

South Central Connecticut Regional Water Authority
January 21, 2021
Meeting Transcription

David:

All right. Well then at 12:30, I will call this Regional Water Authority meeting for January to order and I will ask for our safety moment. Larry.

Larry:

Okay, thank you. I've been having Jeanine actually review our safety moment since safety falls within her area of responsibility. So Jeanine I leave it to you.

Jeanine:

Thank you, Larry. Good afternoon everybody. Hope everyone's well, it is kind of chilly today.

Tony:

[inaudible 00:02:33].

Jeanine:

So this is a really good safety moment. Being safe at home and extreme cold is defined as a prolonged period of excessively cold weather. It's part of our winter, we have it here. So just to be prepared, there's a few things you should just make sure, make sure your home is well insulated, check all battery powered equipment and stock extra batteries, obviously in the event we lose electricity, keep emergency heating equipment available, stock an extra supply of food and our yummy RWA water. You want to be able to have that and not lose that. Insulate your water pipes, obviously staying indoors during extreme cold weather would be helpful. Make sure we take care of our pets by not leaving them outside for long periods of time, wear loose, layered clothing and check your heating supply. Thank you.

Larry:

Thanks Jeanine,

Jeanine:

You're welcome.

Larry:

Okay back to you, David.

Kevin:

David you're on mute.

David:

All right, next. Thank you very much focused. The next item on the agenda is to meet the Pension and Benefit Committee. So I would ask if someone would like to move that we recesses the authority of meet as pension benefit.

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Kevin:

So moved.

Suzanne:

So moved.

David:

So moved by Kevin, seconded by Suzanne. Since you're ready to vote, all those in favor, signify by saying aye.

Everyone:

Aye.

David:

Passes unanimous. All right, Suzanne it is all yours.

[MEET AS PENSION & BENEFIT COMMITTEE FROM 12:31 P.M. TO 1:31 P.M.]

David:

Thank you. We're back as the authority, and we're on the consent agenda, and there is an item that Larry has a more update than the update more current and that's item five. So I'm going to ask that we take that off and talk about it right after we consider the consent agenda. And I would also note within the consent agenda, item seven is a calendar adjustment for some of the committee meetings. As I took a look at the committees, I noticed that some months we had four of them, and some months we didn't have any and management worked with trying to even things out a little bit so that they know exactly what's going on, when and when to plan for us and so that we're not overloaded with four committee meetings in one month and then we don't have others in the other months, so I think the flow is going to be a little bit smoother.

David:

If there's any questions or problems you can reach me on that, but... Any other items want to be taken off the consent calendar other than the Derby Tank to discuss at length? All right. Will someone like to move the consent calendar?

Kevin:

I move the consent calendar as amended with the Derby Tank off.

David:

Thank you, Kevin. Is there a second?

Tony:

Second.

Suzanne:

I'll second that, David.

David:

All right, seconded by Tony and Suzanne. All right, all those in favor signify by saying aye.

Tony:

Aye.

Steve:

Aye.

Kevin:

Aye.

Steve:

Passes unanimously. All right, so we are on the Derby Tank update and we're also into updates, so the timing is good here. So Larry, if you would like to do that?

Larry:

Sure. On the memo that's contained within the consent agenda on the Derby Tank indicated that we were waiting for the judge, Judge Berger to render his decision on the appeal. And the Orville, Kelly who has been working on that Derby Tank received word from Martha last night that the judge strongly ruled in favor of the RWA, so that's great news. The other party could appeal, but Martha's opinion was that, given the judge's strong language on ruling in our favor, that that was unlikely. So now we're going to have to do some negotiating with some land owners and the like in order to move forward. Ted, do you want to add anything to that?

Ted:

I think it's a pretty good synopsis. So yeah. So next thing on our list is to get this thing rolling and we do have to negotiate with them to settle the lease with the town, the city of Derby, and then two landowners that we've been dealing with that were part of the deal that we made with the town, and then we are ready to rock and roll. So yeah, we're really glad to hear that the judge made his ruling on the 120th day, which he was allowed since then. And we've been actually at this, we got the approval back from P&Z in June of 2019. So it's been more than a year and a half that we've been sitting and waiting for the appeals and everything else to go forward. So we are looking forward to getting this thing rolling.

