

**Minutes of the May 14, 2018 Water Authority Meeting
Southeastern Connecticut Water Authority
1649 Route 12, Gales Ferry, CT**

Present

Authority: Chairman Edward Monahan, Vice-Chairman Harry Watson, Treasurer Paul Eccard, Barbara Lee Franciosi, Peter Balestracci, Nicholas Mullane and Claudia Koerting.

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 April 9, 2018 Water Authority Meeting by a vote of 6-0, with one abstention (Mr. Watson).

Correspondence – None

General Manager's Report

1. Claim by Raspberry Junction Holding, LLC vs SCWA

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. Although Gladfelter, working with SCWA, has proposed settlements on two occasions, Raspberry Junction has not agreed to either proposal.

In January, the Authority approved a motion to hire Attorney Lloyd Langhammer, a specialist in appellate law, to provide legal representation for SCWA, and assist Attorney Berry with preparation of the case vs Raspberry Junction. In late April, they submitted their Defendant-Appellate Brief to the State Supreme Court.

2. Update on Miller's Pond

Several months ago the Schacht family, on behalf of Miller's Pond LLC (MPLLC), presented a concept memo which proposed that SCWA enter into a joint venture with MPLLC. The intent of the joint venture would be to move forward with the dredging permitting process, and ultimately, operation of Miller's Pond as a regional wholesale water supply. The Authority decided to have legal counsel review the concept memo prior to making any decisions regarding possible future coordination with MPLLC. After discussing the legal review with several attorneys, the Authority chose Catherine Marrison, from the firm Waller, Smith & Palmer in New London, to review the MPLLC concept memo, and evaluate all options available to SCWA regarding this issue.

Attorney Marrion presented her legal review of the joint venture concept memo, a detailed list of concerns, and potential courses of action, to the SCWA Miller's Pond Committee on March 26, 2018. Mr. Eccard, chairman of the committee, summarized Attorney Marrion's findings and concerns to the Authority on April 9, 2018.

On April 23rd, the SCWA Miller's Pond Committee, along with Attorney Marrion, met with representatives of MPLLC, Rob and Tom Schacht. During this meeting, Attorney Marrion discussed her legal review of the joint venture concept memo, and many of the Authority's concerns. Based on the results of her review, and lack of viable alternatives moving forward, SCWA stated that they were not interested in participating in the proposed Joint Venture with MPLLC. In response, the Schacht's requested that SCWA; (1) acknowledge that MPLLC issued a declaration of intention to develop Miller's Pond as a water supply, and (2) release Millers' Pond for development by MPLLC. The Miller's Pond Committee requested that Attorney Marrion assist with the SCWA acknowledgement and release.

Mr. Eccard summarized the discussion from the April 23rd meeting to the entire Authority at this meeting, and stated that based on the outcome of that meeting he wanted to propose two motions. His first motion: In accordance with the findings identified in Attorney Marrion's memorandum of April 23, 2018, SCWA authorizes a formal response to Miller's Pond LLC rejecting the offer for a proposed Joint Venture Agreement for development of the Miller's Pond property. This motion, seconded by Mr. Mullane, was approved by a vote of 7-0.

Mr. Eccard's second motion was as follows: Respond to the Miller's Pond LLC request for release, as narrowly as possible, in accordance with our responsibilities under Section 13 of Act 381. This motion was seconded by Mr. Mullane. Ms. Franciosi proposed that SCWA should also be requesting a release from MPLLC for any future actions regarding Miller's Pond. After some discussion regarding her proposal, Mr. Eccard suggested that SCWA write a separate letter requesting their release. Mr. Mullane made a motion to have the Miller's Pond committee modify the release statement, with the assistance of Attorney Marrion. His motion, seconded by Mr. Balestracci, was approved unanimously by the Authority. The Miller's Pond committee members agreed to meet before the next Authority meeting to develop and approve the correct wording for the release statements.

3. Draft FY 2019 SCWA Annual Budget

(Attachment #1: Proposed SCWA Fiscal Year 2019 Budget)

General Manager stated that the SCWA Finance Committee met on May 8, 2018 to discuss the FY 2019 SCWA draft annual budget. Finance Committee members present were Paul Eccard, Edward Monahan, and Nick Mullane. After the Finance Committee discussed the draft FY 2019 Budget they voted to endorse the budget as proposed, with minor changes; and to present the budget to the full Authority at the May 14, 2018 Authority meeting, for review and approval.

