

SPECIAL TOWN MEETING

May 2, 2013

A Special Town Meeting was held on Thursday, May 2, 2013 in the Deep River Town Hall Auditorium. First Selectman Richard Smith called the meeting to order at 7:05 p.m. The meeting was attended by approximately 70-80 residents and members of the press.

Dick Smith acted as moderator and Amy Winchell was clerk of the meeting. Attorney Bruce Chudwick of Shipman & Goodwin LLP read the call. A motion to accept the call as read was made by Bill Ballsieper with a second by Margo Hilfinger. Motion passed unanimously.

Dick introduced the members of the panel which included Bruce Chudwick, Warren Baethge and Joseph Cermola of Cardinal Engineering, Pete Lewis, manager of the Water Pollution Control Facility, and Scott Martinson, Senior Sanitarian of the CT River Area Health District. Also in attendance were Ted Mackenzie, chairperson of the WPCA, Mark Reyher, member of WPCA and Zoning Enforcement Officer Cathie Jefferson.

Bruce Chudwick read the call as warned. A motion to accept the call as read was made by Bill Ballsieper with a second by Margo Hilfinger. The motion passed unanimously.

Bruce Chudwick then announced the need to amend the resolution, on the advice of Town attorney Jane Marsh, by removing SECTION 5 of the Resolution because the dollar amount pertained to an earlier phase of the project done in 2003 and was specific to that project.

SECTION 5. "That the Water Pollution Control Authority (WPCA) shall collect from each property, or each other unit of assessment, that is benefited by the project a one-time benefit assessment fee of \$2,000, payable under such terms as determined by the WPCA in accordance with the Town's Ordinance Pertaining to Sewer Expansion Project."

John Kennedy made a motion to remove SECTION 5. The motion was seconded by Lori Guerette and passed unanimously by voice vote.

Peter Lewis stated that soil and environmental testing has shown that septic systems in this area are failing. Water quality tests failed on all levels. They have looked into other possible solutions including a low pressure sewer and have concluded that the gravity sewer system done in other areas of the town is the best solution to the ground pollution problem. He explained that lateral pipe would be laid with "T" sections to hook up for every possible property which would be about 130 hook ups. There would be a one-time user assessment fee charged for each unit which would be paid over a period of 20 years. People would have to pay this fee and the user fee regardless of whether or not they hooked up to the system. Individuals would also be responsible for the cost to hook up to the system. No one would be required to hook up to the sewer system unless their septic system failed and the Public Health Department deemed their property unfit for a septic system. Typically a house will count as one unit regardless of frontage. Some properties, such as the Lace Factory and the Marina might count as multiple units. Their costs would be adjusted accordingly. The boats at the marina would not pump into the sewer. Peter pointed out that if we wait until conditions are so bad that the State puts us under a consent order, we will likely not be eligible for any grants and will have to foot the entire bill.

Peter Nucci questioned whether this project had gotten approval from the Planning and Zoning Commission and if this fit in with the Town's Plan of Conservation. Zoning Enforcement Officer, Cathie Jefferson, assured him that they had and it did. He was concerned that we were

pursuing a different strategy than other area towns and that our structure would not be compatible. Dick Smith explained that other towns were having similar problems with ground contamination and were experiencing enormous and costly problems with their lack of sewers.

Several citizens of the Kirtland and River Street neighborhoods testified to difficulties with their septic systems and shallow groundwater. They will have no options if their septic systems fail and no sewer system is in place. Sewers will increase their property values and will benefit the town. Tom Perry pointed out that the waterfront area has been defined as an historic neighborhood and needs to be maintained. Nicholas Kornacki asked about paving the roads and was told it is usually more cost efficient to repave the entire surface. Art Tirrell mentioned he has lots of groundwater in his basement and was concerned that this type of project might aggravate the problem. Dick Smith assured him that they will try to address drainage problems during installation of the sewer and that many people that have already had the sewer installed found their water problems were alleviated by the installation. Another resident asked if city water would come through as well. Dick said that they do consult with the water company when installing sewers as the water company usually wants to take the opportunity to fix or install new pipes at the same time. The gentlemen from Cardinal Engineering concurred that this will be a difficult sewer installation due to the amount of ledge in the area. Some blasting will be required but they are familiar with the shallow bedrock and have made an allowance for that in the cost. The blasting company will take steps to minimize damage to neighboring houses and will document pre-existing conditions to help determine any damage due to blasting. They will be responsible for any damage as stated in their contract.