David:

Good.

Suzanne:

That's excellent news.

David:

Yep. Good. All right. No other comments with that, then Larry, you want to move on to other updates?

Larry:

Yeah. So we'll as we have in the past, back in Steriac, and Beth will provide an update on COVID and on the steps that we're taking.

Beth:

Great. Good afternoon, everyone. Just an update on where we are in terms of COVID. In terms of employee health metrics, as of January 20th, we've had 21 confirmed cases among our employees. That is an increase in five cases since my last report in December. Most of those were discovered between the holiday season, I'm happy to report that we since have no hospitalizations associated with that, so staff seems to be recovering from the virus, so which is all good news. In terms of other work that's going on, pretty much status quo in terms of operations, customer service, et cetera. As you know, we had a rolled back our phasing in terms of delimiting transmission within the offices and the space among employees, that started in Thanksgiving and was supposed to expire just this week. And the return to work committee met the week before that was supposed to expire and recommended that that roll back continues through President's Day holiday, which is mid-February.

Jeanine:

It's cut down on just some of the administrative work, I think for our HR professionals in terms of contact tracing, et cetera, and we've been able to perform our duties remotely as necessary, so that's been working well. In news around the vaccination, I'm not sure if you're all aware, but originally, water utilities were pushed to phase 1C, which is we're currently in phase 1B, rolling out to 75, those that are 75 and older. Earlier this week, there was a flurry of activity in terms of lobbying to the vaccination selection committee as well as the commissioner of public health.

Jeanine:

So Larry and I co-authored a letter to the department of the commissioner of public health requesting that water utilities be moved to the 1B and prioritized. And our lobbying staff, internal and external have been involved with trying to get some attention at the Capitol to ensure that water utilities are among 1B, so we're anxiously waiting. I believe there was a meeting that was going to either be today or tomorrow, I think to review the status, so we'll keep you all updated. But that's been most of our efforts most recently around the vaccination. And that's all I had to report, if anybody had any questions, I'm happy to answer any.

Greg:

How are the five employees doing now?

Jeanine:

Good. I've heard that they're recovering. And, Jeanine, I don't know if you have anything to add from that perspective.

Jeanine:

Yeah. I mean, we've been lucky except for really two individuals that interestingly enough, contracted it in the beginning of March, mid-March when maybe there either it's coincidentally, they got severe cases or we didn't know how much as good to handle them as we do now. But we really haven't had many people that have reported severe illnesses, so it's been great.

Greg:

That's good.

Jeanine:

Yeah.

Tony:

David, when you get a chance, can I go back to item number seven on the consent agenda? I need a review of the committee meeting dates and the committee chair assignments. That went very quickly for me since I somehow didn't take notice of it before.

David:

We absolutely can come back to that for clarification or questions. Do you have any questions or do you just want us to spend more time putting it up on the board and review it?

Tony:

Yeah, I need to see it and talk about.

David:

Okay. Okay.

Tony:

Are we going to get a copy of this?

David:

It's in the board pack, but we can ask Jennifer to mail out a paper copy.

Tony:

Okay, if it's in the board pack, I got it.

David:

Yeah, it is. Yep.

Tony:

All I need to know which of those committees, who has what?

David:

Okay, she'll present that next. It's also in the board pac, just so you know.

Tony:

Oh okay. Give me a break. I'm an old guy.

David:

Well, then you're going to get a shot.

Tony:

So I'm on audit risk? Okay.

David:

Yeah. Well, you and I talked about that. That's what you asked and I-

Tony:

Just because we talked about it doesn't mean that you decided.

David:

Oh my golly. I would never go back on what I said to you.

Tony:

Oh well, I have many times. Okay, got it, thank you. Let's go onto the next one again. The schedule.

David:

Okay.

Tony:

Okay. So 02/18, I got an appointment.

David:

Right, to get ready for the work.

Tony:

And 20.

David:

And May, yep.

Tony:

And 9/16.

David:

9/16.

Tony:

And 12/16. Now let me take a quick look and see how many of those are conflicting.

