



House of Representatives

File No. 645

General Assembly

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(Reprint of File No. 516)

Substitute House Bill No. 5470
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 28, 2006

***AN ACT ESTABLISHING A DRINKING WATER QUALITY
MANAGEMENT PLAN FOR THE TOWN OF GROTON AND
ESTABLISHING THE LITCHFIELD HILLS REGIONAL WATER
AUTHORITY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective July 1, 2006*) (a) The city of Groton, acting
2 through its Department of Utilities and its community partnership
3 with the towns of Groton, Norwich, Ledyard, Preston, Montville and
4 Waterford, shall develop a drinking water quality management plan
5 for the preservation of Groton's drinking water and the Thames River
6 Regional pipeline.

7 (b) The Department of Public Health, in conjunction with the
8 Departments of Environmental Protection and Public Utility Control
9 and the Office of Policy and Management, shall review the plan.

10 (c) On or before January 1, 2009, the Commissioner of Public Health
11 shall submit the department's findings and recommendations based on
12 such review, including specific recommendations concerning

13 necessary statutory changes, to the joint standing committees of the
14 General Assembly having cognizance of matters relating to public
15 health, environment, energy and technology and planning and
16 development, in accordance with the provisions of section 11-4a of the
17 general statutes.

18 Sec. 2. (*Effective from passage*) It is found and declared as a matter of
19 legislative determination that the creation of the Litchfield Hills
20 Regional Water Authority for the primary purpose of providing and
21 assuring the provision of an adequate supply of pure water at
22 reasonable cost within the Litchfield Hills Regional Water District and
23 such other areas as may be served pursuant to cooperative agreements
24 and acquisitions authorized by section 12 of this act to the degree
25 consistent with the foregoing, of advancing water conservation and the
26 conservation and compatible recreational use of land held by the
27 authority, and the carrying out of its powers, purposes, and duties
28 under sections 2 to 33, inclusive, of this act are for the benefit of the
29 people residing in the Litchfield Hills Regional Water District and the
30 state of Connecticut, and for the improvement of their health, safety
31 and welfare, that said purposes are public purposes, and that the
32 authority will be performing an essential governmental function in the
33 exercise of its powers under sections 2 to 33, inclusive, of this act.

34 Sec. 3. (*Effective from passage*) As used in sections 2 to 33, inclusive, of
35 this act:

36 (1) "Authority" means the Litchfield Hills Regional Water Authority
37 created by section 6 of this act;

38 (2) "District" means the Litchfield Hills Regional Water District
39 created by section 4 of this act;

40 (3) "Representative review board" means the representative review
41 board of the Litchfield Hills Regional Water District created by section
42 5 of this act;

43 (4) "Chief executive officer" means the full-time employee of the

44 authority responsible for the execution of the policies of the authority
45 and for the direction of the other employees of the authority;

46 (5) "Treasurer" means the treasurer of the authority;

47 (6) "Customer" means any person, firm, corporation, company,
48 association or governmental unit furnished water service by the
49 authority or any owner of property who guarantees payment for water
50 service to such property;

51 (7) "Properties" means the water supply and distribution system or
52 systems, and other real or personal property of the authority;

53 (8) "Bonds" means bonds, notes and other obligations issued by the
54 authority;

55 (9) "Revenues" means all rents, charges and other income derived
56 from the operation of the properties of the authority;

57 (10) "Water supply system" means plants, structures and other real
58 and personal property acquired, constructed or operated for the
59 purpose of supplying water, basins, dams, canals, aqueducts,
60 standpipes, pumping stations, water distribution systems, including
61 land, reservoirs, conduits, pipelines, mains, compensating reservoirs,
62 waterworks or sources of water supply, wells, purification or filtration
63 plants or other plants and works, connections, rights of flowage or
64 diversion and other plants, structures, conveyances, real or personal
65 property or rights therein and appurtenances necessary or useful and
66 convenient for the accumulation, supply or distribution of water.

67 Sec. 4. (*Effective from passage*) There is created a district to be known
68 as the "Litchfield Hills Regional Water District" which embraces the
69 area and territory of the towns of Burlington, Goshen, Harwinton,
70 Litchfield, New Hartford, Norfolk, and the city of Torrington. If, on or
71 after June 30, 2006, the authority purchases land or properties or sells
72 water services directly to customers in any city or town within the
73 district, the area and territory of such city or town thereupon shall be

74 excluded from the district. The authority may establish procedures to
75 add towns or cities to the district.

76 Sec. 5. (*Effective from passage*) (a) There shall be a representative
77 review board of the Litchfield Hills Regional Water District which
78 shall consist of four electors from the city of Torrington and one elector
79 from each of the other towns within the district who shall be appointed
80 by the chief elected official of such city or town, with the approval of
81 the majority of the city council or board of selectmen, as the case may
82 be. Members shall serve for a term of three years commencing July
83 first, except that the members first appointed shall serve as follows:
84 One member appointed from Torrington, Harwinton and Norfolk shall
85 serve a one-year term, one member appointed from Torrington, New
86 Hartford and Burlington shall serve a two-year term, two members
87 appointed from Torrington and one member appointed from Goshen
88 and one member appointed from Litchfield shall serve a three-year
89 term. Members shall continue to serve until their successors are
90 appointed and have qualified. In the event of the resignation, death or
91 disability of a member from any city or town, a successor may be
92 appointed by the chief elected official of such city or town for the
93 unexpired portion of the term. Members shall receive one hundred
94 dollars for each day in which they are engaged in their duties and shall
95 be reimbursed for their necessary expenses incurred in the
96 performance of their duties. They shall elect a chairman and a vice-
97 chairman, who shall be members of the representative review board
98 and a secretary. The chairman shall receive a per diem payment of one
99 and one-half times the amount paid to members. The representative
100 review board shall meet at least quarterly with the authority and such
101 members of the staff of the authority as the representative review
102 board deems appropriate.

103 (b) (1) For the purposes of this section, "number of customers"
104 means the number of premises or groups of premises treated as units
105 for ordinary billing or other ordinary receipt of charges by the
106 authority and shall be determined from the records of the authority on
107 the last day of its preceding fiscal year and "number of acres of land"

108 means the number of acres of land rounded to the nearest whole
109 number as may appear on the records of the authority on the last day
110 of its preceding fiscal year.

111 (2) In voting upon all matters before the representative review
112 board, the vote of each member from a city or town shall be accorded a
113 weight, determined as follows: (A) Adding (i) the quotient obtained by
114 dividing the number of customers in the city or town by nine hundred,
115 rounded to the next whole number, and (ii) the quotient obtained by
116 dividing the number of acres of land in the city or town by dividing by
117 four thousand, rounded up to the next whole number, and (B) dividing
118 the sum obtained pursuant to subparagraph (A) of this subdivision by
119 the number of its representative members of each town and city.

120 (3) Whenever a vote is taken on any matter by the representative
121 review board, the vote shall be determined in accordance with this
122 subsection. Members of the representative review board holding a
123 majority of the votes so weighted shall constitute a quorum.

124 (c) The representative review board shall adopt and may amend
125 such rules of procedure and bylaws for the conduct of its affairs as it
126 deems appropriate. It may establish (1) a standing committee on land
127 use and management to consult with the authority on all matters of
128 land use and management, including acquisition and sale, recreational
129 use, cutting of timber and other products, mining and quarrying; (2) a
130 standing committee on finance to consult with the authority on matters
131 relating to financial and budgetary matters and the establishment of
132 rates; and (3) a standing committee on consumer affairs to consult with
133 the authority and the officer of consumer affairs established pursuant
134 to section 16 of this act on matters concerning the interests of people
135 residing within the district. The representative review board may
136 appoint such other committees as it considers convenient from time to
137 time.

138 Sec. 6. (*Effective from passage*) A public corporation, to be known as
139 the "Litchfield Hills Regional Water Authority", constituting a public

140 instrumentality and political subdivision, is created for the purposes,
141 charged with the duties and granted the powers provided in sections 2
142 to 33, inclusive, of this act. The authority shall consist of five members
143 who shall not be members of the representative review board, who
144 shall be residents of the district and who shall be appointed without
145 regard to political affiliation by a majority of the total unweighted
146 votes of those members of the representative review board present at a
147 meeting at which members of said board holding two-thirds of the
148 total votes are present, and by affirmative votes from representatives
149 from a majority of towns, for terms of five years and until their
150 successors are appointed and have qualified, except that the first
151 members shall serve as follows: One shall be appointed for a one-year
152 term, one for a two-year term, one for a three-year term, one for a four-
153 year term, and one for a five-year term. Any vacancy occurring on the
154 authority shall be filled in the same manner for the unexpired portion
155 of the term. Any member of the authority may be removed from office
156 by the representative review board for cause. Members of the authority
157 may receive such compensation for their services as shall be fixed by
158 the representative review board and may be reimbursed for their
159 necessary expenses incurred in performance of their duties.

