The Regular November Meeting of the Sewer Authority of the City of Norwich was held on Tuesday, November 25, 2014 in the 2nd Floor Board Room of Norwich Public Utilities, located at 16 South Golden Street, Norwich, Connecticut.

Item 1. The Meeting was called to order at 6:45 p.m. by Chairman James Sullivan.

Present: Chairman James Sullivan, Vice Chairman Diana Boisclair, Secretary Larry Goldman, Sewer Authority Member Robert Groner and Sewer Authority Member Grace Jones. Also in attendance were: General Manager John Bilda; NPU Staff Members Chris LaRose, Steve Sinko, Kerri Kemp, Jeff Brining, Michael LaLima, Mark Greene, Mark Decker, Laura Huren, Jeanne Kurasz, Randy Black, Dave Poore, Chris Riley, Rich LaMarche and Michele Addabbo.

Item 2. Fifteen-Minute Public Comment Period. None.

Item 3. Minutes of the Regular October Meeting held on Tuesday, October 28, 2014. Sewer Authority Member Groner, seconded by Sewer Authority Member Jones moved to approve the Minutes of the Regular October Meeting held on Tuesday, October 28, 2014, as written. Voted in favor: Sewer Authority Member Jones, Sewer Authority Member Groner and Chairman Sullivan. Abstained: Vice Chairman Boisclair and Secretary Goldman.

Item 4. Action Items
   ○ Signatory Resolution – Agreement to Waive Assessment & Appeals Rights. Sewer Authority Member Groner, seconded by Secretary Goldman moved to approve the following Resolution. Unanimously approved.

   RESOLUTION

BE IT RESOLVED that John F. Bilda, General Manager of the City of Norwich Department of Public Utilities, is hereby authorized to execute on behalf of the Sewer Authority of the City of Norwich an Agreement to Waive Sewer Assessment & Appeals Rights. Said Agreement verifies that the Sewer Authority of the City of Norwich acknowledges and accepts a property owner’s decision to waive any and all rights with respect to the Sewer Assessment and Appeal process as stated in Chapter 103 §245-255 of the General Statutes of Connecticut.

BE IT FURTHER KNOWN that as the General Manager, John F. Bilda, serves as the Chief Executive Officer for the City of Norwich Department of Public Utilities and is duly authorized to enter into agreements and contracts on behalf of the City of Norwich Department of Public Utilities.


Item 7. General Business. None.
Secretary Goldman, seconded by Sewer Authority Member Jones moved to recess the Meeting at 6:47 p.m. Unanimously approved.

The meeting resumed at 7:00 p.m.

Item 4. **Action Items.** Public Hearing – Revision of Sewer Rates. At 7:00 p.m. Chairman Sullivan called to order the Public Hearing regarding the Revision of Sewer Rates General Manager Bilda and Steve Sinko presented the Board with information regarding the purpose of the adjustment to rates due to the loss of Fusion Paper Board customer revenues. Chairman Sullivan invited any members of the public to address the Sewer Authority on this issue.

Joanne Philbrick, 10 Elm Avenue. Ms. Philbrick spoke against the proposed rate increase.
Philip Brose, 131 Broadway. Mr. Brose spoke against the proposed rate increase.
Paul Ribetella, 54 Oxford Drive. Mr. Ribetella read the following statement from ACLS and asked that it be submitted for the record:

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**November 24, 2014**

Mr. James Sullivan
Chairman
Norwich Sewer Authority
16 South Golden Street
Norwich, CT 06360

Re: Proposed Sewer Rate Increase

Dear Mr. Sullivan and Commissioners:

I am writing to you as the Co-CEO of Atlantic City Linen Supply, LLC concerning the recent proposal Norwich Public Utilities made to the Norwich Sewer Authority to increase the sewer charges for all Norwich customers. It is my understanding that the Board will be holding a public hearing on November 25, 2014 to consider public input on this issue. Since I will be out of state that day, I have asked one of our company’s local representatives to read this letter into the record of the hearing.

Atlantic City Linen Supply and its affiliated entities is a growing industrial company that operates thirteen commercial laundry facilities including plants in Boston, Las Vegas, Philadelphia, New Jersey and the Norwich Business Park. We are in the process of expanding our operations across the United States to several other communities.

