

TOWN MANAGER'S REPORT

TO: Honorable Town Council Members

FROM: Karl F. Kilduff, Town Manager

DATE: January 6, 2021

Please find my report concerning various items of interest to the Town Council and community.

1. Council Business:

- a) FY21-22 Budget: Staff level budget submittals were all due in December. Budgets are in and one-on-one reviews with departments have started. It is my intention to present the Town Manager's Proposed Budget at a special meeting on the second week of February, as was the case last year. A schedule for Town Council budget workshops will need to be set for the Council's budget deliberations. Last year, the Council held workshops to review the budget during the remaining weeks in February and into early March to finalize the budget before the Charter-mandated public hearing in April.

2. CCM:

CCM held its next Legislative Committee meeting on January 7, 2021. The featured speakers included State Senate leadership (Martin Looney and Kevin Kelly). They laid out some of the legislative issues of note and their approaches. The potential State budget loomed large in the discussion. The Governor will deliver his budget in February which will start the process for the General Assembly.

The other speaker at the meeting was DEEP Commissioner Dykes who spoke to some of the solid waste policy ideas developed as part of the Connecticut Coalition for Sustainable Materials Management (CCSMM) which is discussed later in this report.

3. Miscellaneous:

- a) Budget Survey: The budget survey closed on Friday, January 15, 2021. The opportunity to respond was extended by one week and a second opportunity to respond was offered that did not require a Google account sign-in. The Morgan School students
- b) Connecticut Water Company: Attached to this report is an email recently received from the Connecticut Water Company which describes the Rate Case they now have pending before the Public Utility Regulatory Authority to increase rates. The process and timing for the case is described in the email as well as the anticipated impact to rate payers. The impact to the Town budget is also described where the cost for fire hydrants is slated to increase by 5%.
- c) CT Coalition for Sustainable Materials Management Update: I reported several months ago on an initiative of DEEP to collect information on solid waste management in response to the

decision to not fund improvements to the MIRA burn plant in Hartford. For several months, a number of working groups have been discussing different approaches to waste management including, extended producer responsibility (this underpins electronics recycling in the State), unit based pricing (pay-as-you-throw), food scraps/organics diversion and increased recycling.

A draft report is now being circulated and was presented at the CCM meeting earlier in the month. The CCSMM Report lays out a number of areas that would change how municipal solid waste is handled. It also requires a number of changes to statute to support the ideas advanced in the report. Statuotry and programming changes should alo trigger reginal discussions at the COG level (or between towns) for how best to deliver on some solid waste solutions. From media coverage, it is clear the pay-as-you-throw approach to solid waste has the DEEP Commissioner's support with added recycling and food scraps. The State will need to set the environment for a market to crop up to hand some waste universally across the State. For example, food scrap recycling becomes economically infeasible with excess trucking charge.

Again, we should keep our eyes on the Generally Assembly to monitor bills that could implement changes to solid waste. We also need to maintain our local investments in the transfer station to handle existing waste flows and recycling – as well as be prepared for other types of waste/recyclables that are introduced.

- d) COVID Vaccinations: Roll out of the COVID-19 vaccine continues. The State receives 44,000 doses weekly. Of all the individuals identified in Phase 1b of the vaccination program, appointments for vaccinations are only supposed to be offered to those 75+. Unless a resident tries to get vaccinated through one of the major hospital systems (which have a separate source of vaccines), all appointments need to be registered through the VAMS system. VAMS is a federal registry tool. In the VAMS, residents can look for the CRAHD vaccination clinic located in Old Saybrook. We are waiting on information from the State Department of Public Health for the timing of mobile clinics or other vaccination locations.

It is likely that VAMS will be difficult to navigate. Transportation to Old Saybrook for the CRAHD clinic could be a concern. The State has offered a phone number for the public to use. However, the phone bank does not seem to be able to respond to the call volume initially.

Karl Kilduff

From: Daniel Meaney <Daniel.Meaney@ctwater.com>
Sent: Friday, January 15, 2021 4:41 PM
To: Daniel Meaney
Subject: Connecticut Water Rate Case Application Update

Good Afternoon:

You'll recall that last month we notified you of our intention to file for a rate increase in early 2021. Earlier today we filed our application with the Connecticut Public Utilities Regulatory Authority (PURA) designated as Docket No. 20-12-30, and wanted to share with you the process and an overview of our rate request.

PURA will conduct the robust rate proceeding with the Office of Consumer Counsel (OCC) and the Attorney General's Office representing customers' interests. During the proceeding, PURA, OCC and the AG will analyze and review the cost of providing water service to customers so rates can be set to reflect reasonable and prudent expenses.

A notice about the request and the schedule for the public hearing will be sent to all customers who, along with municipalities and the public, will have an opportunity to comment on the application. PURA has 200 days to conduct the proceeding so we expect a decision in late summer with rates taking effect soon thereafter.

If the request is approved as proposed, it will increase annual revenues about \$20.2 million, or 19.9%, over current authorized revenues. The proposed rate increase for an average Connecticut Water residential customer would be about 35-cents per day, or about \$10.50 per month above current water bills. PURA will determine through the process the level and distribution of any approved rate increase, but it is expected that the amount of the increase vary among Connecticut Water's 12 rate divisions and between the customer classes of residential, commercial, industrial or municipal.

We are pleased to share that as we developed the case with consideration of the impacts on municipal budgets, the proposed increase for public fire charges is 5% for most communities. Our annual fire protection letter to towns on anticipated fire protection charges is being prepared and will have more specific information on the anticipated fire charges for the 2021/2022 fiscal year. The proposed rate increase will not impact your 2021 budget. In the meantime, please feel free to contact your Connecticut Water contact or Craig Patla (cpatla@ctwater.com or 860.664.6140).

Among the other proposals in the rate application:

- A low-income rate for eligible customers with a 15% discount on water bills.
- Implementation of rates to promote water conservation by adding a second, higher rate tier when more than 15,000 gallons are used per quarter by residential customers. Customers who would be most affected are those who have irrigation systems and water their lawns extensively.
- Aligning and updating the company's Rules and Regulations so they are consistent among the company's different rate divisions.

Since rates were last set in 2010 during the company's last general rate case, Connecticut Water has returned \$14.7 million to customers, including municipal customers, through temporary rate reductions. The reductions, proposed by Connecticut Water, approved by PURA, were related to changes in federal tax laws and the 2019 combination with SJW Group.

Following the merger with SJW Group, we have seen the benefits of being part of a larger organization while the Connecticut Water Board and your local management team continue to make decisions in the best interests of Connecticut customers, serving customers at world-class levels, and maintaining employee levels at pre-merger

levels. We relied on the combined strength of the companies to delay this filing from its originally planned date of July 2020, postponing the increase for our customers during COVID.

We understand there is never a good time to request a rate increase and delayed this case as long as practical. However, we believe the value of a reliable supply of safe drinking water is well worth the cost of a little more than a penny per gallon. The infrastructure investments made over the past decade have made a tangible difference in service to our customers and the communities served. Please contact me or your Connecticut Water contact if you have any questions about the rate filing or our operations in your community.

Sincerely,

Dan

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