160 Sec. 7. (*Effective from passage*) The duration of the representative
161 review board and of the authority shall be perpetual unless terminated
162 or altered by an act of the General Assembly, provided the General
163 Assembly shall not terminate the existence of the authority until all of
164 its liabilities have been met and its bonds have been paid in full or
165 such liabilities and bonds have otherwise been discharged.

166 Sec. 8. (*Effective from passage*) The officers of the authority shall be a
167 chairman and a vice-chairman, who shall be members of the authority,
168 and a treasurer and a secretary, who may be members of the authority.
169 The first chairman shall be designated by the representative review
170 board for a two-year term and subsequent chairman shall be elected by
171 the authority for two-year terms. All other officers shall be elected by
172 the authority for one-year terms. The treasurer shall execute a bond
173 conditioned upon the faithful performance of the duties of his office,

174 the amount and sufficiency of which shall be approved by the
175 authority and the premium therefor shall be paid by the authority. The
176 authority shall, from time to time, appoint an agent for the service of
177 process, and shall notify the Secretary of the State of the name and
178 address of said agent.

179 Sec. 9. (*Effective from passage*) The authority may employ such
180 persons as it may determine to be necessary or convenient for the
181 performance of its duties and may fix and determine their
182 qualifications, duties and compensation, provided the appointment of
183 the chief executive officer shall be subject to the approval of the
184 representative review board. The authority shall establish a position
185 with ongoing responsibilities for the use and management of its land
186 resources and such other senior managerial positions as it deems
187 appropriate, which shall be filled by appointment by the chief
188 executive officer with the approval of the authority. The authority may
189 also from time to time contract for professional services.

190 Sec. 10. (*Effective from passage*) The authority shall meet at least
191 monthly. Except as the bylaws of the authority may provide in
192 emergency situations, the powers of the authority shall be exercised by
193 the members at a meeting duly called and held. Three members shall
194 constitute a quorum, and no action shall be taken except pursuant to
195 the affirmative vote of at least three members. The authority may
196 delegate to one or more of its members, officers, agents or employees
197 such powers and duties as it may deem proper.

198 Sec. 11. (*Effective from passage*) Whenever a public hearing is required
199 under sections 2 to 33, inclusive, of this act, notice of such hearing shall
200 be published by the representative review board at least twenty days
201 before the date set therefor, in a newspaper or newspapers having a
202 general circulation in each city and town comprising the district. Such
203 notice shall set forth the date, time and place of such hearing and shall
204 include a description of the matters to be considered at such hearing. A
205 copy of the notice shall be filed in the office of the clerk of each such
206 city and town and shall be available for inspection by the public. At

207 such hearings, all the users of the water supply system, owners of
208 property served or to be served and other interested persons shall have
209 an opportunity to be heard concerning the matter under consideration.
210 When appropriate, the chairman of the representative review board
211 may convene more than one hearing on any matter and direct such
212 hearings to be held in suitable locations within the district so as to
213 assure broader participation by the general public in discussion of the
214 matters under consideration, provided in sections 2 to 33, inclusive, of
215 this act. A public hearing shall be held in the city or town in which
216 such real property is situated. Any decision of the representative
217 review board on matters considered at such public hearing shall be in
218 writing and shall be published in a newspaper or newspapers having a
219 general circulation in each city and town comprising the district not
220 later than thirty days after such decision is made.

221 Sec. 12. (*Effective from passage*) Subject to the provisions of sections 2
222 to 33, inclusive, of this act, the authority shall have the power: (1) To
223 sue and be sued; (2) to have a seal and alter the same at its pleasure; (3)
224 to acquire in the name of the authority by purchase, lease or otherwise
225 and to hold and dispose of personal property or any interest therein,
226 including shares of stock of a subsidiary corporation; (4) to acquire in
227 the name of the authority by purchase, lease or otherwise and to hold
228 and dispose of any real property or interest therein, including water
229 rights and rights of way and water discharge rights, which the
230 authority determines to be necessary or convenient, and to acquire any
231 existing water supply system or parts thereof which are wholly or
232 partially within the district as described in section 4 of this act. As a
233 means of acquiring any real property or interests therein, the authority
234 or a subsidiary corporation may purchase all of the stock or all of any
235 part of the assets and franchises of any existing privately owned water
236 company, whereupon the authority or such subsidiary corporation
237 shall succeed to all rights, powers and franchises thereof. Sections 16-
238 43, 16-50c and 16-50d of the 2006 supplement to the general statutes
239 shall not apply to any action by the authority or a subsidiary
240 corporation or any action by any privately owned water company, as

241 defined in section 16-1 of the 2006 supplement to the general statutes,
242 taken to effectuate the acquisition of the stock or all or any part of the
243 assets and franchises of such water company by the authority.
244 Notwithstanding the provisions of section 25-32 of the general statutes,
245 land may be transferred to the authority or a subsidiary corporation of
246 the authority as part of such an acquisition. The Commissioner of
247 Public Health shall not grant a permit for a change in the use of any
248 class I or class II land owned by the authority on the effective date of
249 this section and not transferred to the authority or a subsidiary
250 corporation or a permit for the sale, lease or assignment of any such
251 class II land, unless (A) all provisions of said section 25-32 are
252 complied with; (B) the Commissioner of Public Health determines,
253 after a hearing, notice of which shall be published not later than thirty
254 days before the hearing in one or more newspapers having a
255 substantial circulation in the municipalities in which the land is
256 located, that such change in the use or sale, lease, or assignment of the
257 land will not have a significant adverse impact upon present and
258 future water supply needs of the authority or a subsidiary corporation
259 of the authority; (5) to construct and develop any water supply system;
260 (6) to own, operate, maintain, repair, improve, construct, reconstruct,
261 replace, enlarge and extend any of its properties; (7) notwithstanding
262 the provisions of any general statute, special act or charter, but subject
263 to the provisions of section 13 of this act to sell water, however
264 acquired, to customers within the district or to any municipality or
265 water company; (8) notwithstanding the provisions of the general
266 statutes or any special act or charter, to purchase water approved by
267 the Commissioner of Public Health from any person, private
268 corporation or municipality when necessary or convenient for the
269 operation of any water supply system operated by the authority; (9) to
270 adopt and amend bylaws, rules and regulations for the management
271 and regulation of its affairs and for the use and protection of the water
272 and properties of the authority or a subsidiary corporation and, subject
273 to the provisions of any resolution authorizing the issuance of bonds,
274 rules for the sale of water, and the collection of rents and charges for
275 water supply functions. A copy of such bylaws, rules and regulations

276 and all amendments thereto, certified by the secretary of the authority,
277 shall be filed in the office of the Secretary of the State and with the
278 clerk of each town and city within the district. Any superior court
279 located within the district shall have jurisdiction over any violation of
280 such bylaws, rules or regulations and the authority may prosecute
281 actions before the superior court to enforce such bylaws, rules and
282 regulations; (10) to make contracts and to execute all necessary or
283 convenient instruments, including evidences of indebtedness,
284 negotiable or nonnegotiable; (11) to borrow money, to issue negotiable
285 bonds or notes, to fund and refund the same and to provide for the
286 rights of the holders of the authority's obligations; (12) to open the
287 grounds in any public street or way or public grounds for the purpose
288 of laying, installing, maintaining or replacing pipes and conduits,
289 provided upon the completion of such work the grounds shall be
290 restored to the condition they were in previously; (13) to enter into
291 cooperative agreements with other water authorities, municipalities,
292 water districts, water companies within or without the district for
293 interconnection of facilities, for exchange or interchange of services
294 and commodities or for any other lawful purpose necessary or
295 desirable to effect the purposes of sections 2 to 33, inclusive, of this act,
296 such agreements to be binding for a period specified therein; (14) to
297 acquire, hold, develop and maintain land and other real estate and
298 waters for conservation and for compatible active and passive
299 recreational purposes and to levy charges for such uses, provided the
300 Department of Public Health finds that such uses will not harm the
301 quality of water provided by the authority; (15) to apply for and accept
302 grants, loans or contributions from the United States, the state of
303 Connecticut or any agency, instrumentality or subdivision of either of
304 them or from any person, and to expend the proceeds for any of its
305 purposes; (16) to create programs and policies for the purpose of
306 conserving water; and (17) to do any and all things necessary or
307 convenient to carry out the powers expressly given in sections 2 to 33,
308 inclusive, of this act, including the powers granted by the general
309 statutes to stock corporations, except the power to issue stock.

