

Referendum: and a Hard Place

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sted. We live with the high and low water pressures. We drink the tap water delivered through our old pipes. We foot the bill for the bleeder valve water waste. If we vote to approve the February 3, 1996 referendum, citizens must:

1) insist that filtration facility construction costs be pared down by eliminating non-essential expenses;

2) determine plant capacity most appropriate for Winsted and modify the design and costs;

3) carefully negotiate the next phase - bidding and construction - to reduce costs, including fees estimated by the engineers for engineering (\$1,155,000), legal, administrative and financing (\$440,000) and contingency (\$530,000).

We stand to benefit most when we insist on reducing facility costs so we can direct the savings into maximum distribution system upgrades.

WHAT WILL THE FEDERAL LOAN COST US?

The Community Technologist's office requested and received detailed information and figures from the RECD about the loan. A synopsis is presented in the box below.

Payback on this loan's principle and interest will result in an average fee or surcharge of \$160 per customer per year for 20 years. This surcharge should be itemized separately from interest

THE AWARDS ARE BROKEN DOWN AS FOLLOWS:

This information was provided by the federal government which uses a formula to calculate loan/grant proportions.

First Award:

LOAN: \$4,137,300 4.5% for 20 years
GRANT: \$2,367,700
TOTAL: \$6,500,000

Second Award:

LOAN: \$ 995,400 4.5% for 20 years
GRANT: \$ 704,600
TOTAL: \$1,700,000

This second award does not kick in until after we use the \$2,367,700 grant.

Total LOAN: \$5,127,700
Total GRANT: \$3,072,300
\$8,200,000

An amortized annual loan payment of \$394,218 divided by 2500 customers equals \$157.69 per customer per year.

per user.

CONCLUSION AND RECOMMENDATIONS:

Delay in this project has benefited Winsted. We have had the opportunity