ACLS strives to work cooperatively with local authorities and utility companies because managing utility costs for water, sewer, gas and electric service is a major factor in not only our ongoing cost of operations but also as it plays a major role in determining where we decide to do business. When we enter a community, we create hundreds of jobs with benefits. Here in Norwich, we are also undoubtedly one of the largest customers of Norwich Public Utilities. This year we anticipate contributing close to $2 million in utility revenues to Norwich Public Utilities.

It is no secret that ACLS has been outspoken in questioning the utility rates charged by Norwich Public Utilities. We feel we have good reasons for doing so. First, the utility rates we are charged in Norwich are higher than any of the other communities in which we do business. Second, if the proposed 15% sewer rate increase is approved, the sewer rate in Norwich will have increased by 75% in only five years during an extended national recession. Third, a large portion of the 75% increase relates to a long discussed and still frozen sewer upgrade project. Although this project
State Senator Cathy Osten, 19th District. Senator Osten spoke on behalf of neighboring communities impacted by the mandatory upgrade charge. She requested a representative from the Sewer Authority/NPU to work with her, other state legislators, SECTOR and others to come up with better funding methods.

Brian Kobylarz, 16 Hobart Avenue. Mr. Kobylarz spoke against the proposed rate increase.

Attorney Glenn Carberry, 27 Greenwich Court. Attorney Carberry read the following statement and asked that it be submitted for the record:

would benefit the entire community, only sewer ratepayers like ACLS are being asked to pay for its costs, and to pay in advance.

Under these circumstances, it would have been easy for our company to give up on Norwich and close the plant. We could have expanded the operations of our Boston plant or built a new one across the border in Rhode Island. That would have saved us some money and cost Norwich DPU $2 million more of lost revenue. But we have chosen a different path instead.

We have an excellent operation at our Norwich plant. We have a dedicated group of 110 full time, unionized workers and several dozen part employees there. They provide top quality service to our important local customers at the two casinos and regional hotels. So we will be expanding our Norwich operation by adding new high technology equipment. More importantly, we have committed to the State to retain the existing 110 full time jobs and add 20 new ones in the next year or so.

I feel that ACLS has done its part to be a good neighbor and to support sensible growth and development in Norwich. Today, I implore the Norwich Sewer Authority to do the same.

Instead of raising rates by another 15%, you should consider doing what any normal business would do if a major revenue stream was interrupted. You should pare your expenses down and seek new customers. If we lost a major hotel client, we certainly wouldn’t attempt to salvage the dollars by raising our rates on the remaining clients. That’s not how business is done. You should also suspend the collection of the 2009 mandatory upgrade charge and any new upgrade charges for the sewer upgrade project until it is fully funded and ready to go. Finally, you should pay for the balance of that upgrade project like any other large capital project by municipal bonding instead of the backs of ratepayers who are also being asked to pay higher rates.

Thank you for your consideration. We remain hopeful that more prudent rate policies will be adopted for the benefit of Norwich’s families and businesses.

Sincerely,

Dan Goldberg
Co-CEO

Cc: Mayor Deb Hinchey
PRESENTATION TO
NORWICH SEWER AUTHORITY ON PROPOSED RATE INCREASE

November 25, 2014
By Attorney Glenn Carberry

I. Introduction

- Good evening, Mr. Chairman and members of the Norwich Sewer Authority. I am Attorney Glenn Carberry of Norwich, appearing on behalf of Atlantic City Linen Supply, LLC, to comment on the proposed 15% increase in the sewer rates.

- Since our opposition to this rate increase and the prior ones are well known, I will not repeat all of our concerns tonight. We are urging the Sewer Authority to reject the 15% rate increase, or alternatively, to suspend collection of the mandatory upgrade charge until the sewer upgrade project is fully funded and ready to proceed. Imposing a 75% rate increase on families and businesses over five years is bad policy, bad economic development and bad utility management. I
state this position not only as an advocate for my client, but also an attorney with over 20 years of experience practicing at the Connecticut Public Utility Regulatory Authority.

II. New Course of Action

- I am not unsympathetic to the challenges facing the Sewer Authority.

I recall a meeting several years ago when Chairman Sullivan remarked that the sewer division was 10% of DPU’s revenue, but seemed to create 90% of its problems. I don’t disagree with that assessment. Norwich Public Utilities does a very good job serving the community in many ways.

- But you are a $100 million company with monopoly power over critical resources, and freedom from the type of regulatory oversight routinely applied to private sector companies by the State. Therefore, it is important to be willing to consider alternatives and correct mistakes. When it comes to the sewer plant upgrade, we have serious concerns about the process that has been followed
to date. It is time for the Authority to take a new course of action for the good of the community, and stop these escalating rates.