310 Sec. 13. (*Effective from passage*) The authority shall not sell water to
311 customers in any part of the district with respect to which any person,
312 any firm or any corporation incorporated under the general statutes or
313 any special act has been granted a franchise to operate as a water
314 company, as defined in section 16-1 of the 2006 supplement to the
315 general statutes, or in which any town, city or borough or any district
316 organized for municipal purposes operates a municipal water supply
317 system, unless the legislative body of such town, city, borough or
318 district, such person, or the governing board of such firm or
319 corporation shall consent, in writing, to such sale by the authority. The
320 authority shall not extend water supply services into new areas
321 previously unserved without the approval of either the legislative
322 body of the town, city, borough or district in which such area is
323 located.

324 Sec. 14. (*Effective from passage*) (a) If the authority cannot agree with
325 any owner upon the terms of acquisition by the authority of any real or
326 personal property or interest therein which the authority is authorized
327 to acquire, the authority may proceed, at its election, in the manner
328 provided in subsection (b) of this section or in the manner provided in
329 subsection (c) of this section. The provisions of this section shall not
330 apply to the acquisition of (1) any real or personal property or interest
331 therein, the legal title to which is vested in the state or a political
332 subdivision thereof, or (2) any existing water supply system.

333 (b) The authority may, after ten days' written notice to such owner,
334 petition the superior court for the county or judicial district in which
335 such property is located, or, if said court is not then sitting, any judge
336 of said court, and thereupon said court or such judge shall appoint a
337 committee of three disinterested persons, who shall be sworn before
338 commencing their duties. Such committee, after giving reasonable
339 notice to the parties, shall view the property in question, hear the
340 evidence, ascertain the value, assess just damages to the owner or
341 parties interested in the property and report its actions to said court or
342 such judge. Not later than fourteen days after such report is made to
343 said court or such judge, any party may move for the acceptance

344 thereof. Said court or such judge may accept such report or may reject
345 it for irregular or improper conduct by the committee in the
346 performance of its duties. If the report is rejected, the court or judge
347 shall appoint another committee, which shall proceed in the same
348 manner as did the first committee. If the report is accepted, such
349 acceptance shall have the effect of a judgment in favor of the owner of
350 the property against said authority for the amount of such assessment,
351 and, except as otherwise provided by law, execution may issue
352 therefor. Such property shall not be used by such authority until the
353 amount of such assessment has been paid to the party to whom it is
354 due or deposited for his use with the State Treasurer and, upon such
355 payment or deposit, such property shall become the property of the
356 authority; provided, if at any stage of condemnation proceedings
357 brought under this section, it appears to the court or judge before
358 whom such proceedings are pending that the public interest will be
359 prejudiced by delay, said court or such judge may direct that the
360 authority be permitted to enter immediately upon the property to be
361 taken and devote it temporarily to the public use specified in such
362 petition upon the deposit with said court of a sum to be fixed by said
363 court or such judge, upon notice to the parties of not less than ten days,
364 and such sum when so fixed and paid shall be applied so far as it may
365 be necessary for the purpose of the payment of any award of damages
366 which may be made, with interest thereon from the date of the order of
367 said court or judge, and the remainder, if any, returned to the
368 authority. If such petition is dismissed or no award of damages is
369 made, said court or such judge shall direct that the money so
370 deposited, so far as it may be necessary, shall be applied to the
371 payment of any damages that the owner of such property or other
372 parties in interest may have sustained by such entry upon and use of
373 such property, and of the costs and expenses of such proceedings, such
374 damages to be ascertained by said court or such judge or a committee
375 to be appointed for that purpose, and if the sum so deposited is
376 insufficient to pay such damages and all costs and expenses so
377 awarded, judgment shall be entered against the authority for the
378 deficiency, to be enforced and collected in the same manner as a

379 judgment from the superior court; and the possession of such property
380 shall be restored to the owner or owners thereof. The expenses or costs
381 of any such proceedings shall be taxed by said court or such judge and
382 paid by the authority.

383 (c) The authority, in its name, may proceed in the manner specified
384 for redevelopment agencies in accordance with sections 8-128 to 8-132,
385 inclusive, of the general statutes.

386 Sec. 15. (*Effective from passage*) With the approval of the
387 representative review board, the authority shall establish just and
388 equitable rates or charges for the use of the water supply system
389 authorized in this section, to be paid by any customer, and may change
390 such rates or charges from time to time. Such water supply system
391 rates or charges shall be established so as to provide funds sufficient in
392 each year, with other water supply related revenues, if any, (1) to pay
393 the cost of maintaining, repairing and operating the water supply
394 system and each and every portion thereof, to the extent that adequate
395 provision for the payment of such cost has not otherwise been made,
396 (2) to pay the principal of and the interest on outstanding water supply
397 bonds of the authority as the same shall become due and payable, (3)
398 to meet any requirements of any resolution authorizing, or trust
399 agreement securing, such bonds of the authority, (4) to make payments
400 in lieu of taxes as provided in section 22 of this act as the same become
401 due and payable, upon the water supply system properties of the
402 authority or of a subsidiary corporation to the municipalities in which
403 such properties are situated, (5) to provide for the maintenance,
404 conservation and appropriate recreational use of the land of the
405 authority, and (6) to pay all other reasonable and necessary expenses
406 of the authority and of the representative review board to the extent
407 that such expenses are allocable to the water supply system activities
408 of the authority and the representative review board. Any change in
409 such rates or charges shall be made in the same manner in which they
410 were established. The rates or charges levied upon any customer of
411 any water supply system acquired pursuant to subdivision (4) of
412 section 12 of this act or served pursuant to a cooperative agreement

413 pursuant to subdivision (13) of section 12 of this act shall not be
414 required to be equalized with the authority's existing rates, but may be
415 set on a separate basis, provided such rates are just, equitable and
416 nondiscriminatory. Such rates or charges, if not paid when due, shall
417 constitute a lien upon the premises served and a charge against the
418 owners thereof, which lien and charge shall bear interest at the same
419 rate as would unpaid taxes. Such lien shall take precedence over all
420 other liens or encumbrances except taxes and may be foreclosed
421 against the lot or building served in the same manner as a lien for
422 taxes, provided all such liens shall continue until such time as they
423 shall be discharged or foreclosed by the authority without the
424 necessity of filing certificates of continuation, but in no event for longer
425 than ten years. The amount of any such rate or charge which remains
426 due and unpaid for thirty days may, with interest thereon at the same
427 rate as unpaid taxes and with reasonable attorneys' fees, be recovered
428 by the authority in a civil action in the name of the authority against
429 such owners. Any municipality shall be subject to the same rate or
430 charges under the same conditions as other users of the water supply
431 system.

432 Sec. 16. (*Effective from passage*) (a) The representative review board
433 may establish an office of consumer affairs to act as the advocate for
434 consumer interests in all matters which may affect consumers,
435 including, without limitation, matters of rates, water quality and
436 supply service quality. The costs of such office of consumer affairs,
437 unless otherwise provided by the state, shall be paid by the authority.

438 (b) The office of consumer affairs may appear and participate in any
439 regulatory or judicial proceedings, federal or state, in which the
440 interests of consumers may be involved. The office of consumer affairs
441 shall have access to the authority's records, shall be entitled to call
442 upon the assistance of the authority's experts and shall have the benefit
443 of all other facilities or information of the authority in carrying out the
444 duties of the office, except for such internal documents, information or
445 data as are not available to parties to the authority's proceedings.

446 (c) Nothing in this section shall be construed to prevent any party
447 interested in any proceeding or action of the authority from appearing
448 in person or from being represented by counsel therein.

449 (d) As used in this section, "consumer" means any person, company,
450 corporation, association, city, borough or town that receives service
451 from the authority or a subsidiary corporation whether or not such
452 person, company, corporation, association, city, borough or town is
453 financially responsible for such service.

454 Sec. 17. (*Effective from passage*) All contracts of the authority in excess
455 of fifty thousand dollars for any supplies, materials, equipment,
456 construction work or other contractual services shall be in writing and
457 shall be awarded upon sealed bids or proposals made in compliance
458 with a public notice advertised by publication at least ten days before
459 the time fixed for opening said bids or proposals, except for contracts
460 for professional services, when the supplies, materials, equipment or
461 work can only be furnished by a single party or when the authority
462 determines by a four-fifths vote of the entire authority that the award
463 of such contract by negotiation without public bidding will be in the
464 best interest of the authority. The authority may, in its sole discretion,
465 reject all such bids or proposals or any bids received from a person,
466 firm or corporation the authority finds to be unqualified to perform the
467 contract, and shall award such contract to the lowest responsible
468 bidder qualified to perform the contract.

