AVON WATER POLLUTION CONTROL AUTHORITY
May 21, 2015 Special Meeting
Selectmen's Chambers, 5:30 pm
Town of Avon

I. CALL TO ORDER

The Avon Water Pollution Control Authority was called to order at 5:35 pm by Mr. Farrell.

Present: Michael Farrell
Eric Johansen
Tom Armstrong
Terry Ryan
Chris Roy
Lawrence Baril, Town Engineer
Tim Foster, Superintendent of Sanitary Sewers
Brandon Robertson, Town Manager

Absent: N/A

II. MINUTES OF PRECEDING MEETING – April 9, 2015

MOTION: Mr. Farrell initiated the motion for approval of the April 9, 2015 minutes. Mr. Armstrong provided clarification under Old Business, 2015-7 Accounting and Management of Fund 5, page 3, stating that even though the Town is 85% built- out, not every one of those is connected to the sewer. The 15% would be more than that. With that clarification, Mr. Farrell made a motion for approval of the April 9, 2015 minutes. The motion, seconded by Mr. Johansen, received unanimous approval.

III. COMMUNICATION FROM THE AUDIENCE – (Note – this agenda item was performed out of sequence) Mr. Tom Diecidue, 146 Winding Lane, introduced himself. Mr. Diecidue apologized for being late due to traffic in the Farmington area. Mr. Diecidue wanted to thank everyone for listening to the petition for the sewer project. Mr. Diecidue inquired for a status on the Paperchase sewer project. Mr. Baril noted the survey work was completed last week and his Assistant Town Engineer has been working on the design of the sewer system. The borings need to be done. It has been challenging getting a borings contractor out there. There has been contradictory information about ledge in this area. The next informational meeting regarding the project will most likely occur at the July AWPCA meeting. The borings process will take about a week. Mr. Diecidue mentioned he plans to attend the July meeting to see how it goes and what lessons can be learned. Mr. Baril noted a letter to Winding Lane area residents will most likely be sent in July informing them of the field survey work. Mr. Armstrong recommended Mr. Diecidue canvas his neighborhood for interest in gas and water. Mr. Diecidue inquired what the incentive is for the utility companies to connect the neighborhood for utilities. Mr. Farrell noted that there's a responsibility, as the authority, to sewer areas of the Town that demonstrate a need for it. The signatures are not the end all, be all of our process going forward in one direction or another. The signatures are used as a sounding board. Mr. Baril responded to Mr. Diecidue's question that the gas company wants to have a certain percentage of residents who will sign up and convert. The gas company will not invest unless there's a guarantee from some certain number of customers. The water company would like a relative commitment but they are more interested in investing knowing they will get service in the future. It doesn't hurt to have a list of signatures for utilities but Mr. Baril noted the Town will meet with the utility companies. Mr. Foster noted there's a coordination between the Town and the utility companies to prevent unnecessary pavement disturbance. Mr. Baril provided history from working with the gas company on the Haynes Road project. Mr. Farrell expressed appreciation to Mr. Diecidue in attending the meeting.

IV NEW BUSINESS – None

V. OLD BUSINESS -

2015 – 5 Accounting and Management of Fund 5

Mr. Farrell expressed appreciation to the Town Manager for attending the meeting.
Mr. Farrell noted that every spring, the AWPCA looks at the user rates and in doing so, have looked into the budget and wanted to get a better accounting of where we were. It has happened in the past where someone has walked in the door where they are questioning why the Authority is doing what they are doing. The AWPCA would like something tangible to demonstrate why we need to raise the rates, lower the rates or freeze the rates, etc. Questions arose about the management and maintenance of fund 5 relative to what authority the AWPCA has. Mr. Farrell requested detailed information which he acknowledged receiving. Mr. Farrell invited members to ask the Town Manager anything specific. Mr. Farrell mentioned the quarterly report members receive is a report members cannot understand.

