

**Draft Minutes of the May 13, 2019 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, Nicholas Mullane, Claudia Koerting, and Peter Balestracci.

Authority Staff: General Manager Josh Cansler

Call to Order

Chairman Monahan called the meeting to order at approximately 5:16 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 8, 2019 Water Authority Meeting, by a unanimous vote of all members present.

Correspondence - None

General Manager's Report

1. Draft FY 2020 SCWA Annual Budget

(Attachment: Proposed SCWA Fiscal Year 2020 Budget)

Finance Committee Chairman Eccard stated that the SCWA Finance Committee met on May 7, 2019 to discuss the FY 2020 SCWA draft annual budget. Finance Committee members present were Paul Eccard and Edward Monahan. The proposed FY 2020 annual budget was prepared by General Manager Cansler. Mr. Eccard said that he was happy with the proposed budget, and stated that the Finance Committee had voted to endorse the FY 2020 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.

General Manager Cansler stated he would first discuss current year (FY 2019) expense and revenue projections, followed by FY 2020 projections, and recommendations. Highlights included:

- a. Projected expenses for FY 19 are expected to be \$1,600,267, approximately \$21,000 more than budgeted. The primary reason for the higher than expected expenditures is an increase in the cost of chemicals, electricity, and higher costs associated with distribution system repairs.
- b. Unfortunately, projected revenue for FY 19, \$1,540,070, is expected to be almost \$60,000 less than the budgeted amount. The decline in revenues was the result of a very wet summer last year. This projected amount is \$27,000 less than the FY 18 revenues, and \$14,000 less than FY 17 revenues.
- c. The proposed budget for FY 20 estimate revenues to be \$1,581,900, a decrease of \$18,000 from last year's budget. The reason for this estimated decrease is because revenues over the past two years have been less than expected.

- d. The proposed total budget includes total projected expenditures of \$1,643,980, which includes operating expenses, administrative costs, professional services, taxes, interest, and capital expenses. The proposed FY 20 budget represents a 4% increase (\$64,000) over the FY 19 expense budget. The reason for the growth of projected expenditures is primarily due to two categories: Cost of chemicals are up 20% from last year, and the costs for distribution line repair and replacement increased \$42,000 over last year.
- e. Other expenditures with significant increases are well operations, treatment, electricity, maintenance of facilities, and engineering fees. The increase in engineering fees last year was primarily due to 4-log analysis/applications, and PFAS vulnerability assessments required by DPH.
- f. Because of the lower than expected revenues this past year several capital projects budgeted for FY 19 could not be completed. The FY 20 Capital Budget consists of 11 proposed capital projects, several of which are rollovers from last year. The largest capital expenditure is the payment of debt service on outstanding SCWA Bonds (\$145,000).

As a result of a decrease in projected revenues next year, and expected increases in expenditures, the anticipated gap between revenues and expenses is approximately -\$63,000. General Manager Cansler stated that for this reason he was proposing a 5% rate increase. He added that it has been two years since the last rate increase, which was also 5%. He recommended holding a public hearing at the beginning of the July 18th RAB meeting. This would allow the Authority to approve the rate increase at their August meeting; effective September 1, 2019.

After Mr. Cansler presented the budget, Mr. Watson asked about the capital project to digitize the as-built drawings (\$10,000), which has been on the capital projects list for several years. Mr. Cansler said that it has always been a low priority project, and that capital funding over the past few years had not made it that far down the priority list.

Ms. Koerting asked why legal fees varied so much over the past two years. Mr. Cansler stated that in FY 18 SCWA spent money on legal fees for an outside attorneys to conduct the Miller's Pond Feasibility Study, and support with Raspberry Junction vs SCWA case.

Mr. Eccard made a motion to adopt the draft Fiscal Year 2020 budget, as presented, for a total of \$1,643,980. This motion, seconded by Mr. Balestracci, passed by a unanimous vote of all members present.

Mr. Eccard then made a motion that the Authority notify the Representative Advisory Board (RAB) of its intention to increase service rates during FY 2020, and request a public hearing prior to the July RAB meeting. This motion, seconded by Mr. Watson, passed by a unanimous vote of all members present.

2. Ledyard Center Easement

In February, SCWA was informed that the Town of Ledyard is selling the Ledyard Center School property, which includes land the SCWA Ledyard Center pumphouse and wells are located on. The Town does not have a record of an easement for the property SCWA occupies. After going through our records, SCWA does not have a record of an easement either. The pumphouse was originally built by HLM Development (Harry Morgan) and was transferred to SCWA. Apparently no lease or easement was ever executed by HLM at the time, or later, when the land was sold or transferred to the Town of Ledyard.

On April 1, 2019, General Manager Cansler and SCWA Attorney Nick Kepple met with Town of Ledyard Mayor, Fred Allyn III, and Town Attorney, Meredith Diette, regarding the easement. The Town has a potential buyer and is interested in completing the easement as soon as possible. All parties at the meeting were in agreement regarding the proposed easement boundaries, the easement language, and agreed that a legal easement survey would have to be completed to finalize the easement.