469 Sec. 18. (*Effective from passage*) (a) If any member or employee of the
470 representative review board or of the authority is financially interested
471 in or has any personal beneficial interest, directly or indirectly, in any
472 proposed contract or proposed purchase order for any supplies,
473 materials, equipment or contractual services to be furnished to or used
474 by the representative review board or the authority, such member or
475 employee shall immediately so inform the representative review board
476 or the authority, whichever he is a member or employee of, and shall
477 take no part in the deliberations or vote concerning such contract or
478 purchase order. The representative review board and the authority, as

479 to its members and employees, as the case may be, may terminate the
480 membership or employment of any person who violates this
481 subsection.

482 (b) No member or employee of the representative review board or
483 of the authority shall accept or receive, directly or indirectly, from any
484 person, firm or corporation to which any contract or purchase order
485 may be awarded, by rebate, gift or otherwise, any promise, obligation
486 or contract for future reward or compensation or any money or any
487 thing of value in excess of ten dollars, provided the aggregate value of
488 all such things provided by a donor to a recipient in any calendar year
489 shall not exceed fifty dollars and, excluding any food or beverage,
490 costing less than fifty dollars in the aggregate per recipient in a
491 calendar year, and consumed on an occasion or occasions at which the
492 person paying, directly or indirectly, for the food or beverage, or his
493 representative, is in attendance. Any person who violates any
494 provision of this subsection shall be fined not more than five hundred
495 dollars or imprisoned for not more than six months, or both.

496 Sec. 19. (*Effective from passage*) (a) Notwithstanding any other
497 provision of sections 2 to 33, inclusive, of this act, the authority shall
498 not sell or otherwise transfer any unimproved real property or any
499 interest or right therein, except for access or utility purposes, or
500 develop such property for any use not directly related to a water
501 supply function, other than for public recreational use not prohibited
502 by section 25-43c of the general statutes, until the land use standards
503 and disposition policies required by subsection (b) of this section have
504 been approved by the representative review board.

505 (b) Not more that two years after the date it acquires all or part of a
506 water supply system, the authority shall develop and submit to the
507 representative review board for approval (1) standards for
508 determining the suitability of its real property for categories of land
509 use, including which, if any, of its real property may be surplus with
510 regard to the purity and adequacy of both present and future water
511 supply, which, if any, may be desirable for specified modes of

512 recreation or open space use and which may be suitable for other uses,
513 giving due consideration to the state plan of conservation and
514 development, to classification and performance standards
515 recommended in the final report of the council on water company
516 lands pursuant to subsection (c) of section 16-49c of the general
517 statutes and to such other plans and standards as may be appropriate,
518 and (2) policies regarding the disposition of its real property including
519 identification of dispositions which are unlikely to have any significant
520 effect on the environment. Prior to approving any standards or policies
521 specified in this subsection, the representative review board shall hold
522 one or more public hearings to consider the proposed standards and
523 policies. The proposed standards and policies shall be available for
524 public inspection in the offices of the authority from the date notice of
525 such hearing is published. The authority may amend such standards
526 and policies from time to time with the approval of the representative
527 review board, which shall hold public hearings if it deems such
528 amendments substantial.

529 (c) After approval of land use standards and disposition policies in
530 the manner provided in subsection (b) of this section, the authority
531 shall not sell or otherwise transfer any real property or any interest or
532 right therein, except for access or utility purposes, or develop such
533 property for any use not directly related to a water supply function,
534 other than for public recreational use not prohibited by section 25-43c
535 of the general statutes, without the approval of a majority of the
536 weighted votes of all of the members of the representative review
537 board, and without the approval of the members of the legislative
538 body of each affected municipality. The representative review board
539 shall not approve such sale or other transfer unless it determines,
540 following a public hearing, that the proposed action (1) conforms to
541 the established standards and policies of the authority, (2) is not likely
542 to affect the environment adversely, particularly with respect to the
543 purity and adequacy of both present and future water supply, and (3)
544 is in the public interest, giving due consideration, among other factors,
545 to the financial impact of the proposed action on the customers of the

546 authority and on the municipality in which the real property is located.

547 (d) Each request by the authority for approval pursuant to
548 subsection (c) of this section shall be accompanied by an evaluation of
549 the potential impact of the proposed action for which approval is
550 requested. The evaluation shall include the following: (1) A description
551 of the real property and its environment, including its existing
552 watershed function and the costs to the authority of maintaining such
553 property in its current use; (2) a statement that the proposed action
554 conforms to the land classification standards and disposition policies
555 of the authority; (3) a detailed statement of the environmental impact
556 of the proposed action and, if appropriate, of any alternatives to the
557 proposed action, considering (A) direct and indirect effects upon the
558 purity and adequacy of both present and future water supply, (B) the
559 relationship of the proposed action to existing land use plans,
560 including municipal and regional land use plans and the state plan of
561 conservation and development, (C) any adverse environmental effects
562 which cannot be avoided if the proposed action is implemented, (D)
563 any irreversible and irretrievable commitments of resources which
564 would be involved should the proposed action be implemented, and
565 (E) any mitigation measures proposed to minimize adverse
566 environmental impacts; except that for a sale or transfer identified in
567 accordance with subsection (b) of this section as being unlikely to have
568 any significant effect on the environment, the authority may submit a
569 preliminary assessment of the impact likely to occur in lieu of such
570 detailed statement of environmental impact, and the representative
571 review board may, on the basis of such preliminary assessment, waive
572 or modify the requirements for such detailed statement; and (4) a
573 summary of the final evaluation and recommendation of the authority.

574 (e) The representative review board shall submit the evaluation
575 required by subsection (d) of this section for comment and review, at
576 least sixty days prior to the public hearing, to the Department of Public
577 Health, the Office of Policy and Management, the regional planning
578 agency for the region, the chief executive officer of the city or town in
579 which the real property is situated and other appropriate agencies. The

580 board shall also make the evaluation available to the public for
581 inspection. The decision of the representative review board approving
582 or disapproving the proposed action published in a newspaper or
583 newspapers having a general circulation within the district and copies
584 of such decision shall be filed with the clerk of each town and city in
585 the district.

586 (f) (1) No agreement to sell or otherwise transfer any unimproved
587 real property or any interest or right therein may be entered into by the
588 authority except as provided in this subsection.

589 (2) Whenever the authority intends to sell or otherwise transfer any
590 unimproved real property or any interest or right therein after
591 approval by the representative review board, the authority shall first
592 notify, in writing, by certified mail, return receipt requested, the
593 Commissioner of Environmental Protection and the legislative body of
594 the city or town in which such land is situated, of such intention to sell
595 or otherwise transfer such property and the terms of such sale or other
596 transfer.

597 (3) Not later than ninety days after such notice has been given under
598 subdivision (2) of this subsection, the legislative body of the city or
599 town or the Commissioner of Environmental Protection may give
600 written notice to the authority by certified mail, return receipt
601 requested, of the desire of the city, town or state to acquire such
602 property and the commissioner or city or town shall have the right to
603 acquire the interest in the property which the authority has declared its
604 intent to sell or otherwise transfer, provided the state's right to acquire
605 the property shall be secondary to that of the city or town.

606 (4) If the legislative body of the city or town or the Commissioner of
607 Environmental Protection fails to give notice as provided in
608 subdivision (3) of this subsection or gives notice to the authority by
609 certified mail, return receipt requested, that the city, town or state does
610 not desire to acquire such property, the city or town or the state shall
611 have waived its right to acquire such property in accordance with the

612 terms of this subsection.

613 (5) Not later than eighteen months after notice has been given as
614 provided in subdivision (2) of this subsection by the city or town or the
615 state of its desire to acquire such property, the authority shall sell the
616 property to the city or town or the state, as the case may be, or, if the
617 parties cannot agree upon the amount to be paid therefor, the city or
618 town or the state may proceed to acquire the property in the manner
619 specified for redevelopment agencies in accordance with sections 8-128
620 to 8-132, inclusive, of the general statutes, provided property subject to
621 the provisions of subsections (b) and (c) of section 25-32 of the general
622 statutes shall not be sold without the approval of the Department of
623 Public Health.

624 (6) If the city or town or the state fails to acquire the property or to
625 proceed as provided in sections 8-128 to 8-132, inclusive, of the general
626 statutes not later than eighteen months after notice has been given by
627 the city or town or the state of its desire to acquire the property, such
628 city or town or the state shall have waived its rights to acquire such
629 property in accordance with the terms of this subsection.

630 (7) Notwithstanding the provisions of section 22 of this act, the
631 authority shall not be obligated to make payments in lieu of taxes on
632 such property for the period from the date the city or town gives notice
633 of its desire to acquire such property.

634 (8) Notwithstanding the provisions of subdivision (5) of this
635 subsection, if the authority thereafter proposes to sell or otherwise
636 transfer such property to any person subject to fewer restrictions on
637 use or for a price less than that offered by the authority to the city or
638 town and the state, the authority shall first notify the city or town and
639 the Commissioner of Environmental Protection of such proposal in the
640 manner provided in subdivision (2) of this subsection, and such city or
641 town and the state shall again have the option to acquire such property
642 and may proceed to acquire such property in the same manner and
643 within the same time limitations as are provided in subdivisions (2) to

644 (6), inclusive, of this subsection.

645 (9) The provisions of this subsection shall not apply to transfers of
646 real property from the authority to any public service company.

647 (10) A copy of each notice required by this subsection shall be sent
648 by the party giving such notice to the clerk of the town or city in which
649 the real property is situated and such clerk shall make all such notices
650 part of the appropriate land.

651 (g) The provisions of this section shall not be construed to deprive
652 the Department of Public Health of its jurisdiction under section 25-32
653 of the general statutes. The authority shall notify the Commissioner of
654 Public Health of any proposed sale or other transfer of land, or change
655 or use, as required by said section 25-32.

656 (h) The authority shall use the proceeds of any sale or transfer under
657 this section solely for capital improvements to its remaining properties,
658 acquisition of real property or any interest or right therein, retirement
659 of debt or any combination of such purposes.

660 (i) The provisions of this section shall apply to any unimproved real
661 property or any interest or right therein related to the water supply
662 system whether owned or possessed by the authority or by any
663 subsidiary corporation.

664 (j) In recognition that land that is classified as Class I or II land
665 pursuant to section 25-37c of the general statutes is used and useful to
666 protect the purity of the water supply, all land owned by the authority
667 that is classified as Class I or II land pursuant to said section 25-37c
668 may not be sold, leased or assigned unless a permanent conservation
669 easement on the land is entered into to preserve the land in perpetuity
670 predominantly in its natural scenic and open condition for the
671 protection of natural resources and public water supplies while
672 allowing for recreation consistent with such protection and
673 improvements necessary for the protection or provision of safe and
674 adequate potable water. As used in this section, "preservation in

675 perpetuity" shall not be construed to include permission for the land to
676 be developed for any commercial, residential or industrial uses, nor
677 shall it include permission for recreational purposes requiring intense
678 development, including, but not limited to, golf courses, driving
679 ranges, tennis courts, ballfields, swimming pools and uses by
680 motorized vehicles other than vehicles needed by water companies to
681 carry out their purposes, provided trails or pathways for pedestrians,
682 motorized wheelchairs or nonmotorized vehicles shall not be
683 considered intense development.

684 (k) In order to conserve the land of the authority and in recognition
685 of the ecological value of the land of the authority that is classified as
686 Class III land pursuant to section 25-37c of the general statutes, the
687 authority may sell, lease or assign any parcel of land of the authority
688 that is classified as Class III land, provided such land is subject to a
689 permanent conservation easement with the same conservation
690 restrictions and development prohibitions set forth in subsection (j) of
691 this section for permanent conservation easements, except that the
692 authority may sell, lease or assign a parcel of Class III land owned by
693 the authority not subject to such an easement if such sale, lease or
694 assignment (1) is approved unanimously by each member of the
695 representative review board and each member of the authority, and (2)
696 is consistent with all other requirements of this section.

697 Sec. 20. (*Effective from passage*) The authority shall not acquire, by
698 purchase, lease or otherwise, any existing water supply system or parts
699 thereof, or commence any project costing more than two million
700 dollars to repair, improve, construct, reconstruct, enlarge and extend
701 any of its properties or systems without the approval, following a
702 public hearing, of a majority of the total weighted votes of the
703 membership of the representative review board. In the case of the first
704 acquisition by the authority of an existing water supply system or part
705 thereof, after such approval by the representative review board the
706 authority shall file with the town clerk of each city and town in the
707 district its plan for such acquisition. The legislative body of each such
708 city and town shall approve or disapprove such acquisition plan not

709 later than sixty days after such filing, provided failure to disapprove
710 within said sixty days shall be deemed approval of such acquisition
711 plan. The authority shall not first acquire an existing water supply
712 system or part thereof except in accordance with an acquisition plan
713 approved by at least sixty per cent of such legislative bodies, except
714 that the authority shall acquire the municipally-owned Torrington
715 Water Supply.

716 Sec. 21. (*Effective from passage*) (a) The authority shall have an annual
717 audit of its accounts, books and records by a certified public
718 accountant selected by the representative review board. A copy of the
719 audit shall be filed in the office of the town clerk in each town within
720 the district and with the Public Utilities Control Authority, and shall
721 be available for public inspection during the ordinary business hours
722 of the authority at the principal office of the authority. A concise
723 financial statement shall be published annually, at least once, in a
724 newspaper of general circulation in the municipality where the
725 principal office of the authority is located. If such publication is not
726 made by the authority, the representative review board shall publish
727 such statement at the expense of the authority.

728 (b) The Attorney General may examine the books, accounts and
729 records of the authority.

730 Sec. 22. (*Effective from passage*) (a) The authority or a subsidiary
731 corporation shall not be required to pay taxes or assessments upon any
732 of the properties acquired by it or under its jurisdiction, control or
733 supervision. In lieu of such taxes or assessments the authority shall
734 make annual payments to each city or town in which it or a subsidiary
735 corporation owns property related to the water supply system equal to
736 the taxes which would otherwise be due for the property of the
737 authority or such subsidiary corporation in such municipality,
738 excluding any improvements made to or constructed on any such real
739 property by the authority or such subsidiary corporation, provided
740 land owned by the authority or a subsidiary corporation related to the
741 water supply system shall be assessed in accordance with section 12-63

742 of the general statutes. Payments for property acquired by the
743 authority or a subsidiary corporation during any tax year shall be
744 adjusted for such fractional year in accordance with the customary
745 practice in such city or town for adjusting taxes between the buyer and
746 seller of real property. The authority or a subsidiary corporation shall
747 reimburse each such city or town for its expenses in providing
748 municipal services to any improvements made to or constructed on
749 any real property by the authority or such subsidiary corporation
750 within such city or town. As used in this section, "improvements" shall
751 not include water pipes or improvements to water pipes.

752 (b) The authority may contest the assessed valuation of any
753 properties owned by the authority or a subsidiary corporation with
754 respect to which any payment in lieu of taxes is determined in the
755 same manner as any owner of real property in such city or town.
756 Payments in lieu of taxes payable to any city or town shall be paid by
757 the authority to the city or town upon the date and in the manner
758 provided for the payment of real property taxes of the city or town.

759 (c) In the event the authority in any year does not have sufficient
760 funds to make such payments in lieu of taxes, or any portion of them,
761 as the same become due and payable, the authority shall adjust its
762 rates and charges and the representative review board shall approve
763 such adjustment of rates and charges, after a public hearing thereon as
764 provided in section 15 of this act, so as to provide funds not later than
765 one year after the date on which such payment became due and
766 payable to make such payment. Any city or town or any holder of
767 bonds or notes of the authority aggrieved by the failure of the
768 authority to make any payment in lieu of taxes or portion thereof as
769 the same becomes due and payable may apply to the superior court for
770 the county in which such city or town is situated for an order directing
771 the authority to appropriately increase its rates and charges.

772 (d) Neither the authority nor a subsidiary corporation shall be
773 required to pay taxes imposed upon or measured by the receipts or
774 earnings derived by the authority or such subsidiary corporation

775 through the ownership or operation of a water supply system, or
776 imposed as a result of the income, powers, activities or items reflected
777 on the balance sheet of the authority or such subsidiary corporation.

