



# Senate

General Assembly

**File No. 560**

*January Session, 2015*

Substitute Senate Bill No. 1069

*Senate, April 8, 2015*

The Committee on Planning and Development reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT AMENDING THE CHARTER OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY AND EXTENDING THE MATURITY DATE FOR MUNICIPAL SEWERAGE SYSTEM BONDS.***

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

1 Section 1. Subsection (b) of section 39 of number 511 of the special  
2 acts of 1929, as amended by special act 80-14, special act 90-14 and  
3 section 1 of special act 08-9, is amended to read as follows (*Effective*  
4 *October 1, 2015*):

5 (b) Whenever any work shall be necessary to execute or perfect any  
6 public work or improvement, or whenever any supplies for the district  
7 shall be needed for any particular purpose and such work or supplies  
8 shall involve the expenditure of more than twenty-five thousand dollars,  
9 except in the case of an emergency to be determined by the district  
10 board, a written contract for such work or supplies shall be made under  
11 such regulations or ordinances as the district board may establish, which  
12 contract shall be based on sealed bids. At least ten calendar days prior to

13 the time designated for opening competitive bids or proposals, the  
14 district shall solicit competitive bids or proposals by (1) publishing notice  
15 in daily and weekly newspapers servicing the member municipalities  
16 provided a description of such legal notice containing a brief summary  
17 of the competitive bid or proposal being noticed and a reference to the  
18 Internet web site of the newspaper in which such legal notice is placed  
19 may be published in lieu of the full legal notice, and (2) posting notice on  
20 the Internet web site of the district. Any newspaper that offers  
21 publication of such legal notices on an Internet web site shall post the full  
22 legal notice in a conspicuous location on such web site and make any  
23 such full legal notice available to the public free of charge. The district  
24 may send such notice to trade associations or other groups active in the  
25 business or service solicited. Each contract awarded by the district shall  
26 be awarded to the lowest qualified bidder with bid requirements, except  
27 as provided in this subsection.

28 Sec. 2. Section 14 of number 511 of the special acts of 1929, as  
29 amended by section 1 of number 332 of the special acts of 1931,  
30 number 127 of the special acts of 1947, section 2 of special act 79-102,  
31 special act 80-13, section 1 of special act 83-31 and section 5 of special  
32 act 90-27, is amended to read as follows (*Effective October 1, 2015*):

33 (a) Appropriations to be financed by the issuance of bonds, notes or  
34 other obligations of the district may be made at any time upon approval  
35 of the district board and recommendation of the board of finance in  
36 accordance with section 20 of number 511 of the special acts of 1929.

37 (b) (1) Any appropriation in excess of [five million dollars] the amount  
38 set forth in subdivision (2) of this subsection for any single item of capital  
39 expense not regularly recurring, including, but not limited to, a capital  
40 purpose, a public improvement or an extraordinary expenditure which  
41 may properly be financed long-term rather than from current revenues,  
42 notwithstanding that such appropriation is included in the budget to be  
43 met from current revenues, [and any financing lease under which the  
44 total amount of payments shall be in excess of five million dollars,] shall  
45 be approved by a two-thirds vote of the entire district board and by a

46 majority of the electors of the district at a referendum of the district  
47 called by the district board in accordance with the requirements of  
48 section 5 of number 511 of the special acts of 1929, as amended by special  
49 act 77-54; provided an appropriation for any reason involving not more  
50 than [ten million dollars] twice the amount set forth in subdivision (2) of  
51 this subsection in any one year for the purpose of meeting a public  
52 emergency threatening the lives, health or property of citizens of the  
53 district may be made upon approval by a two-thirds vote of the entire  
54 district board without submission to the electors of the district; provided  
55 further, appropriations may be made in any amount without submission  
56 to the electors of the district for any public improvement all or a portion  
57 of which is to be paid for by assessments of benefits or from funds  
58 established to pay for waste or water facilities pursuant to section 13 of  
59 number 511 of the special acts of 1929, as amended by number 366 of the  
60 special acts of 1949, special act 77-54 and special act 83-31. Upon  
61 determining that any appropriation in effect on the effective date of  
62 this section or thereafter is in excess of the amount set forth in this  
63 section, the amount of the appropriation shall be reduced by the  
64 amount of the appropriation which has been, is committed to be or in  
65 the judgment of the district board, which shall be conclusive, is  
66 expected to be met by federal or state grants. The district board may  
67 determine, in the case of appropriations for water, sewer and utility line  
68 extensions and improvements, or the installation or replacement of  
69 service meters, the definition of what shall constitute a single item of  
70 capital expense for purposes of compliance with the referendum  
71 requirement of this section. Such determination may be contained in the  
72 capital budget or a resolution making such appropriation or authorizing  
73 the issuance of bonds, notes or obligations of the district and any such  
74 determination shall be final and conclusive.

