the costs which are projected to be approximately \$8 Million dollars by 2023.

Some of the important questions and decisions that need to be answered today include:

- What is the time period the town would like to get to Zero Fund Balance? The committee felt we should look at a few options including 5, 6 or 7 years and see how this affects the rates. The length of time depends on the amount of unpaid bills we collect. This may change the amount of funding needed to pay things back.
- How much do we expect to collect from the unpaid bills? All agreed we should assume 75% of the unpaid total.
- Equitability - We need to look at the different types of users and how this would affect each of them once we know more about the accounts and can separate out low and high users. As stated previously, this level of detail for each account is not known.

Commissioners Arnone and Szewczak would like to have a better understanding of the accounts in order to aid in the decision-making process.

For example: The question to ask is who is paying for the sewers and what should the payments be? Currently we think the Industrial and Commercial users are paying for what they are using. These large users (includes some residential) are paying higher rates (second tier rates) whereas some are paying a very low, flat fee due to their small usage. All agreed we need to determine how to differentiate. Right now it appears the base people are paying the most.

Toby Fedders has reached out to the Utility to get the accounts and list them as residential, commercial and industrial. John Wilcox also has some information that may aid in this differentiation of customers.

We also need to know who is on a well. They typically have flat fees.

We then discussed rates of those in Towns in the immediate area. We think we need to be close to \$500 annually. Within the 5 year window we are discussing, this will probably be right in the middle of those listed on the slide. Jay pointed out that many of the surrounding towns have flat rates as well. These rates, just like Enfield's, will change over the next five years as well.

Jay then presented the three (3) options we have for modifying the rates. They include:

- A straight rate increase only over the period to get to zero net balance. This is the easiest of the rates changes. This type of increase tends to drive down consumption and results in a large initial increase. For every 1% increase, an additional \$45-50K



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- per year of revenue is collected. A total of 70% increase is needed to collect \$3.5 Million dollars to catch up.
- A rate increase but also a flat fee included as well. This is more consistent in terms of the revenue that will be collected and it is evenly distributed among all users. The problem with this one is the lowest users are affected more and there will be a large year-one increase for them. Each \$1 dollar collected as a fixed fee results in roughly \$200,000 per year of additional revenue.
- Residential reverts to a flat rate - This is simple and could greatly reduce billing costs if the Town includes this on the Tax bills. This is a total departure from the current sewer user fee model and will affect the lowest users the most. Each \$100 of fixed rate results in about \$1.6 Million in revenue.

After some discussion, Commissioners Szewczak, Muller and Arnone agreed that the second option is the best option for Enfield and would like Woodard & Curran to focus on this approach as they gather further information and update their sewer user fee model.

The Decisions made today are summarized below:

Rate time period - 5 to 7 years depending on rates
Structure - Fixed Fee plus usage
% Level of Collection - 75%

Woodard & Curran will work with information to be received from the Water Utilities and John Wilcox on users and draft options based on 5 to 7 year payback, with the structure described and assuming 75% payback of the \$1.5 M in unpaid sewer bills.

We need another meeting to go over what our decisions today mean and how they affect the rates. This was tentatively scheduled for 5:30 pm on March 26th, 2018. Deb McCarthy will send out an invite once she returns next week.

4. Adjournment

The meeting was adjourned at 6:15 p.m.