

Minutes are considered "Draft" until approved at the next meeting. Please contact the Town Clerk's Office for a copy of final minutes.

Minutes
Sewer Sub-Committee
April 29, 2008

In attendance:

William Wadsworth, Chair	Kathleen Eagen, Town Manager
Mark Fey	Russ Arnold, Dir. of Public Works
James Rose	Steve Bartha, Special Projects Intern
Joan Conlon	
James Thompson	

A. Call to Order.

The Chair opened the meeting at 5:02 PM.

B. Tour of Facility.

Members of the Committee toured the Water Pollution Control Facility with the Superintendent of the Plant, Bill Kaminski.

C. Reading of the Minutes

A motion was made (Fey, Rose) to approve the March 25, 2008 Sewer Sub-Committee minutes. Unanimous

D. Public Comment.

There was no public comment.

E. Old Business.

- 1) Review of Data Collected by the Town Staff.
 - a) Executive Summary of Sewer Ordinance Research Update.
 - b) Sewer Ordinance Research Update dated April 22, 2008.

At the last meeting the Committee asked the Town staff for the following information:

- 1) Total value of the Town's sewer system.
- 2) Value of sewer infrastructure that private developers installed.
- 3) Town of Farmington policy/process on how residents and commercial businesses install and/or connect to water systems.
- 4) Value of Sewer Plant.
- 5) Policy and/or language on how different communities use the appraisal method of establishing sewer assessments. (Cheshire)

Ms. Eagen and Mr. Bartha reviewed the **attached Executive Summary**, which they felt provided the information, and answered the Committee's questions. The Staff felt that there were two very important points that should be noted:

- 1) The Town's sewer infrastructure is valued between \$178 million and \$311 million and the system is most likely the Town's most valuable asset.

Minutes are considered "Draft" until approved at the next meeting. Please contact the Town Clerk's Office for a copy of final minutes.

- 2) Benefiting property owners in the Town of Farmington's 17 town built sewer projects have funded roughly \$5.0 million or between 1.6 to 2.8 percent of the \$178 to \$311 million assets through benefit assessments, with the rest of the cost being funded through the Town, or by State and Federal grants. This percent is small in comparison to the total asset.

The Committee discussed the reports and asked various questions. It was determined that the values that the staff assigned in the report were probably low. The figures, which came from the Town's insurance policy and estimates from the Engineering Department, undervalued some of the system's components, such as pumping stations and sewer line replacement costs. The Manager agreed and would continue to work to modify the values.

The Manager then handed out two additional handouts. **(Attachments)**

- 1) Current Practice: Town of Farmington Sewer Costs.
- 2) Assessment Method Options for Main Line Extensions.

The Manager reviewed the first handout, which describes the current practice in place in respect to "who pays" and by what "funding source" for any sewer project. The Manager explained that this handout is a codification of long standing past practices in Farmington, which, to her knowledge have never been documented or approved. The Manager explained that she reviewed this document with Russ Arnold, Director of Public Works and Bill Kaminski, WPCP Superintendent and both agreed that this was the past practice and that it worked well. In general, the policy has been that the Town or general taxpayers have funded new infrastructure added to the system. The WPCA or sewer users have funded the operation, maintenance, repairs and upgrades to the system. Individual property owners have been assessed a portion of neighborhood mainline/lateral extensions costs (sewer projects).

The Manager then reviewed the second handout, which described various assessment method options for neighborhood main line extensions (sewer projects). The first option she described was the current practice of 75% paid by residents and 25% paid by the Town. The Manager explained that she and the staff recommended changing this policy for three reasons:

- 1) There is a potential to violate CGS language, re: accrued benefits to properties.
- 2) Out of alignment of Town of Farmington historic assessment methods and amounts.
- 3) Does not make clear that pumping stations should be removed from assessment formula.

The Manager then described two other methods, the zone change method and the appraised valuation method. The Manager went through the positive and negative aspects of each of these methods. The Manager said that in the past the Town had used the zone charge method but changed the policy to a 75% resident, 25% town policy in 1987. The Town used the zone charge method for all projects from the late 1960s until 1987. The Town used the 75%/25% policy only once, in 1999. Through research the Manager found that even though the zone charge method required yearly indexing to be accurate, it was not done. The result of not increasing the zone charge over time was very low zone charges, which may have factored into the decision to change to a 75%/25% policy.