75 (2) On and after October 1, 2015, the threshold amount for purposes of  
76 subdivision (1) of this subsection shall be twenty million dollars. Such  
77 amount shall be adjusted annually thereafter on October first by a  
78 percentage equal to the increase, if any, in the consumer price index for  
79 urban consumers during the preceding twelve-month period, as  
80 determined by the United States Department of Labor, Bureau of Labor

81 Statistics.

82 Sec. 3. Section 49 of number 511 of the special acts of 1929, as  
83 amended by section 4 of number 332 of the special acts of 1931 and  
84 number 245 of the special acts of 1945, is amended to read as follows  
85 (*Effective October 1, 2015*):

86 Such lien shall take precedence over all other liens or incumbrances  
87 except taxes due to the state and town, and such lien may be foreclosed  
88 in the name of The Metropolitan District in the same manner as if the  
89 lien were a mortgage on such property in favor of said district, to  
90 secure the amount of such costs, charges or assessments, and a  
91 certificate of such lien describing the property on which the same  
92 exists and the amount thereof shall be filed with the town clerk of the  
93 town wherein such lien accrued, but no such lien shall attach unless  
94 such certificate, signed by the executive secretary or other authorized  
95 representative of the water bureau of said district, describing the  
96 property on which the lien exists and the amount to be claimed by said  
97 district as a lien thereon, shall be filed with such town clerk within  
98 [one year] two years after the assessment or charge shall have become  
99 payable.

100 Sec. 4. Section 7-263 of the general statutes is repealed and the  
101 following is substituted in lieu thereof (*Effective October 1, 2015*):

102 Bonds, notes or other obligations issued under the authority of this  
103 chapter (1) shall be in serial form (A) maturing in annual or  
104 semiannual installments of principal that shall substantially equalize  
105 the aggregate amount of principal and interest due in each annual  
106 period, commencing with the first annual period in which an  
107 installment of principal is due, or (B) maturing in annual or  
108 semiannual installments of principal no one of which shall exceed by  
109 more than fifty per cent the amount of any prior installment, or (2)  
110 shall be in term form with mandatory deposit of sinking fund  
111 payments into a sinking fund in amounts (A) sufficient to redeem or  
112 amortize the principal of the obligations in annual or semiannual  
113 installments that shall substantially equalize the aggregate amount of

114 principal redeemed or amortized and interest due in each annual  
 115 period, commencing with the first annual period in which a  
 116 mandatory sinking fund payment becomes due, or (B) sufficient to  
 117 redeem or amortize the principal of the obligations in annual or  
 118 semiannual installments no one of which shall exceed by more than  
 119 fifty per cent the amount of any prior installment, provided such  
 120 requirements will be deemed to have been met with respect to any  
 121 issue if they would have been met by the issue taken together with all  
 122 other bonds, notes or other obligations previously issued under this  
 123 chapter, any provision of the general statutes or any special act and  
 124 declared by the municipality to be part of a single plan of finance. The  
 125 first installment or the first sinking fund payment of any such series of  
 126 obligations, other than obligations secured solely by a pledge of  
 127 revenue to be derived from sewerage system use charges, shall mature  
 128 or shall be due not later than three years from the date of issue of such  
 129 series and the last installment or the last sinking fund payment shall  
 130 mature or shall be due not later than [thirty] forty years from the date  
 131 of issue of such series or, if any notes have been issued in anticipation  
 132 thereof or are to be paid from the proceeds thereof, from the date of  
 133 issue of the first such note. The first installment or the first sinking  
 134 fund payment of any series of obligations issued under the authority of  
 135 this chapter which are secured solely by a pledge of revenues to be  
 136 derived from sewerage system use charges shall mature or shall be due  
 137 not later than four years from the date of issue of such series and the  
 138 last installment or the last sinking fund payment shall mature or shall  
 139 be due not later than thirty years from the date of the issue of such  
 140 series or, if any notes have been issued in anticipation thereof or are to  
 141 be paid from the proceeds thereof, from the date of issue of the first  
 142 such note.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2015</i>	Number 511 of the special acts of 1929, Sec. 39(b)
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Sec. 2	<i>October 1, 2015</i>	Number 511 of the special acts of 1929, Sec. 14
Sec. 3	<i>October 1, 2015</i>	Number 511 of the special acts of 1929, Sec. 49
Sec. 4	<i>October 1, 2015</i>	7-263

**PD**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 16 \$	FY 17 \$
All Municipalities	See Below	See Below	See Below
Metropolitan District Commission	Savings	Minimal	Minimal
Metropolitan District Commission	Cost	Potential	Potential

**Explanation**

The bill increases, from 30 to 40 years, the maximum term of certain municipal sewer bonds.

