

Barnstable Water Company vote expected

\$11M purchase
was on tap for
council meeting

By David Still II

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Absent any parliamentary procedures, the Barnstable Town Council was expected to vote on the \$11

million purchase of the Barnstable Water Company and related land at last night's meeting.

Town council president Gary Brown offered no prediction Tuesday as to how a vote would turn out, and was coy about the possibility of a council maneuver to extend the process, similar to the delay vote on the Hyannis Golf Club last sum-

mer.

On Wednesday he held out the possibility that there could be a charter objection, prior to the vote, but after the public hearing portion of the meeting.

"If that happens, we'll just vote it next week," Brown said.

The town and Connecticut Water Service negotiated the \$11 million pur-

chase price for the company and close to 110 acres held by a sister company, reaching agreement in November.

The \$11 million price tag has been questioned by at least one councilor as being too high, especially in light of what the town has maintained is a statutory right

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to buy the company at "original cost." That process, which could take several years to fight in court, could result in a lower cost to the ratepayers of the water company.

Town attorney Robert Smith said that that option had been thoroughly reviewed and is effectively off the table as an option.

If it buys the company, the town would operate it as a self-funding enterprise account. The structure for the company has not been determined, according to Town Manager John Klimm, who said that it could be managed by a private company on behalf of the town, or perhaps another public water operator in town could step in.

A business plan drafted in support of the purchase indicates that revenues are sufficient to cover the loan amount for both operations and borrowing costs to buy the company under the existing rate structure. But rate increases should be expected by the customers of the Barnstable Water Company, according to the town. A \$10 million capital plan

to upgrade the company's infrastructure has been proposed, and it would be that program of improvement that would drive rates up.

The town maintains that regardless of ownership, the infrastructure improvements, which include a new water storage tank, are necessary. In a recent interview, current company CEO Marshal Chiaraluce agreed with that assessment.

Last year, Connecticut Water sought to sell off a portion of the land held by BARLACO, a landholding company sister to the water company. Chiaraluce said that proceeds from that sale were planned to be used to invest in the company's well-aged infrastructure. The town stepped in and stopped that deal.

Smith said the BARLACO land, which was split off from the water company in 1991, could not have been used for that purpose, as there remains a legal connection to the water company. He said that for the land to be removed from those obligations, it would have to go through a difficult legislative process.

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