At the April meeting, the Authority authorized Chairman Monahan to sign the easement, once it has been reviewed and approved by SCWA legal counsel. The Authority also approved a motion authorizing the General Manager to expend no more than \$2,000 for survey costs related to the easement. Mr. Cansler stated that the survey had been completed, and although he did not have the exact cost yet, he was told that SCWA's costs would be under \$1000. He added that the two attorneys had met and had draft language prepared for the easement.

Chairman Monahan stated that he attended a public hearing held by the Town of Ledyard on the sale of the land. He said that the public hearing had been well attended and that the major issues brought forth primarily centered around the future of the market the Town has hosted on the property. He said that pending easement had not met with any resistance at the hearing.

Chairman Monahan also mentioned that proposed plans on display at the hearing showed a future Fairway Drive extension continuing straight north from the existing end of the drive, connecting to Route 214. This was significantly different than proposed plans in the past that showed the Fairway Drive extension looping northwest to west before connecting to Route 117. He added that it was fortunate SCWA had not expended funds placing new water mains along the original proposed route, as had been requested by the Town.

3. Tower Division - Well #3

This past summer it was discovered that Tower Division Well #3, which is located inside the pumphouse, was failing. SCWA tried to obtain approval from the State Department of Public Health (DPH) for approval to replace the well a few feet away, just outside the pumphouse. Unfortunately after several submissions and resubmissions, DPH would only approve a well location about 100 feet from the pumphouse, due to wetlands constraints established after Well #3 was originally installed.

In January, Laframboise Well Drilling Service drilled three test wells around the approved alternate location, however they hit a significant amount of rock/ledge at depths of only 20-23 feet. Their analysis of the three test locations revealed a minimal yield. In February, SCWA sent an appeal back to DPH requesting reconsideration of our initial application to replace Well #3, next to the pumphouse.

During a meeting in March with DPH, Lori Mathieu, Chief of the Drinking Water Section, suggested that SCWA try to get a change to the state statute that would allow installation of replacement wells within wetlands constrained boundaries, as long as the replacement well was not closer to wetlands. Mr. Cansler reached out to Betsy Gara of CWWA who was able to get language inserted into an existing bill that was pending a hearing. General Manager Cansler met with the co-chair of the Public Health Committee, State Senator Heather Sommers, in March, to discuss the proposed language in a bill she was sponsoring, however that bill did not make it out of committee to the Legislature. On May 10th Mr. Cansler met with State Senator Cathy Osten to discuss inserting the language into a different bill. Based on his discussion with Senator Osten he thought the chances of a bill passing this year with the needed language was good.

SCWA has also reached out for a second opinion regarding the feasibility of rehabilitating the existing Well #3. Laframboise initially said that it was not economically feasible. In March Jim Duncan, of SB Church Well & Pump Services, visited the Tower wellsite to assess the feasibility of rehabilitating the existing well. Mr. Duncan stated that depending on how the screen failed it is possible, though could be expensive. Mr. Cansler said that he had finally received an estimate from SB Church for \$23,097 to rehabilitate the well. He said that SCWA ran the risk that the attempted relining of the well may not work. After some discussion the Authority decided to table approval of this expenditure until after the bill, which would allow a replacement well, went through the legislative cycle.

4. Thames Aquatic Center –Ledyard

SCWA continues to work with the Town of Ledyard regarding support of the proposed Thames Aquatic Center project, which is 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.

Sitework and excavation began last summer, and in August 2018 the well was drilled. Although the initial yield from the well did not provide sufficient capacity for the Aquatic Center's expected system demands, DPH agreed to afford the Center the opportunity to work with their well professionals regarding a solution to satisfy all requirements for the water system, per State and EPA standards. In April, SCWA received a copy of the Phase 1 well review from DPH, which approved the water quality of the well, but did not indicate whether the current safe yield of 972 GPD was adequate. Mr. Cansler reached out to DPH regarding the quantity issue, and was told that the Aquatic Center's application stated their demand would only be 700 GPD.

5. Emergency Interconnections with Ledyard/Groton Utilities

In 2017 SCWA signed an agreement with Groton Utilities and Ledyard WPCA to install emergency water main interconnections between all five SCWA Ledyard divisions, and the Ledyard WPCA system. These projects are to 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. Groton Utilities completed the Tower/Ferry View and Barrett interconnections last fall. Although Groton Utilities said they would start installation of the remaining interconnections in May, to date there has been no activity.