Richard Naggot asked why the townspeople were being asked to pay for this when the Fire Department is in such need of a new firehouse. Dick responded that the town spends a significant amount of money to keep the Fire Department's equipment up to date, making the safety of its citizens a top priority. This has nothing to do with the firehouse.

Selectman Angus McDonald asked to move on to the financial portion of the presentation. Dick explained that the Town has been utilizing grants and renovating town buildings for years with little increase to the mil rate. Our most recent project has been installing the new HVAC system in the Town Hall. The payments for that project would be paid off by the time the payments for the new phase of the sewer system begin. We are eligible for a \$1,200,000 grant from the USDA and can finance up to \$2,800,000 spread over 40 years at a rate of 2.75%. Due to the economy, labor is currently very affordable and our payments will decrease as the debt is paid down. The new Firehouse project should not be impacted by this as many projects we help fund are absorbed into our budget. These projects are timed in such a way as to keep the mil rate as stable as possible.

Jan Kollmer made a motion to put SECTION 5 back in the Resolution so users would need to pay for future expansion. The motion was not seconded and much discussion ensued. Jan Kollmer asked why there was such a large sewer line item in the budget when she thought that after the initial installation the system would pay for itself. Greg Alexander added that he sat on the Board of Finance when the first phase of the sewer project passed and that the Town paid into it because it would affect so many Town buildings. He thinks that we should not make the whole town pay for this expansion but raise the benefit assessment rate instead. Margo Hilfinger pointed out that the Kirtland and River Street property values would go up as a result of sewer availability so they should have to pay more than the \$2,000 benefit assessment for previous phases of this project. Pete Lewis said the WPCA was planning a \$5,000 benefit assessment per unit but that the project has to be approved before the rate can be set. Attorney Bruce Chudwick said that a dollar amount cannot be put into the Resolution at this

point but that SECTION 5 can be worded more generically and added back into the Resolution. He crafted a revised SECTION 5 and read it out loud. (The entire revised Resolution including SECTION 5 is attached at the end of these minutes). Jan Kollmer made a motion to accept the revision of SECTION 5 as read. The motion was seconded by Jane Samuels and passed without opposition. John Kennedy then made a motion to accept the Resolution as amended. It was seconded by Tom Perry and was approved through a voice vote with one opposed. A hand vote was then taken for the original motion and was approved with 46 residents for and 19 against the project.

A motion to adjourn was made by Bruce Edgerton, seconded by Jane Samuels and passed unanimously. The meeting was adjourned at 9:29 p.m.

AS ADOPTED MAY 2, 2013

TOWN OF DEEP RIVER
SPECIAL TOWN MEETING

RESOLUTION TO APPROPRIATE \$4,000,000 FOR THE EXTENSION OF THE SANITARY SEWER SYSTEM TO THE EASTERN TERMINUS OF KIRTLAND AND RIVER STREETS, AS WELL AS TO ALL CONNECTING STREETS; TO FINANCE THE APPROPRIATION BY ACCEPTING A GRANT FROM USDA OF APPROXIMATELY \$1,200,000 AND A LOAN NOT TO EXCEED \$2,800,000, OR BY ISSUING TOWN BONDS, NOTES OR TEMPORARY NOTES IN AN AMOUNT NOT TO EXCEED \$2,800,000

BE IT RESOLVED:

SECTION 1. That the Town of Deep River appropriate \$4,000,000 for extension of the sanitary sewer system to the eastern terminus of Kirtland and River Streets, as well as to all connecting streets, including Fairview Avenue, Old River Streets 1 and 2, River and Phelps Lanes and Read Street. The appropriation may be expended for site improvements, design and construction costs, equipment, materials, engineering, legal, financing and administrative fees, interest expense on temporary borrowings, and other costs related to the project. The appropriation shall include any federal, state or other grants-in-aid received for the project. The Board of Selectmen may reduce the scope of the project if funds are insufficient to complete the entire project, and the entire appropriation may be spent on the reduced project.

