

**TOWN OF EAST WINDSOR  
WATER POLLUTION CONTROL AUTHORITY**

**Minutes of Budget Workshop of February 10, 2020**

**Members Present:** Paul Anderson, John Mazza and Jim Richards

**Members Absent:** Kirk Montstream

**Others Present:** WPCA Superintendent E. Arthur Enderle III, WPCA Chief Operator Edward Alibozek, Town Treasurer Amy O'Toole and Recording Secretary Laura Michael

**Time and Place**

The workshop began at 2:07 p.m. at the WPCA Admin Building, 192 South Water St, East Windsor, CT

**I. Review of WPCA Financials, Town Treasurer Amy O'Toole**

Mr. Enderle provided a WPCA Financial Summary as of January 24, 2020. He explained that limits are in place for minimum balances on Webster Bank – Fund Balance and the Sewer Assessment Fund. Both accounts are above the minimum balance. Mr. Enderle asked where the WPCA should be concerned. We are going into the third year of our three year plan. He wanted to get Ms. O'Toole's guidance before putting together the next three year plan. Ms. O'Toole explained that after meeting a year ago, money had been put into STIF accounts. She explained there are liabilities out there. The WPCA should be looking at the last year June 30<sup>th</sup> balance for money truly available. They should not look at day to day bank balances. There are monies due to the Town for WPCA operating costs. Ms. O'Toole felt there should be 3 to 4 months of operating expenses in the fund balance. The excess fund balance can be used to do projects. Ms. O'Toole stated that using excess fund balance to buy down the rate is a horrible use of funds. This creates a hole. The next year that amount is needed just to stay the same. Mr. Richards stated the WPCA is a utility and can't play games with numbers. Mr. Enderle explained that he has to think of the rate payer. Mr. Enderle explained there has been no new growth. Mr. Richards agreed there had been no growth but expenses have gone up. Mr. Enderle explained that he's getting ready to look at the next three years. There are a couple of things he can do for this year to lower the rate. He can look at the collection rate. He's been budgeting based on a 96% collection rate and excess revenue. Ms. O'Toole explained that he needs to look the sewer user fee, not include interest and lien fees. She said that 96% is conservative. The Town uses a 98.5 collection rate. Ms. O'Toole feels the WPCA can go higher than 96%. She explained again to look only at sewer use fees, no interest, liens or prior revenue. It would be best to look at two good years of revenue; look at AR to see what is really outstanding.

Mr. Enderle explained that he has put together a realistic budget. He could reduce the salary line for one year due to a staff member retiring. Mr. Enderle has looked at the expenditures versus the revenue. The only ways to get revenue are by increasing the user base, which we can't control, increasing the rate or decreasing the budget/expenditures. It is never easy to increase rates and they have to do what is in the best interest of the rate payer. Mr. Richards stated that by having a real budget, they are protecting the rate payers in the long term. He explained that the rate needs to go up each year. He feels an \$8 increase is not enough. There is no other way to generate money. Mr. Mazza doesn't want to use fund balance money to buy down the rate. Mr. Anderson stated they are required to keep the system running. Mr. Enderle explained he had put together a plan with a \$48 increase over three years. That was a \$16 increase per year; \$8 increase to the rate payer and \$8 from the fund balance to stabilize rates. Ms. O'Toole explained the need to wean off using the fund balance to offset rate increases. Mr. Anderson explained by using \$125,000 of the fund balance is giving the rate payer a \$25 per unit reduction. Ms. O'Toole suggested putting a rate stabilization message on the sewer use bill.

Mr. Enderle explained that health insurance was a \$63,000 increase in the budget. Ms. O'Toole explained that many town employees have HSA insurance but are finding it hard to manage; some are switching to the State insurance. Mr. Richards explained that you need to realize what your employees are worth. It is a different culture here than in the Town. He stated that you don't want to mess with the people who are getting you where you want to be. Mr. Richards wants a budget and rate that is the real price. They need to get to a point where they're not robbing the fund balance with gradual rate increases. They need a real rate and a real budget. Mr. Enderle explained that he is giving the commission the information about what is causing the rate to go up. Mr. Mazza has concerns with the employee share of the healthcare cost. Mr. Enderle explained that the rate payers deserve to know where the money is going. He has an obligation to do what's in the best

interest of the users. It is his job to explain where the numbers are coming from. There is an increase to the employee share of the healthcare cost on July 1, 2020.

Mr. Anderson stated that they need to work on Ms. O'Toole's comments on using fund balance. It should be reduced by \$25,000 each year. This year they will drop to \$100,000 in rate stabilization. Mr. Richards reported that three years ago they set a goal and they've achieved this goal for two years. Mr. Anderson stated they can't perpetuate something that doesn't work. Goals need to be adjusted as you go along. Mr. Anderson explained they need to look at the money being transferred and begin reducing now. The users are getting a bargain; \$100,000 is a lot of money.

Mr. Enderle told the Board they have put him at peace. They've looked at the numbers and let him say what he wanted. Mr. Richards stated that Mr. Enderle gave them the facts.

Mr. Mazza stated that there needs to be a clause for the union to say, that under certain circumstances, healthcare would need to be negotiated. Mr. Anderson replied there is a clause in place. Mr. Richards explained that you have to pay for what you get. Mr. Enderle feels everyone should have good insurance at a cost. Mr. Alibozek explained that the healthcare maybe more expensive but the Board has been shown the projects that the staff has completed and saved millions of dollars for the facility. They have maintained a dedicated staff and are beating the competition. Mr. Mazza stated that the staff has saved money for the rate payers. He explained that he is playing devil's advocate.

In review, the rate stabilization will be reduced to \$100,000, look into changing the collection rate to 98% and reduce the rate stabilization by \$25,000 each year. The goal is to make an adjustment and see how it fits.

Mr. Richards explained that the Town is held to a 2% budget; we don't want to do that and we don't have to do it. Mr. Enderle stated that we always try to save money. The WPCA has taken on no debt and savings have been realized with their completed projects. Mr. Mazza feels that they need to convey the information to the rate payers. Mr. Richards feels they need to tell the real cost and compare our rate to surrounding towns. Mr. Alibozek explained that an informative insert is included with the sewer use bill. We have received letters from rate payers thanking us and telling us we're doing a good job. Mr. Mazza asked if the budget presentation could be consolidated and shown to the public. He feels they need to educate the public. They need to show the facility is an asset and their plan for the future. Mr. Alibozek replied they could have a presentation one evening at Scout Hall. This is a fantastic facility and we keep an engaged staff. The best equipment won't do the job if you don't have engaged staff. Mr. Richards feels they need to emphasize their product not the increase.

Mr. Enderle explained that they are due to revisit the facility connection charge. Mr. Richards asked how the FCC compares to other towns. Mr. Enderle explained it is middle of the road. It was suggested to look at surrounding towns and adjust appropriately. Ms. O'Toole said they need to look to the future. What repairs, upgrades will be needed and base the FCC on that.

Mr. Enderle explained that a staff member is retiring and he does not want to replace that employee right away. He thanked Ms. O'Toole and the Board for their time.

Mr. Mazza gave a reminder that they need a program to show the employees their appreciation. Mr. Richards stated that with a happy staff you get better production and you retain your staff.

## **II. Adjournment**

The workshop adjourned at 3:50 p.m.

Respectfully submitted,



Laura Michael  
Recording Secretary