

**Draft Minutes of the June 12, 2023, Water Authority Meeting
Southeastern Connecticut Water Authority
1649 Route 12, Gales Ferry, CT**

This meeting was held virtually per Public Act No. 22-3, which permanently established the requirements for virtual public meetings in Connecticut.

Present

Authority: Chairman Edward Monahan, Vice-Chair Harry Watson, Treasurer Paul Eccard, Claudia Koerting, Nick Mullane, and Alex Masse.

Authority Staff: General Manager Josh Cansler

Call to Order

Chairman Monahan called the meeting to order at 5:15 p.m.

Public Comment on any Item on the Agenda – None

Approval of Prior Minutes

On a motion of Mr. Eccard, seconded by Mr. Watson, the Authority approved the minutes of the May 8, 2023, Authority Meeting, by a unanimous vote of all members present.

Correspondence - None

General Manager's Report

1. Draft FY 2024 SCWA Annual Budget

General Manager Cansler stated that the SCWA Finance Committee met on June 6, 2023, to discuss the FY 2024 SCWA draft annual budget. Finance Committee members present were Paul Eccard and Edward Monahan. Mr. Eccard said that he was pleased with the proposed budget and stated that the Finance Committee had voted to endorse the FY 2024 budget as proposed, and to present the budget to the full Authority at this meeting, for review and approval. Mr. Eccard then asked Mr. Cansler to present the budget to the Authority.

Mr. Cansler stated that projected revenues for the current year (FY 2023) were expected to be around \$45,000 less than budgeted, but still \$100,000 more than FY 2022. He said the primary reason for increased revenues this year was the 5% across the board rate increase which was implemented in September 2022 after a year of average monthly inflation rates of almost 9%. He said the cost of chemicals had gone up 50% in the past three years, and electricity almost 30%. Mr. Cansler said the primary reason for the projected shortfall in budgeted revenues was because the houses in the new developments at Green Village in Salem, and the Millwood subdivision in Montville, were not filling up as rapidly as anticipated.

General Manager Cansler stated that the projected expenses for the current year are expected to be around \$22,000 (1%) higher than budgeted. He said this increase is primarily due to the higher than expected costs for electrical power (30% higher than last year) and increased costs for chemicals and testing. The costs for Employee Benefits, specifically our contribution to the employee's retirement fund, are now much higher than budgeted.

Mr. Cansler said his proposed budget for revenues in FY 2024 is about \$70,000 higher than last year's budget. The primary reason for the proposed increase is the additional revenues from the projected addition of the Oakdale Heights system in Montville.

Mr. Cansler stated the projected expenditures for the FY 2024 budget are \$1,952,280, which includes operating expenses, administrative costs, professional services, taxes, interest, and capital expenses. The proposed FY 2024 expenditures represents a 6% increase over the FY 23 expense budget. Mr. Cansler stated the primary reason for a 6% increase in proposed budgeted expenditures is because of expected additional expenses related to the operation and maintenance of Oakdale Heights once SCWA takes over. He is also anticipating continuing price increases for chemicals, testing/analysis, equipment, and replacement parts.

The General Manager stated that based on the actual numbers from FY2022, the projected costs for this year, and the budgeted numbers for next year, the anticipated gap between revenues and expenses in FY2024 is approximately \$41,000. For this reason, he is proposing SCWA increase usage rates by 5%, but leave other fees (basic minimum fee, service fees, connection fee) the same. This option would provide a positive differential of approximately \$36,770. Mr. Cansler stated that although he would prefer not to raise rates again, he believes an increase is necessary due to the ongoing inflation of goods and services. He said if the Authority approves a proposed usage fee increase his recommendation would be to hold a Public Hearing at the beginning of the July RAB meeting.

After some discussion, Mr. Eccard made a motion to adopt the proposed Fiscal Year 2024 budget, as presented, for a total of \$1,952,280. This motion, seconded by Mr. Mullane, passed by a unanimous vote of all six members.

Mr. Eccard then made a motion for the Authority to notify the Representative Advisory Board (RAB) of its intention to increase usage rates only by 5% during FY 2024, and to request a public hearing prior to the July RAB meeting. This motion, seconded by Mr. Mullane, passed by a vote of 6-0.

2. Board Member Officers and Terms

General Manager Cansler stated that the terms for the Authority offices of Vice-Chairman, Treasurer, and Secretary are for one-year each, and will expire on June 30, 2023. The Authority Chair serves a three-year term, which expires on June 30, 2025.

Mr. Watson said he was willing to step down as Vice-Chair if anyone else would like the opportunity to serve as an officer on the Board. He also said he was more than willing to continue serving as Vice-Chair. Mr. Eccard said that Mr. Watson was doing a great job as Vice-Chair and made a motion that he be re-appointed to the same position. Mr. Mullane seconded the motion.