III. Reconsidering the Scope of the Project

- The first area of concern is the scope of this project. What was once a $40 million capital project, later rose to an estimated $120 million one, and is now $97 million. That history sounds familiar to me. I was involved in a local institution which once faced state and federal mandates to provide greater accessibility to its buildings. The original design was for $4 million of elevators, walkways and new construction to connect several old buildings. Then the Board assigned the matter to the facilities committee. By the time their team of architects, engineers, contractors and department heads were done, they brought back a $32 million project for Board consideration, and they swore that every brick was essential to the project.
- Our Board rejected that proposal and reexamined the assumptions made by the designers. At the end of the day, we built the project and accomplished all of the key obligations for about $9 million. Should you fire your consultants and seek a second opinion? I would certainly be asking some tough questions if I were a member of your Board.

IV. **Restructuring the Payment Plan for the Sewer Upgrade Project**

- Let’s assume, however, that this price is the best anyone could do, and not one thing about the project can be changed. There has been no real debate about what is the most fair and efficient way to pay for the project. Six years ago, either this board or NPU’s management decided to pay for it in four ways by: (i) raising about $40 million by taxing sewer ratepayers in advance with the upgrade fee, (ii) raising some money from developers and apartment owners through a $2500 sewer connection fee; (iii) raising some money from state and federal grants; and (iv) raising some money from adjoining towns by expanding the sewer
system. Since that approach hasn’t worked yet, it is time to reexamine your assumptions.

• On the surface, it may have seemed courageous to pay for the project primarily by raising rates. But it was really following the path of least resistance since it avoided any community-wide discussion of the costs and benefits of this project. We all have a stake in this community in clean water and a workable sewer system. Everyone uses and benefits from the institutions, government buildings, commercial operations and retail businesses that rely on the sewer system, even if they have a septic system as I do.

• Imposing a disproportionate financial burden on the same sewer customers who already have supported system operations and capital needs for years is not the answer. It was never considered to be acceptable public policy in Norwich in the past to pay for capital improvements by user fees. In fact, until it was repealed last year, Section 21-67 of the Norwich Ordinances on Sewers and
Sewerage Disposal specifically stated the following: "Sewer use charges shall be calculated to defray the cost of operating and maintaining the sewage treatment plant or plants and the sewer system of the city..., but [sewer use charges] shall not include the principal and interest on any bonds issued to defray the cost of constructing such facilities." That was sound policy in 1952 when the sewer system was first established by our City's leaders, and it still is today.

- One solution is for Norwich DPU to seek additional federal and state grants for the project, and I expect that is an option you are exploring. But more funds may very well be needed to complete the funding and reduce the burden on sewer ratepayers.

- Perhaps the time has come for the Sewer Authority to go to the City Council and approach the public about approving municipal bonding for this project. Now by seeking bonding and going to a referendum vote, NPU would have to explain the project in full to the public. How much does it cost? Why do
we need it? What are the benefits? Why should people vote for it? Maybe people won’t like it, maybe they will. But numerous Sewer Authorities across the state do this all the time. They don’t look to ratepayers alone to rebuild their systems.

- The failure of NPU to consider the possibility of municipal bonding for this project over the last five years – at a time when Norwich has had plenty of bonding capacity and interest rates have been at record low - reflects either bad decision-making or political expediency.

- Please change your path, and get off the backs of sewer users by rejecting this proposed rate increase, restructuring your rates, and reconsidering how to complete the sewer upgrade project with public participation.

- In closing, I would like to submit for the record a copy of my statement tonight and a copy of the guest editorial on this matter published by the Norwich Bulletin last week entitled "NPU Sewer Rate Increases Based on Bad Public Policy." Thank you for your consideration.
Chairman Sullivan then asked three times if any members of the public would like to speak to the Sewer Authority regarding the Revision of Sewer Rates. Hearing no further comment, Chairman Sullivan then declared the public hearing closed at 7:42 p.m.

Item 8. Executive Session. The Board did not enter into Executive Session.

Item 9. Other Business. None.

Item 10. The next Regular Meeting is scheduled to be held on Tuesday, December 23, 2014.

Sewer Authority Member Groner, seconded by Sewer Authority Member Jones moved to adjourn the Meeting at 7:43 p.m. Unanimously approved.

Attest:

Larry Goldman, Secretary