Mr. Robertson provided a background on the General Fund noting it is the Town's primary fund for general governmental expenditures such as Public Safety, Public Works, General Government and Board of Education. It is the largest fund. There is a special revenue fund which are non-major government funds. There are nine special revenue funds and the sewer use fund is one of the special revenue funds. What is unique to the special revenue fund is that both the revenues and expenditures are legally restricted to a defined purpose. The budget book provides a commentary on each special revenue fund on what each fund can be used for. In most cases, the special revenue funds are legally adopted. Mr. Robertson noted the Town's recent referendum included a question on the special revenue fund, such as the sewer use fund. The sewer use fund always has been, by law, a special revenue fund. Mr. Robertson continued to discuss certain revenue generating line items such as interest and penalties and assessment charges. Expenditures are those expenditures that are for the care, maintenance and extension of the system. It also included charges to Farmington, Canton and Simsbury for sewer use. Sewer use fund and recreation activities funds are good examples of the distributed budget. There are charges, for example, for personnel that are apportioned to the sewer fund based on the time spent on the sewer system. Other overhead includes pension contributions, post-employment benefits and IT charges.

Mr. Robertson continued to discuss the budget process including operating and capital projects. Mr. Farrell noted he looked at the budget book online but was amazed at the activity that comes in and out of the fund. He commented on the number of employees who are listed on the financial report. Mr. Robertson responded that the number has decreased noting a portion of the Town's accountant salary was charged to the sewer fund which has been eliminated. Otherwise, the percentage amounts have been stagnant. Discussion continued on the financial report dedicated to employee salary charges to the sewer fund. Mr. Robertson clarified Mr. Armstrong's question that only a portion of salaries in the Engineering Department are charged to the sewer fund and also clarified examples of what a direct charge is against the sewer fund. Mr. Baril invited members to look at the budget book which lists account line items such as fuel charges and postage, which are actual. Mr. Robertson noted the IT piece of the budget, such as the GIS system, where there is a percentage of the GIS that supports the sewer system so a portion is charged to the sewer fund. The concept is referred to as distributive budget.

Mr. Armstrong noted Statute number 7-267 which says the money the Town receives for assessments, sewer connections and sewer uses, has to be used for sewer projects. Mr. Baril responded to Mr. Armstrong's question about costs associated with IT and GIS noted that the GIS is managed as a series of accounts from several departments and he and his GIS Manager estimate what their expenses are going to be in order to manage the GIS budget such as software, web site development and special projects. These accounts are separate from the IT budget. Identifying which departments will benefit

from GIS is considered when allocating the charges. Mr. Baril responded to Mr. Farrell's question that the IT charges are handled by the Finance Director and the IT Committee. Based on Mr. Farrell's question, Mr. Baril noted that fund 5 is a separate fund for sewer system maintenance and development. Mr. Robertson concurred that it is entirely separate noting that it is adopted separately through the appropriations process and it is reported differently on the comprehensive annual financial report. Mr. Baril clarified direct versus percentage costs charged against the sewer fund. Mr. Farrell noted there were 12 different employees listed in the financial report. Mr. Robertson noted that sounded like a correct number and identified the various Town Staff who are included in this number. Mr. Armstrong inquired about the reserve relative to projected projects and whether the Town is collecting enough money. Mr. Armstrong noted he would like to know when the money will run out. Mr. Farrell's concern is if someone comes in and notices the balance in the fund and questioning why the rate is increasing. Mr. Robertson noted the balance is about $2 million, which is probably what it should be and is probably low. There is a huge liability out there. There will be new debt service payments to Farmington and should a pump station ever go down, that is several hundred thousand dollars. There is a massive system to maintain. There are improvements that need to be made. $2 million doesn't go very far.

Mr. Robertson replied to Mr. Armstrong's question noting the reserve is with STIF (short-term overnight investment fund) that is run through the Comptroller's Office with the State. The interest is below 1%. Other investment options will be looked into once rates increase such as CDs and Treasuries.

(A member in the audience inquired whether he could ask a question and Mr. Farrell noted he closed the public portion of the meeting but invited the gentleman to stay for approximately fifteen minutes where his question will be addressed).

Mr. Baril responded to Mr. Farrell's inquiry about prior year encumbrances, such as the one for fiber optics, noting that the Finance Director, primarily, develops the IT Budget. Mr. Robertson said he would look into the encumbrance. Mr. Farrell appreciated his offer as his concern is it's a significant amount of money and he would like to know what the Town is doing with it and would like to have more information about the money moving in and out of the line items. Mr. Baril noted that he does not have the sign-off authority for IT charges for Fund 5. Mr. Johansen would like to know the logic behind the charges. We are responsible for this fund. We have a responsibility what the logic is and that it's fair. Mr. Robertson noted he is happy to provide that information. Mr. Farrell noted we are obligated to the sewer users. We have to be careful we're not taking some of the sewer fees and putting that money into other things outside our purview. Mr. Robertson said that is legally restrictive and it has to be used for the sewer system.