6. Update Asset Management Plan

General Manager Cansler said that in February 2019 SCWA submitted an updated application to the Drinking Water State Revolving Fund (DWSRF) program for a project to upgrade the Tower Division pumphouse, and add a water tank. The DWSRF program provides low-interest loans, with the potential for up to 25% subsidization, for eligible projects in the form of principal forgiveness. As part of the program SCWA is required to have an updated Asset Management Plan. DPH has indicated that SCWA's current plan, submitted in 2016, needs to be updated for SCWA projects to be funded under the DWSRF program. Mr. Cansler said he reached out to Lenard Engineering, which prepared the 2016 plan, for an estimate to update the plan. On May 2nd they provided an estimate of no more than \$4,000 to update the plan in accordance with DWSRF requirements. Mr. Cansler recommended approval of the estimated fees to update the plan. Mr. Eccard made a motion for the Authority to authorize the General Manager to expend no more than \$4,000 to have Lenard Engineering complete the update to the 2016 Asset Management Plan. His motion, seconded by Mr. Mullane, was approved by a vote of 6-0.

7. Four-log Applications

Applications were submitted to DPH on January 17, 2019 requesting 4-log certifications for all SCWA systems which treat water with chlorine, and meet minimum storage requirements. Currently 9 of our 14 systems meet both requirements. In addition SCWA has submitted a request to start chlorine treatment at the North Stonington system. A 4-log certification request was submitted for North Stonington as well. If the applications are approved, SCWA will be able to reduce our sampling/testing requirements, and SCWA will not have to conduct a public notification for positive e-coli results, from samples taken before treatment. Mr. Cansler said that these applications are currently under review at DPH. He added that DPH has reached out to SCWA for more information, which was provided.

8. Vulnerability Assessments for Per- and Polyfluoroalkyl Substances (PFAS)

DPH required all water systems that prepare water supply plans, which includes SCWA, to conduct an evaluation of potential contamination resulting from possible nearby sources of per- and polyfluoroalkyl substances (PFAS). All utilities were required to complete a vulnerability assessment study for each system. In February the Authority authorized the General Manager to have Lenard Engineering prepare all the vulnerability assessments, to include mapping and land use research. In late March assessments for all 14 SCWA divisions were submitted to DPH. SCWA has not heard anything back from DPH regarding the assessments.

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

After a series of hearings at the lower courts the case was forwarded to the Connecticut Supreme Court in September 2017. The Connecticut Supreme Court heard the case on November 13, 2018, and on April 3, 2019 the State Supreme Court issued a ruling that reversed the trial court's granting of the summary judgment motion, holding that the SCWA lacks authority to promulgate a rule that immunizes it from liability for disruption in water service. As a result, 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. Since the original trial judge has now retired, the court has discretion to either review matters based on the record, or ask for new argument regarding economic loss only. Mr. Cansler said he has not heard anything new regarding this case.

10. DPH Safe Drinking Water Primacy Assessment Fee

A bill amending the Safe Drinking Water Primacy Assessment statute was submitted to the State Legislature in February. This Drinking Water Assessment fee, which was originally approved two years ago, was created to fund a percentage of DPH staff through fees charged to each water utility, or company, based on the number of customers served. The original statute states that the assessment may be collected from each customer, and may be included as a separate item on every bill. The new amended statute includes a proposal to raise the fee cap from \$4 to \$5 per service connection. The new language also eliminates the cap on the total dollars raised under this fee, currently \$2.5 million. General Manager Cansler stated that this bill (HB 7193), was narrowly approved by the Public Health Committee in a 14-11 vote, and is awaiting action by the Legislature.

11. Regional Considerations

a) State Water Plan: On November 28, 2018 the Water Planning Council (WPC) formally re-submitted the Connecticut General Assembly for consideration and approval. The plan, was heard during the 2018 legislature cycle, but no action was taken. On June 14, 2018, then-Governor Malloy signed Executive Order #66 directing the WPC to immediately implement the State Water Plan, as submitted to the Connecticut General Assembly in January 2018. This version includes language regarding water as a "Public Trust". Many public utilities in the state have argued about the addition of this language to the State Water Plan. At this point, there does not appear to be any interest by the legislature in formally adopting the State Water Plan. Environmental advocates are comfortable with allowing the governor to exercise his authority to approve or reject the plan in January 2020. For now, Executive Order #66, signed by Governor Malloy, remains in effect.

b) Water Utility Coordinating Committee (WUCC): The Eastern Water Utility Coordinating Committee (WUCC) last met on November 14, 2018 at the Southeastern Connecticut Council of Governments (SCCOG) office. The date of the next meeting is to be determined. 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 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 AWWA and CWWA: The General Manager represents SCWA as a member of the Connecticut Water Planning Council Advisory Group (WPCAG), which meets monthly. Mr. Cansler is currently Chair of the WPCAG Nominating Committee, which prepares the annual membership slate for appointment/reappointment of members to the WPCAG. Mr. Cansler is also 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 Mr. Mullane, 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 10, 2019, 5:15 pm at 1649 Rt. 12, Gales Ferry, CT.

Josh Cansler
Secretary