

# SPECIAL MEETING

## PUBLIC UTILITIES COMMISSION

TUESDAY JANUARY 19<sup>TH</sup> 2010

5:00 P.M. FAYAL TOWN HALL

Special PUC meeting was called to order by Chairman Bertucci at 5:00 p.m.

Roll: Chairman P. Bertucci, R. Troutwine, & D. Pernu. Water Wastewater operator Dickson and recording secretary Stewart. Also present were Supervisor M. Erjavec.

Purpose: for the discussion and possible action on the proposed City of Gilbert effluent agreement dated January 14, 2010.

Review the agreement from the City of Gilbert.

One of the big points they are asking for is the money that was to be set aside for the plant improvements, to just go away. They don't have the money. We paid \$396,000 -50% of that was to be set aside. Then we paid \$938,000 -40% of that was to be set aside. We have asked for an itemized accounting of the funds and expenditures. We have not seen it. Clerk Sersha met with Mackley, and he advised having the auditors provide this. Supervisor Tammaro arrives at 5:15 p.m.

The agreement states:

(Section Eight 2. a.) Total operating costs.

Gilbert is asking for 1/12<sup>th</sup> of 45% of the total operating costs of Gilberts system paid monthly determined by the auditor from the prior year, to be adjusted annually. They are using the total number of customers using the system to come up with the 45%. (See Exhibit "A" for example of calculation) not the actual gallons the Town sends to Gilbert, which is a small percentage of the total wastewater treated by the Gilbert plant.

(Section Eight 2.b) Permanent Improvements fee.

The parties agree that, as of the date of execution of the agreement, the prior fund known as the "Wastewater System Improvement Fund" has a zero balance and neither party has any claims or obligations against the other with respect to the fund.

They also want us to agree to pay for a major project to upgrade the City system referred to as the 2010 Wastewater Treatment Improvement Project. Project shall be paid for by a debt service fee charge to each customer in the City and Town in the amount of \$5.44 per month per customer. This fee shall be adjusted based on the actual project costs. (See Exhibit "B" attached)

This monthly obligation of the Town to the City shall continue for the 20 years of indebtedness or the Town may pay its proportionate share (based on Towns percentage of customers utilizing

the system) in cash and the monthly permanent improvement fee shall be eliminated to the extent of the Towns cash payments.

Any future permanent improvements to the City system which would include, but not limited to, improvement to the City's treatment plant that increases the efficiency or durability of the City's treatment plant or insures regulatory compliance shall be subject to the same cost sharing formula as stated in the section, i.e. a determination of the permanent improvement cost (including financing) of the project and sharing of said cost between City and Town on a percentage basis based on the number of customers utilizing the system in City and Town, respectively.

- **Motion by Pernu to recommend to the Town Board to send a letter to the City of Gilbert stating we will continue to follow the old contract signed and dated Jan 1, 2003 to Dec 31, 2006, and we will give them a counter proposal in 90 days. Second by O'Connor.**
- **Motion carried unanimously.**

Motion to adjourn the meeting by Pernu second by Troutwine.

Meeting adjourned at 5:25 p.m.

Respectfully submitted,



Diane Stewart  
PUC/Billing Clerk

CITY OF GILBERT  
 FORMULA FOR SEWER RATES  
 BASED ON 2008 AUDIT  
 OPERATING EXPENSES

EXHIBIT A

OPERATING EXPENSES PER 2008 AUDIT	\$293,048.00	
NUMBER OF CUSTOMERS		
GILBERT	850	55.00%
FAYAL	700	45.00%
	-----	-----
TOTAL CUSTOMERS	1550	100.00%
	=====	=====
	ANNUAL	MONTHLY
GILBERT SHARE	\$161,176.40	\$13,431.37
FAYAL SHARE	\$131,871.60	\$10,989.30
	-----	-----
TOTALS	\$293,048.00	\$24,420.67
	=====	=====

EXHIBIT B  
PERMANENT IMPROVEMENT FEE

Gilbert Users \_\_\_\_\_  
 Fayal Users \_\_\_\_\_  
 Project Cost \_\_\_\_\_  
 Interest Rate \_\_\_\_\_  
 Years \_\_\_\_\_

Project Cost x CRF = Annual Payment

$\frac{\text{Annual Payment}}{\text{Total Users} \times 12} = \text{Monthly Payment}$

Example:

Gilbert Users	850
Fayal Users	700
Project Cost	\$1,600,000
Interest Rate	2%
Years	20

$1,600,000 \times 0.0612 = \$97,850/\text{year}$

$\frac{\$97,850/\text{year}}{1,550 \times 12} = \$5.26/\text{month}$