

## **Background Information for the Town of New Hartford Board In Consideration of the Part-County Sewer District Resolution**

- The Town Board is considering endorsing of an annual sanitary sewer rate surcharge of \$1.05 per 1,000 gallons of water used for all town sewer user accounts for 2010. This surcharge is proposed as a way to raise an initial-year fund to generate local revenue to fund sewer repairs required by the NYSDEC Consent Order on the Oneida County Sewer District ("the OCSD").
- Eight of the nine municipalities whose sewers are tied to the Sauquoit Creek Basin have approved the surcharge resolution. The Town of New Hartford is the last to address it.
- Monies raised by the surcharge across the municipalities tributary to the Sauquoit Creek Pumping Station will generate approximately \$1.2 million in 2010 – creating a debt service fund that allows the District to borrow \$25 million to address first-phase repairs for infrastructure owned by and used by the nine municipalities. The \$1.2 million will need to be raised annually until the initial debt service is paid off.
- Total of project repairs estimated for infrastructure tributary to the Sauquoit Creek Pumping Station: \$79.2 million.
- New Hartford literally owns the largest part of the overflow problem/Consent Order issue:
  - 42% of involved sewer infrastructure – 92 miles out of 220 – are located in the Town
  - The significant number of District users are located in the Town
  - The Town's first-phase repairs are estimated at cost of \$5.26 million
  - Infrastructure evaluation in the Town is ongoing. More areas need investigation.

The goal: make high-impact repairs first to quickly mitigate sewer overflows – getting most "bang for the buck" -- alleviating as quickly as possible the most serious impacts of stormwater and groundwater which infiltrate the sewer system

- Failure to act has the potential of fines (\$37,500 per day+ on overflow days) and penalties; potential limits on residential and economic development across region.
- Whether or not the Town works within a collaborative system to address repairs, the Consent Order still applies. All OCSD communities within the Sauquoit Creek Pumping Station service area must address excessive flows in their municipally-owned systems – either individually or through the collaborative Sewer District plan endorsed by the Steering Committee.
- DEC timeline: Plan of Action completed by July 2010; total mitigation of sewer overflows by Oct. 2014 – 4 years. Action now is imperative if timelines are to be met.
- The Steering Committee considered various fundraising mechanisms and determined a surcharge as the most equitable way to raise funds from all users to eliminate or limit infiltration of stormwater as quickly as possible.
- The Surcharge will be added to the water bill (separate notation) and assessed quarterly.

- After issues raised in the Consent Order are addressed, there will be greater ability to address remaining repairs and long-term sewer fixes on a locally determined timetable.

**Oneida County Sewer District Project/Town of New Hartford:  
Questions & Answers**

**Q. You say the Town has a \$26.1 million estimated sewer fix. Is that the limit of Town residents' obligation for sewer repairs?**

**A.** No. The \$26.1 million is an estimate of necessary sanitary sewer system repairs based on engineering investigations completed to date (i.e.: flow metering, manhole inspections, sewer televising, smoke testing). Once repairs begin, the true extent of system needs becomes more clear and an accurate assessment can then be determined. Totals are likely to be more, not less, in terms of the total amount repairs will be.

Town users also will be liable for a proportionate share of repairs to OCSD-owned facilities where additional repairs are needed. This will include potential upgrades to the wastewater treatment plant and Sauquoit Creek Pumping Station and force main. This work is now estimated at another \$79 million and is expected to begin after initial sewer system repairs are made and the resulting reduction in inflow/infiltration is confirmed. Funding would come from rate increases put through the Oneida County Sewer District's annual budget.

**Q. If the Town contributes \$26.1 million in funding for its share of repairs, will it receive an equivalent dollar amount back in repairs made in the Town system?**

**A.** Yes, eventually. To mitigate overflows as quickly as possible, the program is phased. The Town is unlikely to see all of its investment recouped in year one, but instead over time. It is planned that some dollars will be spent in every community initially, but the money will be invested first in spots where the most impact can be made for the dollars available in 2010.

The dollar amount the Town will pay will not exceed the amount of money (principal and interest) that it will take to repair its own system and its share of the costs related to the pumping station, force main, and water pollution control plant.

**Q. Are Town residents paying for repairs outside of the town? If so, do they get "credit"?**

**A.** Other participating municipalities face the same situation. Everyone will contribute from the onset even though initial repairs will occur in some communities first, others later. This is similar to what happens when a water or sewer district is formed, in which construction is phased in over multiple years.

The locations of the worst overflow problems in the District will be addressed first – to get the most "bang for the buck" with the objective of getting every municipality in the District out from under the Consent Order – and its risks and limitations -- as quickly as possible.

