

TOWN OF SPRAGUE

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My View - The sewer and water rate increases that are being imposed in the Norwich area not only *may*, but *will* cost jobs in the Norwich – New London region. This region, already hard hit by the recession, cannot afford to lose any more jobs. The local unemployment rate exceeds the national average, with some towns experiencing an unemployment rate over 10%.

The Eastern Workforce Investment Board put out a report which states, in part:

THE NEED FOR JOB GROWTH IN EASTERN CT:

"It is important to note that the Eastern WIB region, containing the Norwich-New London and Willimantic Danielson LMA's has dramatically lagged the state and nation in terms of job growth. That said, EVERY JOB MATTERS in Eastern CT, no matter what sector of the economy. The region's present job recovery rate - jobs gained back expressed as a % of those lost during recession- of 4% pales against the US rate of 41% and the CT rate of 32%. Therefore, job creation of any sort, part-time or full-time, is welcomed news. Every job created, regardless of sector, makes a contribution to the local economy!"

***Don Klepper-Smith
Chief Economist, DataCore Partners***

These rate increases have two businesses, Fusion and Atlantic City Linen, paying roughly 25% of the upgraded infrastructure, operating and maintenance expenses in the sewer and water divisions of Norwich Public Utilities. The Fusion Company pays close to 1 million dollars per year in sewer charges alone. Both of these companies are not based solely in Connecticut, having divisions in other states.

The *capital upgrade charges* instituted in 2009 were supposed to fund the sewer treatment plant upgrade, estimated at that time to be \$40 million; these costs have now grown to \$120 million. Using the calculations relating to the 2009 increase, it appears that the completion of this plant will require another 80% mandatory upgrade increase. This is, simply put, a project that there is not enough available funding for to complete. The mandatory upgrade charge should be reviewed, and either eliminated or reduced, while other options are considered in both funding, and in project scope.

In addition, the operating increase which occurred this last week was designed to increase the utilities fund balance, it was not designed to cover current operating expenses. Again, the same two companies will be covering the most significant portion of these charges. This begs the question, who will replace the nearly \$1 million that Fusion Paperboard now pays should they chose to leave the area?

As the only elected leader who has attended the hearings, I have been fighting to keep Fusion Paperboard in the region, as this company is the top taxpayer in Sprague. This action by NPU creates an environment that is not only not good for these two significant businesses, it is not good for smaller businesses, such as: carwashes, laundromats, restaurants and local landlords. All of whom have expressed concerns regarding these costs as they relate to the sustainability of their respective business.

My family worked for 40 years in the restaurant business (Jim's Ten Pin Restaurant and the Patti O). These businesses provided jobs for my sisters, brother, cousins, neighbors etc. I know firsthand that a small business must watch every dime in order to be a success. I also know that our business provided families with jobs that provided wages to people who bought clothes, shoes, gas and went out to other places to eat, thus boosting the economy throughout the entire area.

One of the comments brought up during the hearings on these rate increases, was that NPU was operating like a business. I would have to strongly disagree! No business prices themselves out of their customer's price range – that is if they want to have customers.

There are solutions that have not been researched by NPU. They could reach out to other regional organizations to ask for assistance regarding additional funding opportunities; the project scope could be reviewed; and, by keeping lower rates they could work to increase business development in the area. As a matter of fact, at the most recent Southeastern Council of Governments' meeting, I recommended a more regional approach to the handling of wastewater and related projects.

I am asking the Norwich City Council, in its review of the NPU budget, to return it to NPU recommending a reduction in both the mandatory upgrade charge, and the operating increase. It is simply the only way we will retain our current jobs, and work on creating new jobs!

Sincerely,

Catherine Osten
First Selectman

The following slide is also from the EWIB report:

