

**Draft Minutes of the September 14, 2020 Water Authority Meeting
Southeastern Connecticut Water Authority
1649 Route 12, Gales Ferry, CT**

Due to the COVID-19 pandemic this meeting was held virtually using public meeting guidelines established by the Governor to limit the spread and impact of the virus. Members attended via the Zoom app, either by calling in, or logging in through their computer.

Present

Authority: Chairman Edward Monahan, Treasurer Paul Eccard, Barbara Lee Franciosi, Claudia Koerting, Peter Balestracci, Nicholas Mullane.

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. Mullane, the Authority approved the minutes of the August 10, 2020 Water Authority Meeting, by a vote of 6-0.

Correspondence – None

General Manager's Report

1. Refinancing of 2007 Bond

At the December 2019 meeting the Authority approved the Bond Resolution for refinancing of the 2007 bond, to allow for capital funds to complete some key projects, such as Tower Division upgrade and well, interconnection of Seven Oaks and Montville Manor, and replacement of some hydro-pneumatic tanks. At the May meeting the Authority approved a motion authorizing the Chairman, on behalf of the Authority, to sign the formal request letter to the Bond Commission.

During a meeting on July 22, 2020, to discuss the refinancing of the 2007 Bond with representatives from the State Treasury, DPH, and OPM, SCWA was informed that extending the 2007 Bond was not really an option because the proposed refinancing would extend the bond beyond the useful life of the projects constructed with that 2007 Bond. The Treasury representatives also stated we could not use the Bond in conjunction with DWSRF projects. DPH has offered a 25% subsidy with a 75% loan on the Tower Division Upgrade (estimated project cost \$800,000), and a 50/50 subsidy/loan for the Seven Oaks to Montville Manor Interconnection project (estimated project cost \$435,000).

After several discussions with our Bond Counsel, Michael Botelho, and Susan Caron from Hilltop Securities, we decided to look at other bonding options. Since a complete refinancing of our existing bond seems unlikely, Ms. Caron and Mr. Botelho suggested issuing BANs (Bond Anticipation Notes), possibly in conjunction with the DWSRF funding. In August Ms. Caron provided a chart which breaks down each option:

- a. Option One: This shows the original option of refunding the 2007 Bond and adding new money with State Backing.
- b. Option Two: This shows the impact of issuing Bond Anticipation Notes (BANs) for 7 years, then issuing a 5-Year Bond for \$180,000, in addition to taking advantage of the two DWSRF loans for the Montville and Ledyard projects.
- c. Option Three: This option shows issuance of just the Notes (BANs) for 7 years then issuing a 5-Year Bond for \$180,000. The Montville and Ledyard projects would not be covered by this option.
- d. Option Four: This option shows future financing if SCWA only takes on the DWSRF loans. The chart shows debt service of \$50,000 per year over 20 years with the permanent debt issued in September 1, 2022. This only covers the Montville and Ledyard projects.

General Manager Cansler stated that after discussing the options with Ms. Caron, Mr. Botelho, and the SCWA Treasurer (Paul Eccard), he was recommending Option 2, which combines BANs with DWSRF. He said that if they selected one of the options we would send out Requests for Proposal (RFPs) to 20-25 area banks. After some discussion Mr. Eccard made a motion that SCWA go in principle with Option #2 and request RFPs for this option. His motion, seconded by Ms. Franciosi, was approved unanimously by all members present.

2. Truck Purchase

The SCWA Fiscal Year 2021 Budget Capital Program included the acquisition of a service pickup truck with plow. General Manager Cansler stated that the truck that is being replaced has over 170,000 miles, and has serious transmission problems. After reviewing the Connecticut State Contract for the Sale of Light Trucks, Mr. Cansler stated that he had determined that the base price for Ford 3/4-ton trucks (similar to the ones we now have) was cheaper than base prices for Dodge, GMC, and Chevrolet 3/4 ton trucks listed on the State Contract. For that reason he requested quotes for a base model 3/4-ton regular cab truck with plow from all of the Ford dealers on the State contract. He also requested an option for a truck cap, similar to the ones we currently have. SCWA received the following quotes:

<u>Dealer</u>	<u>Vehicle</u>	<u>Bid</u>	<u>Estimated Delivery Date</u>
Tasca Ford Berlin, CT	2021 Ford F-250 w/ plow <u>Regular Cab 4x4</u>	\$36,658	early-December
Gengras Ford Plainville, CT	2020 Ford F-250 w/ plow <u>Regular Cab 4x4</u>	\$37,055	mid-October

Mr. Cansler stated that the one difference between the two quotes was that the Ford F-250 from Gengras Ford is a 2020 model that is already in production and has the STX package (one step higher than the base model) XL package. Gengras Ford said they could not provide a quote on a 2021 F-250 yet. Tasca does not have any 2020 models matching our specs and color. Mr. Cansler also pointed out that the 2020 model from Gengras Ford would be available in mid-October versus early-December for the 2021 model from Tasca Ford. Because of the earlier delivery date, and additional features, Mr. Cansler recommended purchasing the truck from Gengras Ford.

Based on the General Manager’s recommendation, Mr. Mullane made a motion that the Authority approve the purchase of the 2020 Ford F250 extended cab pickup w/ plow from Gengras Ford for \$37,055. This motion, seconded by Ms. Franciosi, was unanimously approved by a vote of all members present.

3. SCWA Operations during the COVID-19/Coronavirus Pandemic

SCWA staff are continuing to work a full schedule with social-distancing measures and sanitation procedures in place. General Manager Cansler stated that as of today (September 14th), none of the staff at SCWA have been infected by the virus. Because of safety concerns, and the Governor's ban on in-person public meetings, the scheduled Authority and RAB meetings are being conducted virtually until further notice. In addition, DPH is still conducting weekly webinar meetings via computer, which the General Manager has been attending.

4. Installation of Pressure Reducing Valve (PRV) between Ledyard Division and Gray Farms Division

SCWA began installation of a Pressure Reducing Valve (PRV) along the interconnection between the Ledyard Division and the Gray Farms Division last month. The interconnection was installed by Groton Utilities last year as part of project to install emergency water main interconnections between all five SCWA Ledyard divisions, and the Ledyard WPCA system. Once installation of the PRV is complete, and SCWA has approval from DPH to use the interconnection, SCWA will be able to bypass the Gray Farms pump station by using water from the Ledyard Division, which is currently operating at only about 20% of its capacity. Installation of a PRV will be significantly cheaper than upgrading the Gray Farms pumphouse, and will eliminate future operational and maintenance costs at the Gray Farms pump station.

Mr. Cansler said that Installation of the PRV pit was completed on September 2nd. Installation of the pressure reducing valve, additional piping, and accessories is scheduled to be completed by September 10th. If the system tests go well SCWA will switch the Gray Farms system over to the Ledyard system, once we have DPH approval. SCWA will then begin the process of closing down the Gray Farms pumphouse and wells. Mr. Eccard asked if we will still own Gray farms once it is shutdown. General Manager Cansler stated SCWA will still own the Gray Farms pumphouse property. Ms. Franciosi asked if we are buying water from Ledyard WPCA as a part of this process. Mr. Cansler stated that we are not.

5. Tower Division - Well #3

Mr. Cansler said that SCWA is still planning to replace Well #3 at Tower Division Well. Unfortunately because of the unanticipated higher cost of replacing the well (estimate of \$66,000 from LaFramboise Well Drilling) SCWA has delayed installation of the replacement well pending refinancing of the 2007 Bond.

6. SCWA Response to Administrative Order DWS 19-072-063

Last September, SCWA received an Administrative Order from DPH requiring a series of corrective actions in response to the vandalism at the Tower Division pump station on September 23, 2019. The Authority hired Attorney Rich Cody, of Suisman Shapiro, to prepare a Request for an Appeal, and a Request to Stay the Administrative Order, on behalf of SCWA. On November 13, 2019 DPH granted the Request to Stay the Administrative Order. Although a Hearing has yet to be scheduled, the subject of the Administrative Order was discussed briefly during the July Bond Refinancing meeting with representatives from Treasury, OPM, and DPH.

7. Claim by Raspberry Junction Holding, LLC vs SCWA

In 2016, Raspberry Junction LLC, owners of the Bellissimo Grande Hotel in North Stonington, filed a legal claim against SCWA for losses incurred during the water outage that resulted from the rupture of a pressure tank in 2015. This claim was forwarded to our insurance company at the time, Gladfelter Insurance. They hired Attorney Stephanie Berry, of the law firm of Tang & Maravelis, in New London, to handle the case.

After a series of hearings at the lower courts, the case was forwarded to the Connecticut Supreme Court which issued a ruling last April reversing the trial court's granting of the summary judgment motion. The case was remanded back to the trial court for consideration of the summary judgment argument, based on the alternative grounds of the economic loss doctrine, which the trial judge declined to rule on. At a Pre-argument Conference in February 2020 the judge proposed a settlement range that was much higher than our insurance company was willing to accept. On March 9th, we received word that the judge sent the appeal back to the State Supreme Court for adjudication.