It also makes several changes to the Metropolitan District Commission's (MDC) charter. It 1) allows the District to post shortened versions of legal notices in newspapers; 2) broadens MDC's ability to appropriate funds that exceed certain threshold amounts without the approval of district voters or a supermajority of the district's board; and 3) allows the District to file liens two years after the charge becomes payable.

The provision increasing the maximum term of certain sewer bonds could increase the total cost of sewer projects to the degree that municipalities choose to increase the term of sewerage bonds from 30 to 40 years. However, annual debt service payments could decrease as a result of the longer term of the bonds.

There is a minimal savings to MDC associated with posting shortened versions of legal notices in newspapers. This savings would vary based on the number of legal notices posted, and the size of those postings.

Raising the cap on funding that can be appropriated without a vote may increase costs to the District, to the extent it increases spending within the district.

The provision regarding the filing of liens is not anticipated to result in a fiscal impact.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 1069*****AN ACT AMENDING THE CHARTER OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY AND EXTENDING THE MATURITY DATE FOR MUNICIPAL SEWERAGE SYSTEM BONDS.*****SUMMARY:**

This bill increases, from 30 to 40 years, the maximum term of certain municipal sewer bonds. It applies to sewer bonds secured by municipal revenues (i.e., general obligation bonds), but not those secured by sewer system user charges (i.e., revenue bonds). Under the bill, sewer revenue bonds continue to be subject to a term of up to 30 years.

The bill also makes several changes in the Metropolitan District Commission's (MDC) special act charter. It:

1. broadens MDC's ability to appropriate funds that exceed certain threshold amounts without the approval of district voters or a supermajority of the district's board;
2. allows MDC, whenever it publishes legal notices soliciting competitive bids or proposals, to advertise a brief description of the notice, which will be published in full on a newspaper website; and
3. increases, from one to two years, the time that a lien for delinquent MDC water rates and charges runs before it must be continued by filing a certificate with the town clerk.

EFFECTIVE DATE: October 1, 2015

**APPROPRIATIONS EXCEEDING CERTAIN THRESHOLDS*****Capital Expenditures***

The bill increases, from \$5 million to \$20 million, annually adjusted for inflation, the maximum amount that MDC's district board can appropriate for a single capital expenditure without approval by (a) two-thirds of the district board and (2) a majority of the district's voters at a referendum. By law, this threshold applies to capital expenditures that may be financed over the long term, even if the district's budget pays for them with current revenues. It does not apply to regularly recurring capital expenditures.

Under the bill, the capital expenditures threshold must be annually adjusted each October 1, beginning in 2016, by the percentage increase in the consumer price index for urban consumers during the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

### ***Emergency Expenditures***

The bill increases, from \$10 million to double the capital expenditures threshold (i.e., \$40 million, adjusted for inflation), the amount the district board can appropriate in any single year for public emergencies that threaten lives, health, or property in the district. By law, such emergency appropriations must be approved by a two-thirds vote of the board.

### ***General Appropriations***

The bill requires that any appropriations in effect on October 1, 2015 (the bill's effective date) or thereafter exceeding the new capital expenditures threshold be reduced by the amount of federal or state grants (1) committed to the appropriation's purpose or (2) which the district board, in its judgment, expects to receive for that purpose. The bill specifies that the board's judgment is conclusive.

As under existing law, MDC's district board can appropriate funds in any amount, without voter approval at referendum, for public improvements paid for in whole or part by (1) benefit assessments or (2) certain funds established to pay for waste or water facilities.

## **LEGAL NOTICES FOR COMPETITIVE BIDS OR PROPOSALS**

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The law generally requires MDC to solicit competitive bids or proposals for work or supplies costing more than \$25,000. Under current law, MDC must advertise the solicitations by publishing a notice in daily and weekly newspapers that service its member municipalities. The bill allows MDC to publish a brief summary of the bid or proposal and reference the newspaper website where the full notice is published, provided the website is free to access. Newspapers must place the full legal notices in a conspicuous location on their websites.

As under existing law, MDC must also publish the solicitations on its website.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 19    Nay 0    (03/20/2015)