

VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK
BOARD OF TRUSTEES
PUBLIC HEARING
DECEMBER 3, 2013

A Public Hearing was held by the Board of Trustees on Tuesday, December 3, 2013 at 7:35 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

PRESENT: Mayor Peter Swiderski, Trustee Bruce Jennings, Trustee Meg Walker, Village Manager Francis A. Frobel, Village Attorney Marianne Stecich, and Village Clerk Susan Maggiotto

ABSENT: Trustee Marjorie Apel, Trustee Nicola Armacost

CITIZENS: Three (3).

Mayor Swiderski declared the Board in session for the purpose of conducting a Public Hearing in accordance with the legal notice that appeared in the November 29, 2013 issue of *The Rivertowns Enterprise* to consider the advisability of a resolution petitioning the State Public Service Commission to distribute the costs of public safety infrastructure costs across the water rate base in the Village of Hastings-on-Hudson.

Mayor Swiderski: An alternate way of saying this is to distribute the cost of the hydrants and the underlying infrastructure for the hydrants across the water rate base. The bills that people receive regardless of whether they are taxpayers or not would either have a specific line item or folded into the overall costs in a way to be determined by other agencies rather than ours to share that cost across the community more broadly.

Is there anyone from the public who would like to speak to this issue?

John Gonder, 153 James Street: This resolution is going to hurt churches, other nontaxable organizations such as Andrus Home and Andrus School, Graham School and all Hastings residents. Church and synagogues have lost some of their congregations in the last several years. This tax, if it is called a tax, that they are not paying now is going to be some money they have to come out of pocket. That is wrong. Government should leave these institutions alone and not tax them. We don't tax for a lot of things. They do not pay taxes, they were never designed for that. This is going to be a lot of money which could be better used for good work in the communities or elsewhere.

The water company is owned by a French outfit, and they will try hard to get large amounts of money for this change, if it goes through. The Village paid for this water usage and past money paid for this water to taxpayers like myself. This worked for many decades, probably over 100 years. I do not trust most governments, as many have untrustworthy politicians. I am not including you people in that. But in a few years it may change, and this money that

was supposedly going to be saved for the taxpayers, what they are going to pay out of their pocket, is going to some day come right back to the taxpayers. I forget the amount. You told me, and it is a considerable amount. Public safety, infrastructure costs for the public safety for the fire hydrants and cleaning and piping tax worked for over 100 years. It worked well. Please do not pass this resolution.

Don Ali, Supervisor, United Water: I am here tonight on behalf of the company. I appreciate the opportunity to provide information related to bill 4086-A. It offers the option to move certain water-related charges currently billed to the municipality to individual customer bills. Per the legislation, the municipality must then pass on any savings to taxpayers.

There are aspects of the bill that require guidance from the New York State Public Service Commission, the agency which regulates private utilities like United Water. They also establish rates that are fair for both the customer and the company. Tonight's public hearing is the first step in the process outlined in the bill. The process requires a municipal public hearing, a majority vote, followed by an application to the PSC. The PSC must then issue an order regarding the proposed rate change within 120 days. At that time, we will have a better understanding about how the rate changes would specifically affect customer bills. However, until the PSC sets the new rates we cannot tell you how much the increase will be.

Because there had been so much discussion about fire hydrant charges, I would like to provide some background on that that issue. United Water installs fire hydrants at the request of the local fire department. The department determines the number of fire hydrants needed and the locations of those hydrants. Some of the most important component of a fire hydrant are below the ground. In addition to the hydrant itself, the system includes the mains and valves which supply water to the hydrant, as well as the water storage systems and equipment which maintains water pressure and flow throughout the town. Mains that supply water to a fire hydrant are larger than domestic lines. This larger size ensures that there is enough water flow velocity, pumping capacity, and pressure to fight the fire.

The hydrant fee: In accordance with the tariff issued by the Public Service Commission, United Water charges a fee for each municipal fire hydrant. As I noted earlier, the fire hydrants are more than what you see above the ground. Therefore, hydrant fees include the infrastructure needed to provide adequate flow and increased pumping capacity. Not only is this important to save life and property, but an efficient fire suppression system is important to a municipality's ISO fire rating and insurance costs.