Mr. Watson proposed a motion to amend the previous motion to include the nomination of Mr. Eccard for re-appointment as Treasurer, and Mr. Cansler as Secretary. His motion, seconded by Mr. Masse, was approved unanimously. The newly amended motion nominating the current Chair, Vice-Chair, Treasurer, and Secretary all for re-appointment was then brought to a vote and approved unanimously. As a result, the terms of Mr. Watson (Vice-Chair), Mr. Eccard (Treasurer), and Mr. Cansler (Secretary) will expire June 30, 2024.

General Manager Cansler also stated that, as a point of reference; the terms for the current Authority members are as follows:

<u>Member</u>	<u>Current Appointment Expiration</u>
Paul Eccard (Treasurer)	12 / 31 / 2023
Edward Monahan (Chairman)	12 / 31 / 2024
Harry Watson (Vice-Chair)	09 / 18 / 2025 (SCCOG nominated)
Alex Masse	12 / 31 / 2025
Nicholas Mullane	09 / 18 / 2026 (SCCOG nominated)
Vacant	12 / 31 / 2026
Claudia Koerting	12 / 31 / 2027

3. Oakdale Heights Subdivision (Montville)

Oakdale Heights is a 219-home subdivision in Montville that has been operating its own water system since the subdivision was developed in the mid-1960’s. Last December the Oakdale Heights Homeowners Association (HOA) expressed interest in turning over full-time operation to SCWA. Their system consists of two fully operational pump houses, five wells, and 2.5 miles of distribution main. At the January meeting, the Authority authorized the General Manager to open discussions with the Oakdale Heights HOA, and consult with our attorney regarding a legal agreement.

General Manager Cansler stated that he met with SCWA Attorney Nick Kepple and representatives of the Oakdale Heights HOA several times this year to discuss proposed terms of the turnover and formalize an agreement. He said that after multiple iterations he finally received a proposed final Agreement for the Sale of Oakdale Heights to SCWA that same day. After discussing and reviewing the terms of the proposed final agreement Mr. Eccard made a motion to approve the agreement as presented and authorize the Chairman to sign the agreement. His motion, seconded by Mr. Masse, was approved by a unanimous vote of all members present.

Mr. Cansler said the next step was to send the agreement, once signed and notarized, to the State requesting the Oakdale Heights subdivision become a division of SCWA. The Request for Transfer of Water Lands is a formal application packet that has already been prepared pending the final signed agreement. Mr. Cansler said he has already reached out to the State DPH and DEEP regarding SCWA takeover of the Oakdale Heights water system, and he does not anticipate any issues or delays.

4. Capital Projects Update

a) Seven Oaks/Montville Interconnection Project

This project will complete the interconnection between Seven Oaks and Montville divisions. This past summer the owners of the property (100 Waterfall LLC) agreed to an easement for the proposed water main interconnection across their property. They plan on constructing a housing development on this property starting next year.

The Pre-bid Construction Package, which includes the initial plans and specifications, was submitted to the State Department of Public Health (DPH) Drinking Water Section (DWS) in March 2023. General Manager Cansler stated that SCWA still hopes to receive project approval from DPH in the late spring and award the project this summer, but if the approval process takes much longer than the project may be pushed back into early next year.

b) Upgrades at the Ledyard Pump Station and Spicer Hill Booster Station

This project includes installation of variable frequency pumps (VFDs) at the Ledyard Pump Station and the Spicer Hill Booster Station, which is part of the Ledyard distribution system. This project also includes the elimination of the hydropneumatic pressure tanks at both stations, which is a top priority for DPH. General Manager Cansler stated that unfortunately, because the recently completed Tower Division water main replacement project cost significantly more than estimated, SCWA will have to delay this project a few months, until more Capital Funds are available.

c). Proposed New Well at Ledyard Division

During the drought last summer SCWA realized an additional well is needed at the Ledyard pump station because the peak summer usage was near the capacity of the existing wells. DPH approved the new well in November. General Manager Cansler stated that SCWA is still working with legal counsel to obtain an easement because the State requires that SCWA control a 150-foot radius around each well. He said the easement is taking longer than anticipated because of a recent change in ownership of the property next to the Ledyard pump station.

d). Funding for Tower Division Upgrades

In January State Senator Kathy Osten and State Representative Kevin Ryan submitted Bill 364, which is titled "An Act Authorizing Bonds of the State for Projects of the Southeastern Connecticut Water Authority". This bill would allow the state to issue bonds up to \$3 million for the upgrade of a pump station, addition of a storage tank, and the extension of an emergency interconnection in the Town of Ledyard. Mr. Cansler stated that this bill died in the Joint Committee on Finance, Revenue and Bonding.

5. Lead Service Line Inventory

The National Primary Drinking Water Regulations for Lead and Copper, which went into effect in 2021, requires all public water systems to develop a lead service line (LSL) inventory that identifies all materials used to construct or repair all service lines connected to a public water distribution system. Last fall the EPA released their guidance for developing the LSL inventory. This LSL inventory must be completed and submitted by October 16, 2024. General Manager Cansler stated that the SCWA staff are currently researching and inputting data in the spreadsheet.