**Q. Why did the Steering Committee decide on a surcharge?**

- A. The plan to address repairs (and Consent Order requirements) through a unified structure and a usage-based rate was viewed by the Steering Committee as a way to assure equitable charges for users of the Sauquoit Creek Pumping Station facilities, while delivering services in a way that is efficient and creates cost savings.

It was decided, **for the first year**, to allow the program to proceed and to spread the costs equally over the affected communities. This may change in subsequent years, as recommended by the Steering Committee, as costs by community become more well defined.

**Q. Are there alternatives?**

- A. Each municipality can undertake its own engineering studies, inspections, repairs, and be responsible individually for adhering to the consent order.

In the case of the Town of New Hartford, working on its own, the Town:

- Would need to raise \$26.1 million from town ratepayers for repairs by 2014.
- This equates to \$541,666 per month, every month, for the next four years.
- This would equal \$7 million a year – raising \$26.1 million (or more) by 2014 – to take care of the town's sewer problems and meet the Consent Order requirements.

(Note: If the Town borrowed \$26.1 million over 20 years at a 3.5% interest rate, that would equal payments due of \$1.9 million a year, or \$160,000 per month, for 20 years.)

**Q. Can we delay responding to the consent order or stretch the timeframe in order to pay for this in a more comfortable way?**

- A. No. There is NO wiggle room – a repair plan is due July this year, and completed mitigation of the existing overflows must be done within the next 4 years.

**Q. What happens if the Town doesn't go along with the resolution?**

- A. The Town will be responsible to rehabilitate its sewers to eliminate its inflow/infiltration problems on its own. This may require that an appropriate legal mechanism be put in place between Oneida County and the Town of New Hartford in order to ensure that the town abides by the same timelines and requirements that are currently imposed by the NYSDEC on the County.

**Q. Isn't this Oneida County's problem to deal with since the county holds the DEC permit?**

- A. Oneida County is obligated to meet the terms and conditions of the Consent Order because it holds the permit on behalf of the Oneida County Sewer District. But, a vast majority of the problems that caused the Consent Order lie in the sewer systems in all the Towns and Villages served by the Sauquoit Creek Pump Station facilities.

However, Oneida County does not own the sewer systems. The District owns the wastewater treatment plant, Sauquoit Creek and Barnes Avenue Pumping Stations, and the interceptor sewers. The municipalities own the sanitary sewer systems within their respective communities. Each community is responsible for its respective sewer system.

**Q. How will we know when enough repairs have been completed to satisfy the Consent Order?**

A. As inflow/infiltration repairs are made and flow monitoring is done, we will be able to monitor progress and to assess how much more work is needed. Typically, if, after system repairs are made, sewer discharge is more than three times the amount of water consumed, that is an indication that additional repairs are needed. However, an ongoing repair and maintenance program will have to be implemented to insure that the sewer systems remain in an acceptable state of repair.

**Q. Will these repairs solve our stormwater as well as inflow/infiltration issues?**

A. As inflow/infiltration is removed from the sanitary sewer system, that water will need to be handled in some fashion. It is likely that new stormwater facilities may be needed to be constructed as part of the sanitary sewer program in order to convey the inflow/infiltration removed from the sanitary sewers.

**Q. Have you found any grants? Are there stimulus funds that would apply to reduce the amount residents will have to pay?**

A. The District has been pursuing various project funding opportunities. The most promising opportunities are with the New York State Environmental Facilities Corporation (NYSEFC) and USDA Rural Development (Rural Development). We are working closely with these agencies and their representatives to secure grants and low/no interest loans.

A single funding application to NYSEFC has been prepared by Oneida County for initial sewer system repairs. The surcharge will be used to pay back the loan component of NYSEFC funding.

Because of the nature of the Rural Development program, each community needs to apply separately for that source of funding due to limitation on population and median household income. The District has met with Rural Development, provided information regarding the financial needs of the project as they relate to each community. Rural Development is in the process of developing supplemental funding opportunities for the qualifying communities.

Municipalities that prefer to go on their own rather than be part of a collaborative effort with the other communities would have to pursue grants and loans themselves.

The District has been working with our state and federal representatives on other sources of grants, but have as yet received no assurances that funding will be provided.

While the District will continue to pursue grants for a unified program, customers must be prepared to foot the cost of the total program.

**Q. How would receipt of any grant monies received be applied to the project?**

- A. Most likely, the grants would be applied to the overarching costs to reduce the dollars that must be collected from users. However, the type of grant and the funding source will dictate its use. If a grant is received by a specific community for use in sewer system rehabilitation within that community, then it is possible that that grant component could be used to offset project costs assessed to that community. Ultimately, the amounts the communities would have to pay for repairs, and the rates users will be charged, are likely to change from the current estimates, anyway.