Mr. Farrell's action items include gaining a better understanding of the recurring prior year encumbrances and the shared concern to find a better way to quantify what the AWPCA's portion of IT is and how the Town does this. Mr. Robertson responded to Mr. Johansen's question about the sewer budget referendum noting there are different percentages you need to look at. If you look at year over year on an expenditure basis, yes, the sewer use fund is included. This year that's one of the reasons why, year over year, we had about a 3.03% increase. There was a big increase in capital in the sewer fund. What most people key in on is the mill rate increase and the mill rate increase is not affected by the non-tax revenue. At the budget presentation and the annual town meeting, there is an asterisk next to the sewer use fund with a note indicating this fund is not supportive by tax revenue. It is supported by user fees.

Mr. Robertson responded to Mr. Johansen's question about the acceptance process for capital projects noting the I/I Study was approved through supplemental appropriation. Certain factors are considered when approving capital projects. Mr. Johansen expressed concern over the process noting others are

making the ultimate decision when approving project requests made by the AWPCA. Mr. Robertson noted they will need to make the ultimate decision anyway before it goes to referendum. All of that gets reviewed by the Town Council and the Board of Finance. Mr. Robertson replied to Mr. Farrell's question noting a supplemental appropriation request by the AWPCA could be denied. It hasn't happened in my tenure. There has to be a review. Mr. Farrell noted he is trying to bridge the gap between what we have been told by a particular consultant and our interpretation of the state statute relative to this fund, what we are legally empowered to do, what we can do, what our obligations are. Mr. Robertson noted that you are a component unit of the Town government, your budget has to be approved at referendum. Any appropriation in excess of 1/10 of 1% of the current year grand list, which is now about $2.5 million, your budget in operating and capital exceeds that. Those all have to be approved by referendum. You don't have the authority to specifically go out and say do it but you have an important role. There are very few exceptions for projects not going through because there is good reason - it doesn't affect the tax rate and it drives the revenue.

Mr. Farrell expressed appreciation for Mr. Robertson and closed out the old business agenda item. The action item includes a request to hear more information about the encumbrances.

VI PLANNING & ZONING MATTERS – None

VII COMMUNICATION FROM STAFF – Mr. Baril noted a resolution is needed for the AWPCA to allow Mr. Robertson the authority to enter into a grant contract with the State DEEP for the Clean Water Fund. Mr. Baril read the resolution that will be sent to the State DEEP.

MOTION: Mr. Farrell made a motion that the AWPCA authorizes Mr. Robertson to enter into a contract with the DEEP. The motion, seconded by Mr. Roy, received unanimous approval. Mr. Baril noted the check for approximately $18,000 was received from the State.

VIII COMMUNICATION FROM MEMBERS – Mr. Farrell noted the discrepancy regarding how many members should be on the AWPCA as the AWPCA handbook states the AWPCA should have six members. Mr. Baril noted he searched the MUNI code online and it states the AWPCA should have five members. Mr. Farrell noted the AWPCA Handbook references Town Ordinance 42 which states the AWPCA should have six members. Mr. Armstrong inquired if the Town has an emergency contractor on service should pumps go down. Mr. Baril responded that there are strong relationships with area contractors which avoids getting charged with emergency rates. Mr. Foster said there is a list he has available to call which lists their emergency rates. There is a close relationship with a handful of capable contractors who can handle repairs. Mr. Armstrong's concern is about getting hit with emergency rates. Mr. Armstrong inquired whether the $400,000 for the Haynes Road project could be returned and placed in reserve. Mr. Baril responded this amount was designated from the unassigned fund. This money was tapped into to pay for legal fees, easements and a facelift for the Meadowbrook Pump Station. Once these items were done, the money was released back to fund balance. Mr. Armstrong mentioned it would be nice to know the budget in advance from Mr. Baril.

IX OTHER BUSINESS – None

X ADJOURNMENT -

MOTION: Mr. Farrell motioned to adjourn the meeting at 7:10 p.m. The motion, seconded by Mr. Ryan received unanimous approval.

Respectfully submitted,
Suzanne Essex, Clerk