778 Sec. 23. (*Effective from passage*) (a) The authority, subject to the
779 approval of the representative review board, may, from time to time,
780 issue its negotiable bonds for any of its corporate purposes, including
781 incidental expenses in connection therewith, and to secure the
782 payment of the same by a lien or pledge covering all or part of its
783 contracts, earnings or revenues. The authority shall have power, from
784 time to time, whenever it deems refunding expedient, to refund any
785 bonds by the issuance of new bonds within the terms of any refunding
786 provisions of its bonds, whether the bonds to be refunded have or
787 have not matured, and may issue bonds partly to refund bonds then
788 outstanding and partly for any of its public purposes. Except as may
789 be otherwise expressly provided by the authority every issue of bonds
790 by the authority shall be preferred obligations, taking priority over all
791 other claims against the authority, including payments in lieu of taxes
792 to any municipality, and payable out of any moneys, earnings or
793 revenues of the authority, subject only to any agreements with the
794 holders of particular bonds pledging any particular moneys, earnings
795 or revenues. Notwithstanding the fact that the bonds may be payable
796 from a special fund, if they are otherwise of such form and character as
797 to be negotiable instruments under the terms of the Uniform
798 Commercial Code, the bonds shall be negotiable instruments within
799 the meaning of and for all the purposes of the Uniform Commercial
800 Code, subject only to the provisions of the bonds for registration.

801 (b) The bonds shall be authorized by resolution of the authority and
802 shall bear such date or dates, mature at such time or times, not
803 exceeding forty years from their respective dates, bear interest at such
804 rates per annum, not exceeding statutory limitations, be payable at
805 such times, be in such denomination, be in such form, either coupon or
806 registered, carry such registration privileges, be executed in such
807 manner, be payable in lawful money of the United States of America,
808 at such place or places, and be subject to such terms of redemption as

809 such resolution or resolutions may provide. All bonds of the authority
810 shall be sold through a negotiated sale or a public sale to the bidder
811 who shall offer the lowest true interest cost to the authority, to be
812 determined by the authority.

813 (c) Any resolution or resolutions authorizing any bonds or any issue
814 of bonds may contain provisions which shall be a part of the contract
815 with the holders of the bonds thereby authorized as to (1) pledging all
816 or any part of the moneys, earnings, income and revenues derived
817 from all or any part of the properties of the authority to secure the
818 payment of the bonds or of any issue of the bonds subject to such
819 agreement with the bondholders as may then exist; (2) the rates,
820 rentals, fees and other charges to be fixed and collected and the
821 amounts to be raised in each year thereby, and the use and disposition
822 of the earnings and other revenues; (3) the setting aside of reserves and
823 the creation of sinking funds and the regulation and disposition
824 thereof; (4) limitations on the rights of the authority to restrict and
825 regulate the use of the properties in connection with which such bonds
826 are issued; (5) limitations on the purposes to which, and the manner in
827 which, the proceeds of the sale of any issue of bonds may be applied;
828 (6) limitations on the issuance of additional bonds, the terms upon
829 which additional bonds may be issued and secured, and the refunding
830 of outstanding or other bonds; (7) the procedure, if any, by which the
831 terms of any contract with bondholders may be amended or
832 abrogated, the amount of bonds the holders of which must consent
833 thereto and the manner in which such consent may be given; (8) the
834 creation of special funds into which any earnings or revenues of the
835 authority may be deposited; (9) the terms and provisions of any trust
836 deed or indenture securing the bonds or under which bonds may be
837 issued; (10) definitions of the acts or omission to act which shall
838 constitute a default in the obligations and duties of the authority to the
839 bondholders and providing the rights and remedies of the
840 bondholders in the event of such default, including as a matter of right
841 the appointment of a receiver, provided such rights and remedies shall
842 not be inconsistent with the general laws of this state; (11) limitations

843 on the power of the authority to sell or otherwise dispose of its
844 properties; (12) any other matters, of like or different character, which
845 in any way affect the security or protection of the bonds; and (13)
846 limitations on the amount of moneys derived from the properties to be
847 expended for operating, administrative or other expenses of the
848 authority.

849 (d) The authority may obtain from a commercial bank or insurance
850 company a letter of credit, line of credit or other liquidity facility or
851 credit facility for the purpose of providing funds for the payments in
852 respect of bonds, notes or other obligations required by the holder
853 thereof to be redeemed or repurchased prior to maturity or for
854 providing additional security for such bonds, notes or other
855 obligations. In connection therewith, the authority may enter into
856 reimbursement agreements, remarketing agreements, standby bond
857 purchase agreements and any other necessary or appropriate
858 agreements. The authority may pledge all or any part of the moneys,
859 earnings, income and revenues derived from all or any part of the
860 properties of the authority and any other property which may be
861 pledged to bondholders to secure its payment obligations under any
862 agreement or contract entered into pursuant to this section subject to
863 such agreements with the bondholders as may then exist.

864 (e) In connection with or incidental to the carrying of bonds or notes
865 or in connection with or incidental to the sale and issuance of bonds or
866 notes, the authority may enter into such contracts to place the
867 obligation of the authority, as represented by the bonds or notes, in
868 whole or in part, on such interest rate or cash flow basis as the
869 authority may determine, including without limitation, interest rate
870 swap agreements, insurance agreements, forward payment conversion
871 agreements, contracts providing for payments based on levels of, or
872 changes in, interest rates or market indices, contracts to manage
873 interest rate risk, including, without limitation, interest rate floors or
874 caps, options, puts, calls and similar arrangements. Such contracts
875 shall contain such payment, security, default, remedy and other terms
876 and conditions as the authority may deem appropriate and shall be

877 entered into with such party or parties as the authority may select,
878 after giving due consideration, where applicable, for the
879 creditworthiness of the counter party or counter parties, provided such
880 parties or counter parties shall be a financial institution whose
881 unsecured long-term obligations are rated within the top two rating
882 categories of any nationally recognized rating service. The authority
883 may pledge all or any part of the moneys, earnings, income and
884 revenues derived from all or any part of the properties of the authority
885 and any other property which may be pledged to bondholders to
886 secure its payment obligations under any agreement or contract
887 entered into pursuant to this section subject to such agreements with
888 the bondholders as may then exist.

889 (f) It is the intention of the General Assembly that any pledge of
890 earnings, revenues or other moneys made by the authority shall be
891 valid and binding from the time when the pledge is made; that the
892 earnings, revenues or other moneys so pledged and thereafter received
893 by the authority shall immediately be subject to the lien of such pledge
894 without any physical delivery thereof or further act, and that the lien
895 of any such pledge shall be valid and binding as against all parties
896 having claims of any kind in tort, contract or otherwise against the
897 authority irrespective of whether such parties have notice thereof.
898 Neither the resolution nor any other instrument by which a pledge is
899 created need be recorded.

900 (g) Neither the members of the authority nor any person executing
901 the bonds shall be liable personally on the bonds or be subject to any
902 personal liability or accountability by reason of the issuance thereof.

903 (h) The authority shall have the power out of any funds available to
904 purchase, as distinguished from the power of redemption provided in
905 this section, any bonds issued by it at a price of not more than the
906 principal amount thereof and accrued interest, and all bonds so
907 purchased shall be cancelled.

908 (i) In the discretion of the authority, the bonds may be secured by a

909 trust indenture by and between the authority and a corporate trustee,
910 which may be any trust company or bank having the powers of a trust
911 company. Such trust indenture may contain such provisions for
912 protecting and enforcing the rights and remedies of the bondholders as
913 may be reasonable and proper and not in violation of any law,
914 including covenants setting forth the duties of the authority in relation
915 to the construction, maintenance, operation, repair and insurance of
916 the properties and the custody, safeguarding and application of all
917 moneys, and may provide that the properties shall be constructed and
918 paid for under the supervision and approval of consulting engineers.
919 The authority may provide by such trust indenture or other depository
920 for the methods of disbursement thereof, with such safeguards and
921 restrictions as it may determine. All expenses incurred in carrying out
922 such trust indenture may be treated as part of the cost of maintenance,
923 operation and repair of the properties. If the bonds are secured by a
924 trust indenture, bondholders shall have no authority to appoint a
925 separate trustee to represent them.

926 (j) Notwithstanding any other provision of sections 2 to 33,
927 inclusive, of this act, any resolution or resolutions authorizing bonds
928 or notes of the authority shall contain a covenant by the authority that
929 it will at all times maintain rates, fees, rentals or other charges
930 sufficient to pay, and that any contracts entered into by the authority
931 for the sale and distribution of water shall contain rates, fees, rentals or
932 other charges sufficient to pay, the cost of operation and maintenance
933 of the properties and the principal of and interest on any obligation
934 issued pursuant to such resolution or resolutions as the same severally
935 become due and payable, and to maintain any reserves or other funds
936 required by the terms of such resolution or resolutions.

