

**CITY COUNCIL WORK SESSION
CITY OF WATERTOWN
October 13, 2020
7:00 p.m.**

Mayor Jeffrey M. Smith Presiding

Present: Council Member Sarah V. Compo
Council Member Ryan J. Henry-Wilkinson
Council Member Jesse C.P. Roshia
Council Member Lisa A. Ruggiero
Mayor Jeffrey M. Smith

Also Present: Kenneth A. Mix, City Manager

City staff present: James Mills, Vicky Murphy

DISCUSSION

Water and Sewer Districts and Outside Users

Mayor Smith opened the discussion by declaring the water and sewer district issue to be as confusing as ever.

Mr. Mix then referred to the reports and maps (on file in the City Clerk's office) that summarized all the various districts and their agreements with the City of Watertown, as well as the rates and revenues for each. The report also indicates that there are 47 outside users who are not under contract. He noted that each water district had its own set of capital charges and the numbers show that outside users pay more for water and sewer than inside users.

Mayor Smith stated that he was not concerned with the additional costs that the districts were charging their customers. His concerns are with making money for the City of Watertown.

Ms. Murphy noted that the Town of Watertown's contract had expired in 2019 and she had attempted to contact them without success.

Mayor Smith suggested negotiating a new contract with the Town of Watertown charging them 120% of the rate paid by City users, noting again that there should be a premium on the City's water. He indicated that the Town of Pamelia's contract is set to expire in December of 2020. He suggested the same 120% rate and applying that rate to all the districts across the board.

In response to Council Member Ruggiero's question regarding the frequency of the water rate change, Ms. Murphy replied that they were adjusted yearly.

City Comptroller James Mills noted that 60% of the water rate is the commodity and 40% of the rate is distribution. He also informed Council that the contracted rates were tied to the City's tier rates so when the City's rates went up, so did the rates for the water districts.

Discussion turned to District 11, which at this point contains only two customers: a Honda Dealership and a gas station/market. The Town of Pamela had previously requested water from the City but was now intending to work with the Development Authority of the North Country (DANC).

Ms. Murphy noted that there were several other customers along that route who were also purchasing water directly from the City.

Mr. Mix noted that there were currently only two customers but there is the potential for further growth in that district.

Mr. Mills remarked that DANC has a 30-year contract with the City.

Mayor Smith indicated that DANC was required to get the City's permission to sell to other districts.

Mr. Mix added that the City cannot reasonably withhold that permission.

Council Member Henry-Wilkinson stated that it was not unreasonable to deny permission to sell the City's water if the end result is that development is driven outside the City.

Council Member Roshia pointed out paragraph 3 on page 6 of DANC's contract which reads "The Authority shall not solicit the City's water customers, nor sell water from the Fort Drum line or otherwise to any municipality or water district or any other person or entity that is served by or through the City's water distribution system, unless prior approval or authorization is obtained from the City."

Mayor Smith stressed that he felt that water and sewer were City assets that should benefit the City of Watertown and should be sold to other users at a premium. He expressed his concern that supplying water and sewer to the outlying towns was incentivizing moving outside of the City. He suggested, as an alternative, that the City should consider annexing the adjacent areas and making them part of the City.

Mr. Mix informed Council that it is extremely complicated to annex land and that the process would have to be started by the landowners. He added that any annexed land would have to be contiguous to the City. He also reminded Council that if a decision was made to add various districts to City property, those properties would then require services that cost money such as plowing, police, and fire.

Council Member Compo stated that it was her understanding that the general philosophy was that development outside of the City benefitted the region as a whole and that would be the City's incentive to provide new areas with the City assets of water and sewer.

Council Member Ruggiero added that the developments increase the City's sales tax.

Council Member Roshia asked if the current water district contracts could be amended so that a portion of the monies would be allocated to the General Fund.

Mr. Mills stated that he would have to consider whether that was legitimately possible.

Council Member Compo thanked staff for preparing the packet of information about the districts.

Council Member Ruggiero complimented the maps prepared by staff, noting they were very helpful.

Mr. Mix mentioned that the entire process had been educational for him as well.

Work session ended at 8:03 p.m.

Lisa M. Carr
Deputy City Clerk