8. Insurance Claims

Recently SCWA has reached out to our insurance carrier with two claims by SCWA customers. The first claim, by a homeowner claiming that a SCWA water main break caused his basement to flood, was found to be unjustified by the insurance adjustor. The second claim was regarding an exceptionally high invoice from a contractor who repaired a service line for a customer, even after pointing out that the service line leak was on the other (SCWA) side of the curb box. General Manager Cansler stated that the insurance company is still working on this case.

9. PFAS (Per- and Polyfluoroalkyl Substances)

To address concerns regarding PFAS, Governor Lamont released a State PFAS Action Plan last November. The Action Plan calls for the establishment of a Safe Drinking Water Advisory Council to advise DPH regarding the potential development of Maximum Contaminant Levels (MCLs), prioritize testing locations and parameters, and establish treatment requirements. There has not been any updates over the past 6 months regarding PFAS, presumably due to the ongoing COVID-19 crisis, which has shut most state offices down.

10. Thames Aquatic Club –Ledyard

The new Thames Aquatic Club in Ledyard opened for business in July. Because the Aquatic Club is within the SCWA Exclusive Service Area of Ledyard, and DPH originally granted the Club approval based on SCWA being their certified operator, the Authority sent a letter to DPH in September requesting more clarification regarding SCWA's responsibilities related to water purification at the Aquatic Club. As of September 14th, SCWA has not received a response to our letter. Chairman Monahan stated that there had been a recent article in *The Day* regarding the Aquatic Center.

11. Regional Considerations

a) Drought Update: General Manager Cansler stated that the State's Interagency Drought Workgroup has designated the four northern counties of Connecticut to be in a Stage 2 Drought Condition, which means customers are requested to voluntarily reduce water consumption. The four southern counties are still in Stage 1, which means water levels are below normal, and municipalities and utilities should be prepared to respond to potentially worsening drought conditions.

Mr. Cansler said that on September 9th SCWA sent out a notice, through CodeRed and our website, asking customers of Montville Manor to voluntarily reduce outdoor water usage. Although the wells and system at Montville Manor are keeping up with demand, this system generally operates close to the maximum daily well production capacity. Mr. Cansler stated that the voluntary conservation notice had not reduced consumption to adequate levels, so SCWA sent out a Mandatory Conservation Notice that day (September 14th). He said that they had also alerted the State DPH that the Montville system was under a Mandatory Conservation Notice.

b) Water Utility Coordinating Committee (WUCC): The Eastern Connecticut Water Utility Coordinating Committee (WUCC) last met (virtually) on May 27, 2020, to elect new officers and discuss implementation of a Statewide Coordinated Water System Plan (CWSP).

c) SCWA Interaction with SCCOG: SCWA and the SCCOG continue to interact cooperatively. To this end, Chairman Monahan attends the monthly SCCOG meetings if there are items relating to water on the agenda. He also attends meetings of the SCCOG Regional Water Committee, which meets only as needed. The General Manager participates on the SCCOG Regional Water Committee's Technical Advisory Subcommittee (TAS).

d) SCWA Interaction with the Water Planning Council (WPC): The General Manager, representing SCWA, is co-chair of the CT Water Planning Council Advisory Group (WPCAG), which meets monthly. All meetings are currently being conducted virtually via Zoom.

e) SCWA Interaction with AWWA and CWWA: General Manager Cansler is also a member of the Connecticut Water Works Association (CWWA) Legislative Affairs Committee, which generally meets monthly between November and June, however due to the COVID-19 crisis CWWA has not met since February.

Other Business

General Manager Cansler said that in July SCWA was approached by a developer who is planning to construct a 48 unit senior housing complex at 470 Norwich Road in Salem. Because Salem is in the SCWA ESA (Exclusive Service Area) the State DPH directed that SCWA own/operate the pumphouse and water distribution system once completed. The developer plans to complete the complex within a year. The complex will be a townhouse model with individual garages per unit. Each unit will have individual meters.

Report from Chairman - None

Report from Authority Members- None

Public Comment – None

Adjourn

On motion of Mr. Eccard, seconded by Ms. Franciosi, the Authority voted to adjourn the meeting at approximately 6:00 p.m.

It was noted the next Authority meeting is scheduled to occur on October 19, 2020, at 5:15 pm, either virtually, or at 1649 Rt. 12, Gales Ferry, CT.

Josh Cansler
Secretary