937 (k) If any officer of the authority whose signature or a facsimile of
938 whose signature appears on any bonds or coupons ceases to be such
939 officer before delivery of such bonds, such signature or such facsimile
940 shall nevertheless be valid and sufficient for all purposes as if they had
941 remained in office until such delivery.

942 Sec. 24. (*Effective from passage*) The authority shall have the power
943 and is authorized to issue negotiable notes and may renew the same
944 from time to time, but the maximum maturity of any such note,
945 including renewals thereof, shall not exceed five years from date of
946 issuance of such original note. Such notes shall be paid from any
947 moneys of the authority available therefor and not otherwise pledged
948 or from the proceeds of the sale of the bonds of the authority in
949 anticipation of which they were issued. The notes shall be issued and
950 may be secured in the same manner as the bonds and such notes and
951 the resolution or resolutions authorizing such notes may contain any
952 provisions, conditions or limitations which the bonds or a bond
953 resolution of the authority may contain. Such notes shall be as fully
954 negotiable as the bonds of the authority.

955 Sec. 25. (*Effective from passage*) The state of Connecticut does pledge
956 to and agree with the holders of the bonds or notes of the authority
957 that the state will not limit or alter the rights vested in the authority to
958 acquire, construct, maintain, operate, reconstruct and improve the
959 properties, to establish and collect the revenues, rates, rentals, fees and
960 other charges referred to in sections 2 to 33, inclusive, of this act and to
961 fulfill the terms of any agreements made with the holders of the bonds
962 or notes, or in any way impair the rights and remedies of the
963 bondholders or noteholders until the bonds or notes together with
964 interest thereon, interest on any unpaid installments of interest and all
965 costs and expenses in connection with any action or proceeding by or
966 on behalf of the bondholders or noteholders are fully met and
967 discharged.

968 Sec. 26. (*Effective from passage*) The bonds, notes or other obligations
969 of the authority shall not be a debt of the state of Connecticut or of any
970 municipality, and neither the state nor any municipality shall be liable
971 therefor, nor shall they be payable out of funds other than those of the
972 authority.

973 Sec. 27. (*Effective from passage*) The bonds and notes of the authority
974 shall be securities in which all public officers and bodies of this state

975 and all municipalities, all insurance companies and associations and
976 other persons carrying on an insurance business, all banks, bankers,
977 trust companies, savings banks, savings and loan associations,
978 investment companies and other persons carrying on a banking
979 business and all other persons whatever, except as provided in this
980 section, who are now or may be authorized to invest in bonds or other
981 obligations of the state, may properly and legally invest funds,
982 including capital in their control or belonging to them; provided,
983 notwithstanding the provisions of any general statute or special act,
984 such bonds shall not be eligible for the investment of funds, including
985 capital, of trusts, estates or guardianships under the control of
986 individual administrators, guardians, executors, trustees or other
987 individual fiduciaries. The bonds shall also be securities which may be
988 deposited with and may be received by all public officers and bodies
989 of this state and all municipalities and municipal subdivisions for any
990 purpose for which the deposit of bonds or other obligations of this
991 state is now or may be authorized.

992 Sec. 28. (*Effective from passage*) The principal and interest of any
993 bonds and notes issued under the provisions of section 23 of this act,
994 their transfer and the income therefrom, including revenues derived
995 from the sale thereof, shall at all times be free from taxation of every
996 kind by the state of Connecticut or under its authority, except for estate
997 or succession taxes, but the interest on such bonds and notes shall be
998 included in the computation of any excise or franchise tax.

999 Sec. 29. (*Effective from passage*) Nothing in sections 2 to 33, inclusive,
1000 of this act, shall be construed to deprive the Commissioner of
1001 Environmental Protection, the Commissioner of Public Health, any
1002 representative review board or any successor commissioner or board
1003 of any jurisdiction which such commissioners or boards may now or
1004 hereafter have. Neither the Public Utilities Control Authority nor any
1005 successor board or commissioner shall have jurisdiction of any kind
1006 over the authority, a subsidiary corporation, the representative review
1007 board or the rates fixed or charges collected by the authority. The
1008 authority shall annually file the report required of municipalities

1009 pursuant to section 16-29 of the general statutes with the Public
1010 Utilities Control Authority or any successor board and the clerks of the
1011 towns and cities within the district.

1012 Sec. 30. (*Effective from passage*) If the provisions of sections 2 to 33,
1013 inclusive, of this act are inconsistent with the provisions of any general
1014 statute or special act or any municipal ordinance, the provisions of said
1015 sections 2 to 33, inclusive, shall be controlling, except that nothing
1016 contained in said sections 2 to 33, inclusive, shall exempt the authority
1017 from compliance with zoning regulations lawfully established by any
1018 city or town.

1019 Sec. 31. (*Effective from passage*) (a) The authority or any person who is
1020 aggrieved by a decision of the representative review board with
1021 respect to the establishment of rates or charges, the establishment of
1022 land use standards and disposition policies, the sale or other transfer
1023 or change of use of real property, the location of purification, filtration
1024 treatment plants, the commencement of any project costing more than
1025 two million dollars to repair, improve, construct, reconstruct, enlarge
1026 or extend any of the properties or systems of the authority or the
1027 acquisition by purchase, lease or otherwise of any existing water
1028 supply system, or part thereof, is entitled to review by the Superior
1029 Court as provided in this section. For the purposes of this section the
1030 holders of any bonds or notes of the authority and any trustee acting
1031 on behalf of such holders shall be deemed aggrieved persons with
1032 respect to any decision of the representative review board which
1033 violates any covenant or other provision of the resolution or
1034 resolutions authorizing such bonds or notes.

1035 (b) Proceedings for review shall be instituted by filing a petition in
1036 the Superior Court for the judicial district of Litchfield not later than
1037 forty-five days after publication of the decision of the representative
1038 review board or, if a rehearing is requested, not later than forty-five
1039 days after the decision thereon. Copies of the petition shall be served
1040 upon the representative review board and published in a newspaper
1041 or newspapers having a general circulation in each town or city

1042 comprising the district.

1043 (c) The filing of the petition shall not of itself stay enforcement of the
1044 decision of the representative review board. The representative review
1045 board may grant, or the reviewing court may order, a stay upon
1046 appropriate terms, provided enforcement of a decision respecting the
1047 establishment of rates or charges may be stayed only after issuance of a
1048 judgment for the appellant by the reviewing court.

1049 (d) Not later than thirty days after service of the petition, or within
1050 such later time as may be allowed by the court, the representative
1051 review board shall transmit to the reviewing court the original or a
1052 certified copy of the entire record of the proceeding under review,
1053 which shall include the representative review board's findings of fact
1054 and conclusions of law, separately stated. By stipulation of all parties
1055 to the review proceedings, the record may be shortened. A party
1056 unreasonably refusing to stipulate to limit the record may be taxed by
1057 the court for the additional costs. The court may require or permit
1058 subsequent corrections or additions to the record.

1059 (e) If, before the date set for hearing, application is made to the court
1060 for leave to present additional evidence, and it is shown to the
1061 satisfaction of the court that the additional evidence is material and
1062 that there were good reasons for failure to present it in the proceeding
1063 before the representative review board, the court may refer the case
1064 back to the board with instructions to take such evidence as the court
1065 directs. The representative review board may modify its findings and
1066 decision by reason of the additional evidence and shall file that
1067 evidence and any modifications, new findings or decisions with the
1068 reviewing court.

1069 (f) The review shall be conducted by the court without a jury and
1070 shall be confined to the record. In cases of alleged irregularities in
1071 procedure before the representative review board, not shown in the
1072 record, proof thereon may be taken in the court. The court, upon
1073 request, shall hear oral argument and receive written briefs.

1074 (g) The court shall not substitute its judgment for that of the
1075 representative review board as to the weight of the evidence on
1076 questions of fact. The court shall affirm the decision of the
1077 representative review board unless the court finds that the substantial
1078 rights of the appellant have been prejudiced because the representative
1079 review board's findings, inferences, conclusions or decisions are: (1) In
1080 violation of constitutional provisions, any general statute or special act
1081 or the provisions of this act; (2) in excess of the authority of the
1082 representative review board; (3) made upon unlawful procedure; (4)
1083 affected by other error of law; (5) clearly erroneous in view of the
1084 reliable probative, and substantial evidence on the whole record; or (6)
1085 arbitrary or capricious or characterized by abuse of discretion or
1086 clearly unwarranted exercise of discretion. If the court finds such
1087 prejudice, it shall sustain the appeal and, if appropriate, may render a
1088 judgment under subsection (h) of this section or remand the case for
1089 further proceedings.