Insurance service offering office fire rating: ISO gauges the fire protection capability of the local fire department. Gradings have an impact on insurance costs. Forty-percent of the ISO

rating is based on the community's water supply. It considers whether the community has sufficient water supply for fire suppression beyond daily consumption. It evaluates all components of the water system, including pumps, storage and fire hydrants.

Franchise tax: school and property taxes: United Water currently pays franchise fees and other taxes to your municipality. These taxes currently make up about 27 percent of a customer's water bill. The franchise tax portion is based upon the length and size of mains, as well as pumps and boosters located throughout the town. United Water pays more taxes for the large mains and infrastructure needed for fire suppression. The franchise tax that we pay offsets the hydrant fees currently charged to municipalities. As a result of the new legislation, the hydrant charges paid by your municipality will now be paid by all water customers. As noted earlier, per the legislation the municipality must then pass on any savings to taxpayers. That tax benefit will be determined by your municipality.

I would like to thank you for the opportunity to provide clarification of fire hydrants, the importance of water infrastructure, and how fire suppression impacts taxes, insurance, costs and customer bills.

Trustee Walker: Thank you so much for coming tonight. Are you saying that there is a water system to supply water to the hydrants that is separate from the domestic water system?

Mr. Ali: No, it is the same. The mains that provide domestic water also provide water to the hydrant.

Trustee Walker: When you said the pipes have to be larger, what are you referring to?

Mr. Ali: The pipes that feed the fire hydrants.

Trustee Walker: That is a length of pipe that comes off, and then goes back to the main?

Mr. Ali: It is the diameter of the pipe, not the length. The length has nothing to do with it.

Trustee Walker: No, I understand that. But the pipe that is bigger is a piece of separate pipe that comes off the main, feeds the hydrant, and then goes back.

Mr. Ali: It does not go back. It just feeds the hydrant. I will give you an example. A typical water service line is an inch – $\frac{3}{4}$ of an inch, 1½ inches – for any given house. Most fire systems require a 4-inch line. A fire hydrant requires at least a 4-inch line. So it a piece of pipe.

Trustee Walker: So it is coming off just like you are feeding it to a house, only it is a much wider diameter.

Mr. Ali: Correct.

Trustee Walker: It was about a year or two ago that the fees suddenly jumped an inordinate amount in one year. Why was there a sudden increase in the fees?

Mr. Ali: That I could not answer. I am just in construction. We put them in.

Mayor Swiderski: The village now pays almost exactly a quarter of a million dollars a year. If this passes and, ultimately, the PSC structures its rates, is it fair to think of that quarter million dollars being redistributed in other ways to the water bills? Could it go up, or could it go down? How do you allocate that quarter million dollar fee to a given village?

Mr. Ali: That I do not know. Whatever the fee is now, it is not going to be apples to apples. The PSC will determine, along with the company, what the rate will be per customer. Every municipality has a different population, a different number of water payers, and a different number of hydrants. That will determine the fee. But there have not been any numbers thrown around, so we do not know what the numbers are yet.

Mayor Swiderski: How many communities are engaged in pursuing this option?

Mr. Ali: It is every community we serve.

Village Manager Frobel: It has been universal. That is why we joined with our neighbors to promote this. This all began when we were involved in the rate challenge in 2009. But you know the history.

Trustee Walker: Was it 2009 that we saw the big increase?

Village Manager Frobel: It was over a four-year period, where it went up at one point to a 10 percent increase: two 9s, a 10, and a 3.

Mayor Swiderski: If it is all the communities, if this takes effect, does it take effect across all 50? Or can individual communities decide down the road to opt in or out?

Mr. Ali: It is 15 towns. Well, each one is individual because it is all based on how many hydrants are in each municipality. But no, there is not going to be an option to opt out.

There are communities that are private and they own their own hydrants and maintain their own hydrants. But they are responsible for those hydrants.

Mayor Swiderski: In two years' time if we decide this does not work for us, is that something we have the ability to back out of, or is this irrevocable, one-way?

Mr. Ali: I do not know the answer to that. That is legislation and PSC.

Hearing no further comments, Mayor Swiderski asked for a motion to close the Public Hearing.

ADJOURNMENT

On MOTION of Trustee Walker, SECONDED by Trustee Jennings with a voice vote of all in favor, Mayor Swiderski adjourned the Public Hearing at 8:45 p.m.