

**MINUTES
UTILITIES COMMISSION MEETING
FEBRUARY 21, 2006**

Mayor Margo G. Bailey called the meeting to order at 7:32 p.m. In attendance were Council members Whaland Clark, Harrison C. Bristoll, Jr. and Mabel Mumford-Pautz, W.S. Ingersoll, Town Manager, Jennifer Stead, Stenographer, and guests.

Mayor Bailey asked if there were any additions or corrections to the minutes of the previous meeting of January 23, 2006. **Mr. Bristoll moved to approve the minutes as presented, was seconded by Mrs. Mumford-Pautz and carried unanimously.**

Mayor Bailey stated that cash on hand and in the banks was \$478,303.57.

Mayor Bailey stated that Mr. Sipes was not feeling well and Mr. Ingersoll would give his report.

Mr. Ingersoll read a Resolution for Declaration of Official Intent for the BNR/ENR Wastewater Plant Improvement. Mr. Ingersoll stated that this document concerned the bond issue through the Maryland Water Quality Financing Administration. He said that funding for the \$9 million dollar project was available if the Resolution was signed and it would become part of the bond package for .4% financing over 20-years. Mr. Ingersoll stated that financial modeling was done for this bond and compared to the USDA program. He found that the USDA financing was offered for 40-years, but would cost the Town over \$3 million more during that 40-year period. **Mr. Clark moved to approve the Resolution for Declaration of Official Intent for the BNR/ENR Wastewater Plant Improvements. The motion was seconded by Mr. Bristoll and carried unanimously.**

Mr. Ingersoll stated that he was in receipt of a letter from the Maryland Water Quality Financing Administration (MWQFA) that explained part of their approval process was to decide if the Town could afford the upgrade. Mr. Ingersoll read the letter into the record, which stated that during their review it was found that the Town Utilities could currently afford \$1-million in additional SRF loan debt, at the rate of 1.6% with a 20-year loan term, without having to increase sewer user rates. MWQFA recommended that the water and sewer rates be increased by 40%, phased in over the next (2) fiscal years beginning FY2006-2007. He said if this was done the Town would be eligible for a lower interest rate of 1%, including the administrative fee as a disadvantaged community. He said this would result in an additional savings of \$15,000.00 per year.

Mr. Ingersoll stated that the loan would only be approved if the Town agreed to the water and sewer fee increase. Mayor Bailey explained that originally the project was going to cost an estimated \$5-\$6 million dollars, but because of Hurricanes Katrina and Rita, the prices have increased to \$9-million.

Mr. Ingersoll stated that when he checked into the USDA rate system for grants, USDA explained that the Town individual user fees would have to exceed \$500.00 per year, per residence, before Chestertown would be eligible for grants. Mr. Ingersoll stated the presently the Town user fees were at approximately \$34.00 per quarter (not including before the flush tax fees) but the 40% increase was unavoidable.

Mr. Ingersoll requested that a letter be sent to the Governor telling him that a good use of the flush tax money would be to help with the capital financing of the upgrade. Mr. Ingersoll stated that if they could reduce the debt through capitalization upfront, it would help the users.

Mr. Ingersoll stated that the high bidder for the project had already been eliminated. The winning low bidder was Allen A. Myers, LP and their bid was good until March 9, 2006. Mr. Ingersoll requested that the Mayor be authorized to sign all contract documents. **Mrs. Mumford-Pautz moved that Mayor Bailey be authorized to sign contact documents for the BNR/ENR Wastewater Plant Project, was seconded by Mr. Bristoll and carried unanimously.**

There being no further business, **Mr. Bristoll moved for payment of bills, was seconded by Mr. Clark and carried unanimously.**

Mr. Clark moved to adjourn the meeting at 7:40 p.m., was seconded by Mrs. Mumford-Pautz and carried unanimously.

Submitted by:


Jennifer Stead
Stenographer

Approved by:

Margo G. Bailey
Mayor