In summary the Manager and staff recommended an Indexed Zone Charge Method for the following reasons:

Minutes are considered "Draft" until approved at the next meeting. Please contact the Town Clerk's Office for a copy of final minutes.

- 1) Consistent with Farmington's past practices
- 2) Common method throughout Connecticut
- 3) Once established, virtually cost free to administer
- 4) When indexed, is consistent over time

The Committee asked various questions of the staff about each of the options. The Chairman then asked if there was consensus on the Manager and staffs' recommendation to recommend the use of an indexed zone charge method for assessment on mainline/lateral extension costs (sewer projects). The group felt that this recommendation was consistent with long-term past practice, and was fair to the resident. **(Consensus)**

The Manager said that the research data showed that there were approximately \$45 million dollars and 11 remaining sewer projects that could be done in Town. Most of these projects will be very costly. The Manager recommended that at the next meeting the group talk about the remaining sewer projects in Town and which projects had public health issues. A policy should determine if and when the Town was going to mandate sewers as well as whether each of the remaining 11 sewer projects could petition and would be eligible for sewers, regardless of cost. This would be a large financial exposure to the Town.

There was also some discussion about the various types of alternatives to public sewers, such state of the art septic systems, on-site grinder pumps, etc. The Director of Public Works, Russ Arnold, said that alternatives such as these are usually considered when projects are proposed.

The Manager and the staff would come back to the Committee with recommendations and data regarding the remaining sewer projects in Town.

F. New Business.

To Consider Changes to the Town Code of the Town of Farmington Chapter 156
"Sewers"

No Action.

The Manager will contact the members regarding the next meeting date.

I. Adjournment.

The meeting adjourned at 6:45 PM.

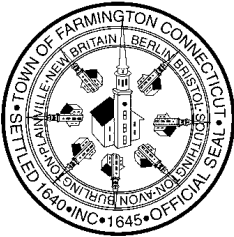
Respectfully submitted,

Kathleen A. Eagen
Town Manager

cc: Sewer Sub-Committee
Paula Ray, Town Clerk
Deb Bull, by e-mail
Kathleen A. Eagen, Town Manager
Russell Arnold, Director of Public Works and Dev. Svcs.

Minutes are considered "Draft" until approved at the next meeting. Please contact the Town Clerk's Office for a copy of final minutes.

Steve Bartha, Special Projects Graduate Intern
Mike Demicco, Town Council Member
Bill Kaminski, WPCA Superintendent



OFFICE OF THE TOWN MANAGER
MEMORANDUM

TO: Kathleen Eagen, Town Manager
FROM: Steve Bartha, Special Projects Intern
RE: Executive Summary of Sewer Ordinance Research Update
DATE: April 22, 2008
ATTACHED: April 29, Sewer Ordinance Research Update.

Below is an executive summary answering the questions asked by the Sewer Sub-Committee at the March 25, 2008 meeting. Details on each of the questions answered below are contained in the full report.

1. Estimated Value of Treatment Plant and Infrastructure

The estimated value of the Treatment Plant is between \$39.95 and \$44.2 million dollars. The estimated value of the Treatment Plant, Pumping Stations and Town Maintained Sewer Lines is between \$178.0 and \$311.6 million, depending on the value assigned to the Sewer Lines.

2. Estimated Developer vs. Public Investment in Town Maintained Sewers

Based on Engineering Department records, the total estimated investment by developers in the Town Maintained Sewer Lines is \$22.28 million. The total estimated investment by the Town in Town Maintained Sewer Lines is \$66.01 million.

3. Estimated Future Project Liability

Using an estimated cost per foot range of \$200/ft to \$400/ft, the estimated future project liability for the eleven projects contained in the March 25th Sewer Ordinance Research Update is between \$22.91 and \$45.81 million.

4. Farmington's Water Connection Policy/Process

The Town of Farmington does not have a codified Water Project Policy. However, in the past the Town has followed a process modeled on the Sewer Project Policy. Attached to this executive summary is a project outline modeled on the Main Street Water Project, completed in 2003.

5. Appraisal Method for Benefit Assessments

Other municipalities reported using the Appraised Valuation Method, primarily, for objective documentation, and in one case reduced the Appraised Value, \$14,000, to a lower Benefit Assessment, \$9,500.

Example of the Water Project Completion Timeline (Based on Main Street Project)

1. **Town receives request to extend water service.**
2. Town contacts water companies to gauge interest in extending water lines.
3. If companies are not interested, Town estimates project cost and mails surveys to affected property owners.
4. **If simple majority of responding property owners express interest, Town completes more thorough estimated project cost.**
5. Public hearing for preliminary assessments is held.
6. Bids submitted to water company
7. **Special Town meeting to appropriate funds.***
8. Caveat filed in land records
9. Execute agreement with water company
10. **Project Begins**
11. Water main approved and property owners notified that system is operational.
12. Water company submits final project costs to Town.
13. Town accepts breakout of expenses as submitted by water company.
14. **Town holds public hearing on setting of final assessments.**

*** NOTE: Under the Farmington Charter § C10-3, if a non-budget item (such as a water project) is greater than \$200,000 and less than \$400,000, then a special Town meeting must be held. If a non-budgeted item is greater than \$400,000, then a special Town meeting and a bond referendum must be held.**

1) Town

A) Funding sources

- (1) General obligation bonds paid by general taxpayers

B) Cost responsibilities

- (1) Water treatment plant upgrades
- (2) New pumping stations and other new collection system improvements
(e.g. interceptors)
- (3) Portion of mainline / lateral extension costs not covered by sewer assessments
(e.g. neighborhood sewer projects)

2) WPCA

A) Funding sources

- (1) Sewer use fees paid by all users of system

B) Cost responsibilities

- (1) Operation and maintenance of treatment plant
- (2) Basic and routine maintenance, repairs and upgrades to town wide system
- (3) Replacement and upgrades to pumping stations and other collection system improvements (cash appropriation)
- (4) Studies and engineering work

3) Benefiting Property Owner

A) Funding source

- (1) Private sources

B) Cost responsibilities

- (1) Assessable portion of neighborhood's mainline / lateral extension costs
- (2) Costs and expenses incidental to the installation of sewer lines from property line to property owner's residence and related costs (TOF Code § 156-24 & 46)

1) Current Practice

A) Current 75 / 25 Policy

- (1) Town of Farmington pays for new pumping stations and other new collection system infrastructure
- (2) Town of Farmington pays 25% of mainline / lateral costs
- (3) Benefiting property owners pay 75% of mainline / lateral costs
- (4) Requires approval of simple majority of property owners within project's scope responding to interest survey
- (5) **Negative Aspects**
 - (a) Violates CGS language, re. accrued benefits to properties
 - (b) Out of alignment with TOF historic assessment methods and amounts
 - (c) Doesn't make clear that pumping stations should be removed from assessment formula

2) Other Methods

A) Zone Charge Method

- (1) **Positive Aspects**
 - (a) Consistent with Farmington's Past Practices
 - (b) Common method throughout Connecticut
 - (c) Once established, virtually cost free to administer
 - (d) When indexed, consistent over time
- (2) **Negative Aspects**
 - (a) Not as precise as appraised valuation method
 - (b) May overvalue/undervalue accrued benefits in given project or between projects

B) Appraised Valuation Method

- (1) **Positive Aspects**
 - (a) Complies with CGS language, re. accrued benefits to properties
 - (b) Relatively inexpensive
 - (c) Provides objective data to support benefit assessment amounts
- (2) **Negative Aspects**
 - (a) Subject to human error, i.e. two appraisers may draw dissimilar conclusions
 - (b) Despite relative inexpensiveness, not without cost
 - (c) Must be conducted on a project-by-project basis

3) Recommended Practice

A) Zone Charge Tied to CCI Index

- (1) From the mid-1960s until 1987, the Town used a Zone Charge System to levy benefit assessments. From 1972 to 1987, the amount an R-20 lot was assessed ranged from \$2,100 to \$2,500. If this amount had been tied to the CCI Index in 1972, the assessment against an R-20 lot in 2008 would have been \$10,620.