6. PFAS (Per- and Polyfluoroalkyl Substances)

On March 14, 2023 the EPA announced their draft regulations regarding PFAS (Per- and Polyfluoroalkyl Substances), which included draft maximum contaminant levels (MCLs) for 6 different PFAS in drinking water. The review and comment period for these draft PFAS regulations ended May 30, 2023. During the 2023 Connecticut Legislative Session the House and the Senate passed a bill that will establish an account in the general fund to provide grants to municipalities to test for and remediate PFAS contamination on town-owned properties, and to assist residential homeowners impacted by such contamination.

7. Green Village

In 2020 SCWA signed an agreement to take over as the owner/operator of the pumphouse and water distribution system at the new Green Village development in Salem once it is completed. Green Village is a 55 and over community with 48 townhouse units, each unit with individual meters. After multiple delays involving water quality and quantity in the wells, DPH finally granted approval of the system on November 1, 2022. Final approval was contingent on installation of a treatment system, which has been completed. Currently there are 36 units occupied.

8. Construction of Millwood Subdivision (part of Hillcrest Division) in Montville

Sun Communities, Inc. is continuing construction of the new Millwood development, adjacent to their Hillcrest subdivision in Montville. The roads and infrastructure were completed in 2019 before Jensen Communities was sold to Sun Communities. The proposed Millwood development will have 46 modular homes for people aged 55+ and will tie into the existing Hillcrest water distribution system. The first fifteen homes have been sold, and several more homes are nearing completion.

9. Mystic Village Apartments - Dieldrin

Mystic Village Apartments (MVA) are one of SCWA's Contract Operations, which are water systems not owned by SCWA. For these systems the owners are responsible for all maintenance, upgrade costs, and sampling fees, and SCWA is paid to serve as their certified operator. Recently the chemical Dieldrin, which was used to treat termites until the 80s, was detected in the water samples taken at MVA. The property owner of MVA hired a company to install a treatment system for Dieldrin.

General Manager Cansler stated that to help expedite the project he submitted a General Application to DPH requesting a change in the treatment process on behalf of the owners on March 1, 2023. After DPH requested more information and a design for the treatment system the original contractor quit the project, so the MVA owners hired another contractor. Mr. Cansler said he resubmitted the General Application form to DPH on May 12, 2023.

10. Tower-Ferry View Division OCCT (Optimal Corrosion Control Treatment) Report

In October 2022 SCWA submitted an optimal corrosion control treatment (OCCT) report to DPH for a copper exceedance that occurred in 2021 when 4 of 35 samples analyzed from the Tower-Ferry View Division exceeded the maximum contaminant level (MCL). Although none of the samples analyzed in 2022 exceeded the MCL, SCWA was required to prepare an OCCT report. General Manager Cansler said the primary purpose of this report is to address changes that can be made to the treatment process to preclude further copper MCL exceedances.

In February DPH responded to the OCCT by requesting SCWA take additional samples at the sources to better determine the level of lead in the raw water, which will affect the type of treatment. After receiving the source water results, SCWA resubmitted the report in early May. Mr. Cansler said on June 1, 2023, SCWA received a letter stating the proposed Optimal Corrosion Control Treatment for Tower Division was approved by DPH.

11. Regional Considerations

a) Drought Update: As of June 1, 2023 Southeastern Connecticut is listed on the U.S. Drought Monitor as "Abnormally Dry". The State's Interagency Drought Workgroup is scheduled to meet on June 8th. Mr. Cansler stated that he had not seen an update yet on the State's Drought website.

b) Water Utility Coordinating Committee (WUCC): The Eastern Connecticut Water Utility Coordinating Committee (WUCC) and the Statewide WUCC both last met on November 16, 2022.

c) SCWA Interaction with SCCOG: SCWA and the SCCOG continue to interact cooperatively. To this end, SCWA attends the monthly SCCOG meetings if there are items relating to water on the agenda, and the SCCOG Regional Water Committee, which meets only as needed.

d) SCWA Interaction with the WPC, CWWA, and AWWA: The General Manager represents SCWA as a member of the Connecticut Water Planning Council Advisory Group (WPCAG), which meets monthly. Mr. Cansler is also a member of the Connecticut Water Works Association (CWWA) Legislative Affairs Committee, which generally meets monthly between November and June.

12. Meetings

General Manager Cansler said he had already discussed most of the meetings listed under this item except for the one regarding Pipesafe. He said that he and the SCWA office staff had attended a virtual meeting on May 23, 2023, to discuss the progress of the Pipesafe Program implantation. In March 2022 the Authority signed an agreement with the South-Central Regional Water Authority (RWA) to enter a partnership in their service line protection program, which is called PipeSafe.

Other Business – None

Report from Chairman – None

Report from Authority Members – None

Public Comment – None

Adjourn

On motion of Mr. Eccard, seconded by Mr. Mullane, the Authority voted to adjourn the meeting at approximately 6:04 p.m. It was noted the next Authority meeting is scheduled to occur on July 10, 2023, at 5:15 pm, either virtually, or at 1649 Rt. 12, Gales Ferry, CT.

Josh Cansler
Secretary