SECTION 2. That the Town finance the appropriation through the United States Department of Agriculture (USDA) by accepting a grant from USDA of approximately \$1,200,000 (30% of the project costs) and a loan not to exceed \$2,800,000 (70% of the project costs), or by issuing Town bonds, notes or temporary notes in an amount not to exceed \$2,800,000, or so much thereof as may be necessary after deducting any Federal, State or other grants for the project. The loan, bonds or notes shall be issued pursuant to the Connecticut General Statutes, as amended. The loan, bonds or notes may be sold as a single issue or consolidated with any other authorized issues of bonds or notes of the Town. The loan may be in the form prescribed by the USDA under the Rural Utility Service's Water and Environmental Programs. The Treasurer shall keep a record of the loan, bonds or notes. The loan, bonds or notes shall be signed in the name and on behalf of the Town by the First Selectman and Treasurer and shall bear the Town seal or a facsimile thereof. The loan, bonds or notes shall each recite that every requirement of law relating to its issue has been fully complied with, that such loan, bond or note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The terms, details and particulars of such loan, bonds or notes shall be determined by the First Selectman and Treasurer. The loan shall be issued to the USDA, and the bonds or notes shall be sold by the First Selectman and Treasurer at public sale or by negotiation, in their discretion. If the bonds or notes are sold by negotiation to other than the USDA, the purchase agreement shall be approved by the Board of Finance.

SECTION 3. That the First Selectman and Treasurer are authorized to issue temporary notes in anticipation of the receipt of the proceeds of said loan, bonds or notes. The temporary notes shall be signed by the First Selectman and Treasurer and shall bear the Town seal or a facsimile thereof, shall be issued with maturity dates in accordance with the Connecticut General Statutes, as amended, and shall each recite that

every requirement of law relating to its issue has been fully complied with, that such note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing, and marketing such notes, to the extent paid from the proceeds from the issuance of the loan, bonds or notes, shall be included as a cost of the appropriation.

SECTION 4. That the Town hereby declares its official intent under Treasury Regulation Section 1.150-2 of the Internal Revenue Code of 1986, as amended, that the project costs may be paid from temporary advances of available funds and that the Town reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized for the project; that the First Selectman and Treasurer are authorized to bind the Town pursuant to such representations and agreements as they deem necessary or advisable in order to ensure and maintain the continued exemption from federal income taxation of interest on the bonds, notes or temporary notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years; and that the First Selectman and Treasurer are authorized to make representations and agreements for the benefit of the holders of the loan, bonds, notes or temporary notes to provide secondary market disclosure information and to execute and deliver on behalf of the Town an agreement to provide such information with such terms and conditions as they, with the advice of bond counsel, deem necessary and appropriate.

SECTION 5. That the Water Pollution Control Authority (WPCA) shall collect from each property, or each other unit of assessment, that is benefited by the project an assessment fee payable under such terms as determined by the WPCA in accordance with State statutes. If the WPCA determines that each property, or each unit of assessment, that is benefited by the project shall be assessed a one time benefit fee, this shall only take effect if approved at a special town meeting.

SECTION 6. That the First Selectman and Chairman of the WPCA, or their designees, are authorized to contract with engineers, contractors and others on behalf of the Town and to approve construction expenditures for said project.

SECTION 7. That the First Selectman or his designee is authorized to apply for and accept or reject the USDA grant or any Federal, State or other grants for the project and to execute and deliver to the USDA any grant or loan documents or agreements for and on behalf of the Town, and the Board of Selectmen, WPCA, Treasurer and other Town officials and employees are authorized to take all actions necessary and proper to obtain such grants and loans, to complete the project and to issue the loan, bonds, notes or temporary notes to finance the appropriation.

Amy M. Winchell, Town Clerk