1090 (h) If a particular representative review board action is required by
1091 law, the court, on sustaining the appeal, may render a judgment that
1092 modifies the representative review board decision, orders the
1093 representative review board action, or orders the representative review
1094 board to take such action as may be necessary to effect the particular
1095 action.

1096 (i) In any case in which an aggrieved party claims that he cannot
1097 pay the costs of an appeal under this section and will thereby be
1098 deprived of a right to which he is entitled, he shall, within the time
1099 permitted for filing the appeal, file with the clerk of the court to which
1100 the appeal is to be taken an application for waiver of payment of such
1101 fees, costs and necessary expenses, including the requirements of
1102 bond, if any. The application shall conform to the requirements of
1103 section 28A of the Practice Book. After such hearing as the court
1104 determines is necessary, the court shall enter its judgment on the
1105 application, which judgment shall contain a statement of the facts the
1106 court has found, with its conclusions thereon. The filing of the
1107 application for the waiver shall toll the time limits for the filing of an

1108 appeal until such time as a judgment on such application is entered.

1109 (j) Neither the authority nor the representative review board shall be
1110 construed to be an agency within the scope of chapter 54 of the general
1111 statutes.

1112 Sec. 32. (*Effective from passage*) The State Bond Commission may
1113 insure in the name of the state and may make advance commitments to
1114 insure any sums borrowed by the authority, not exceeding in the
1115 aggregate five million dollars, for the purpose of providing working
1116 capital and organization funds for the authority. In the event the state
1117 becomes liable as a result of default with respect to any such sums
1118 borrowed by the authority which were so insured by the state,
1119 necessary payment shall be made by the state treasurer from funds
1120 appropriated for debt service. Whatever sums are borrowed by the
1121 authority under the provisions of this section shall be repaid to the
1122 lender or lenders of the same on or before July 1, 2016.

1123 Sec. 33. (*Effective from passage*) Neither the members of the authority,
1124 nor any person acting on its behalf nor any member or employee of the
1125 representative review board, while acting within the scope of their
1126 authority shall be subject to any personal liability resulting from the
1127 erection, construction, reconstruction, maintenance or operation of the
1128 properties or any of the improvements of the authority or a subsidiary
1129 corporation or resulting from carrying out any of the powers expressly
1130 given in sections 2 to 33, inclusive, of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section

Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>from passage</i>	New section
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>from passage</i>	New section
Sec. 18	<i>from passage</i>	New section
Sec. 19	<i>from passage</i>	New section
Sec. 20	<i>from passage</i>	New section
Sec. 21	<i>from passage</i>	New section
Sec. 22	<i>from passage</i>	New section
Sec. 23	<i>from passage</i>	New section
Sec. 24	<i>from passage</i>	New section
Sec. 25	<i>from passage</i>	New section
Sec. 26	<i>from passage</i>	New section
Sec. 27	<i>from passage</i>	New section
Sec. 28	<i>from passage</i>	New section
Sec. 29	<i>from passage</i>	New section
Sec. 30	<i>from passage</i>	New section
Sec. 31	<i>from passage</i>	New section
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>from passage</i>	New section

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Public Health, Dept.	GF - Implements the Budget	100,000	See Below
Treasurer, Debt Serv.	GF - Cost	Potential	Potential
Judicial Dept.	GF - Revenue Gain	Minimal	Minimal
Judicial Dept. (Probation); Dept. of Correction	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Groton	Cost	None	See Below
Burlington, Goshen, Harwinton, Litchfield, New Hartford, Norfolk, Torrington	See Below	See Below	See Below

Explanation

The bill requires the development of a drinking water quality management plan and establishes a regional water authority. Fiscal impacts are as follows:

Drinking Quality Management Plan

The bill requires the City of Groton to develop a drinking water quality management plan, through its Department of Utilities and its community partnership with the towns of Groton, Norwich, Ledyard, Preston, Montville and Waterford.

sHB 5007 (the FY 07 Revised Appropriations Act, as favorably reported by the Appropriations Committee) includes an appropriation of \$100,000 under the Department of Public Health’s (DPH) budget

from the anticipated FY 06 surplus to support the development of the required plan. This funding is to be carried forward into FY 07.

It is anticipated that these funds would be utilized to retain consultant services to assist the city and its partner towns in the development of the plan. It should be noted that the DPH also anticipates expending an additional \$7,000 in federal funding prior to 9/30/06 to conduct a series of meetings with the towns to facilitate the formulation of the scope of the project.

It is anticipated that the \$100,000 will be sufficient to support the first year's costs of the project, which may take up to two years to complete. The potential for second year costs exist, however such costs would depend upon the scope of the water quality management plan adopted by the parties involved, which cannot be determined in advance.

The Departments of Environmental Protection and Public Utility Control, as well as the Office of Policy and Management, will be able to review the plan in conjunction with the DPH within their anticipated budgetary resources.

Litchfield Hills Regional Water Authority

This bill creates a Litchfield Hills Regional Water Authority (henceforth "Authority"), a public corporation and political subdivision of the state, to oversee the operation of a new Litchfield Hills Regional Water District.

Section 531 permits the State Bond Commission (SBC) to insure, in the name of the state, up to \$5 million in bonds issued by the Authority. If the SBC chose to insure the bonds, this would create a \$5 million contingent liability for the state because the state would be required to pay the debt service on the bonds if the Authority was unable to do so. The language indicates that the Treasurer would pay this from funds appropriated for debt service, but the bill does not provide a funding mechanism. (In such situations funding is usually

provided in one of the following ways: (1) funds are appropriated directly; (2) funds are “deemed appropriated”; or (3) bonds of the state are authorized to back the guarantee.)

The \$5 million will count against the state’s statutory limit on General Obligation (GO) bonds in CGS Section 3-21, which imposes a ceiling on the amount of General Fund-supported debt that the Legislature may authorize.

Section 527 precludes a revenue loss¹ by clarifying that the interest on the municipal bonds authorized in the bill is subject to taxation under the state franchise tax.

Section 521 exempts the Authority (or any subsidiary corporation) from property taxes or assessments on its properties and instead obligates the Authority to make payments in lieu of taxes (PILOT) or assessments equal to the taxes or assessments it otherwise would have paid on its properties in any municipality. It excludes from these payments the value of taxes or assessments that would have been paid on improvements made to or constructed on any Authority property. It also limits the assessed value of land owned by the Authority to its use value rather than its fair market or highest and best use value for purposes of local property taxation. To the extent that these provisions result in certain property being reassessed at a lower value, then affected municipalities will experience a reduction in their grand list.

Section 517 of the bill makes it illegal for any member or employee of the Authority to accept a gift valued in excess of ten dollars. Such an offense is punishable under the bill by a fine of up to five hundred dollars, imprisonment for up to six months, or both. Any revenue gain associated with criminal fines under the bill is anticipated to be minimal. This provision in the bill results in a potential cost for incarceration and/or probation supervision in the community. On

¹ Under federal law, if the state allows an exemption from the state franchise tax for the interest earned on municipal bonds, then it must also provide an exemption from this tax for the interest earned on federal bonds.

average, it costs the state \$2,150 to supervise an offender on probation in the community as compared to \$35,040 to incarcerate the offender (note that both figures include fringe benefits).

Since provisions in the bill do not materially alter the regulatory responsibilities of the Departments of Public Health, Environmental Protection, Public Utility Control or the Office of Policy and Management, no fiscal impact is anticipated to result for these agencies.

House "A" adds provisions regarding the Litchfield Hills Regional Water Authority, the fiscal implications of which are discussed above.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$	FY 11 \$
Public Health, Dept.	GF - Implements the Budget*	None	None	None
Treasurer, Debt Serv.	GF - Cost	Potential	Potential	Potential
Judicial Dept.	GF - Revenue Gain	Minimal	Minimal	Minimal
Judicial Dept. (Probation); Dept. of Correction	GF - Cost	Potential	Potential	Potential

Note: GF=General Fund

*These figures have been adjusted for inflation at a rate of 3%

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$	FY 11 \$
Groton	Cost	None	None	None
Burlington, Goshen, Harwinton, Litchfield, New Hartford, Norfolk, Torrington	See Above	See Above	See Above	See Above

OLR Bill Analysis

sHB 5470 (as amended by House "A")*

AN ACT ESTABLISHING A DRINKING WATER QUALITY MANAGEMENT PLAN FOR THE TOWN OF GROTON.

SUMMARY:

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute Change of Reference
Yea 23 Nay 0 (03/17/2006)

Appropriations Committee

Joint Favorable Substitute
Yea 51 Nay 0 (03/31/2006)