Mr. Cansler stated that this is the first annual budget that was prepared by the General Manager, without the assistance of a professional accountant. He said that based on discussions with the Authority over the past few years, he had modified the format, and revised how certain line items are presented. The format changes are explained in the introductory memorandum included with the proposed budget. He stated that he had consolidated many line items that were similar, or appeared in multiple places throughout the old budget format. He added he had also included the State's new Drinking Water Assessment Fee, which would cost the Authority about \$11,300 annually. Mr. Cansler said he expected revenue to increase slightly, and that most expenses would stay approximately the same. He said notable increases were the result of increased costs for electricity and chemicals.

The General Manager's stated that he was not recommending a rate increase this fiscal year. His requested budget was for \$1,600,870, a 1% increase over the FY 18 budget. This budget includes operating expenses, administrative costs, professional services, taxes, interest, and capital expenses.

After Mr. Cansler presented the budget, Mr. Eccard made a motion to adopt the draft Fiscal Year 2019 budget, as presented, for a total of \$1,600,870. This motion, seconded by Mr. Mullane, passed by a vote of 7-0.

4. Future DWSRF Projects

In December 2017 DPH informed SCWA that several proposed SCWA projects were eligible for funding through the Drinking Water State Revolving Fund (DWSRF). This program provides low-interest loans, with the potential for up to 25% subsidization, for eligible projects in the form of principal forgiveness. In January General Manager Cansler submitted Part 1 of the required Financial Assistance Application for two projects; Replacement of Tower Division Pump Station, and Interconnection of Montville and Seven Oaks Divisions.

5. Emergency Interconnections with Ledyard/Groton Utilities

In October SCWA signed an agreement with Groton Utilities and Ledyard to install emergency water main interconnections between all five SCWA Ledyard divisions, and the Ledyard WPCA system. These projects will be fully funded by Groton Utilities in conjunction with a \$15 million DPH DWSRF (Drinking Water State Revolving Fund) funding package they received to assist with financing the upgrade of the Groton Water Purification Plant. SCWA is working with Groton Utilities on the design and engineering of the emergency interconnections, which is expected to be completed later this summer. Groton Utilities hopes to start installation of some of the interconnections later this year.

6. Thames Aquatic Center –Ledyard

SCWA continues to work with the Town of Ledyard regarding support of the proposed Thames Aquatic Center project, as well as the proposed extension of Fairway Drive in Ledyard; both of which are in the SCWA Exclusive Service Area. Although SCWA proposed alternatives to provide water from our Ledyard Center system, DPH granted approval of a well for the Aquatic Center, with the stipulation that they connect to the water main on Fairway Drive extension once it is installed, and that the Aquatic Center use SCWA for all required testing and monitoring of the well. In March SCWA received a copy of the reissued approval for the well from DPH, which is valid until Sep. 2, 2018. The Thames Aquatic Center is only one of several projects that are moving forward in SCWA's Ledyard Center ESA at this time.

7. Town of North Stonington - New Center for Emergency Services/Water Main Extension

The Town of North Stonington is constructing a new Center for Emergency Services, which also involved extending the North Stonington water distribution system 1500 feet. The water main extension is now complete. SCWA continues to work with the construction contractors on the new Emergency Services Center water system, as needed.

8. Town of North Stonington School Upgrade Project

SCWA has been working with the Design/Engineer Firm, as needed, to assist with the initial engineering and design of a project to renovate existing facilities, and construct some additions, to the Town of North Stonington Elementary School and Middle/High School. General Manager Cansler said that the SCWA staff was also working closely with the contractors on the project regarding hook-up of new water lines at the school, or possible shutdowns of the water system for this project.

9. Regional Considerations

a) State Water Plan: General Manager Cansler stated that the proposed State of Connecticut Water Plan had passed through this year's legislature cycle without ever coming to vote, primarily because of language added at the last minute regarding water as a "Public Trust". CWWA, and many utilities, were concerned that the Public Trust Doctrine may be construed to limit the availability of water supplies needed to support economic development, and affect existing water rights and diversions.

b) Water Utility Coordinating Committee (WUCC): The Eastern Water Utility Coordinating Committee (WUCC), which convened in June 2016, is scheduled to wrap-up in June 2018. The next meeting will be at 1 p.m. on May 31, 2018, at the Southeastern Connecticut Council of Governments (SCCOG) office. These meetings are open to the public.

c) SCWA Interaction with SCCOG: SCWA and the SCCOG continue to interact cooperatively. To this end, Chairman Monahan often attends the regular monthly SCCOG meetings, and frequently the SCCOG Regional Water Committee meetings as well. The General Manager participates on the SCCOG Regional Water Committee's Technical Advisory Subcommittee (TAS).

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

Other Business - None

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 6:13 p.m.

It was noted the next Authority meeting is scheduled to occur on June 11, 2018, 5:15 p.m. at 1649 Rt. 12, Gales Ferry, CT.

Joseph C. Cansler
Secretary