David:

Well, we'll work around.

Tony:

No, no, they're all Thursdays, right?

David:

Correct. They're-

Tony:

Okay, I'm good, thanks.

David:

Good. All right. All right. So then, Larry will continue on with your updates. Thank you very much, Rochelle and Beth for your update on it.

Rochelle:

Do you want me to give you an update?

David:

Yes, please.

Rochelle:

Okay. Just really quickly from the financial and cash perspective. So we have through the end of December fiscal year to date basis. Cash collections did continue to be better than we had anticipated and not as severe. Definitely, the cash has been impacted for the higher billings that we saw in the first half of the year. However, there are some additional items I just wanted to mention. Again, keep in mind that our revised budget from January forward assumed to fall back to normal, so we're not expecting at this point that to occur. We also had assumed that some of the shortfall that we would receive in the earlier months a year, we would make up in the latter months.

Rochelle:

So I do want to share that the last five months of the revised budget is actually higher than what the original budget was, so we'll be keeping that in mind. We are continuing to watch on cash very carefully on a weekly basis. For production, we did see that January production is actually down year, over year, in December was also down so we are expecting that to flow through the billings. But we have incorporated the expectation that the latter part of the year will not be as strong as we had originally anticipated just based on what we're seeing, but again, just really keeping a close eye on that.

Larry:

And the projected draw is still \$600,000 Rochelle?

Rochelle:

Yes, that's correct. And it's important to know that projected draw is based on the lower revised O&M expense.

Larry:

Okay. Any questions of Rochelle?

David:

I actually do have one. Because I know the financial report was in the consent calendar, we had it in there to look at, but it's difficult to figure out if we had gone with our original expectation in the budget for revenue, how did we fare against that versus the revised budget?

Rochelle:

So on a pure cash receipt basis, right now we are actually slightly above on cash receipts. However, we did not see a reversal even in the month of December, so even though our December cash versus the revised budget was higher, we actually were under the original budget and the amount that we were over in December was one of the lower months. Again going forward, it's really going to be about the billings as well as what's really happening with a pandemic.

Greg:

Do we still have that drop off box at the authority where people could pay, drop the envelope in?

Larry:

Yes, that's still outside, Greg.

Greg:

We still have it? Okay.

Larry:

Yep. And they put improved signage there so people can see it.

Greg:

Okay. Thank you, Larry.

Steve:

It's a good sign.

David:

Good. All right, thank you Rochelle. I see no other questions.

Larry:

Okay. And I'd like to spend a few minutes to highlight some points from this month's board letter. First, Rochelle and Dennis Donovan had been working with an outside accounting firm, Citrin Cooperman to

finalize their financial analysis on the lab act acquisition and that includes evaluation methodology as well as a deal structure. And our plan at this point is to put forth a non-binding letter of intent next week that is based on the discussion at the December authority meeting. And we'll certainly fill you in on more progress about that either at the non-core meeting, I think which is in March or if we need to get together sooner with you, we'll talk to David about maybe having a special meeting.

Larry:

We had an all employee Zoom cast meeting last week that Jeanine and I co-hosted, and that was on Tuesday, excuse me, of this week. And I kicked off a company-wide initiative to improve our focus within the RWA on having a more diverse and inclusive workforce. We planned to do this by revising our policies and practices that might lack diversity, equity and inclusion considerations, as well as increase our workforce diversity and under-representative job groups, and offer outreach and shared learning opportunities with employees.

Larry:

In addition to introducing the DENI initiative to employees at our new year virtual meeting, I looked back at 2020 and I had the 2021. And as part of that, I shared a three-minute video that was created and produced by our communications department, which was a tribute to our employees during what was a very tough year. They did a great job on the video and I thought you might enjoy seeing that. And so, Jennifer is going to play that, the three minute video now.

End of year 2020 video:

2020 has been a year none of us will forget. There was celebration. We wore red for women. Gave back to our communities.

End of year 2020 video:

Hearing them applying key terms and concepts that we've learned within the course is a hundred percent fulfilling.

End of year 2020 video:

And delivered, reliable, high quality water and services to our customers.

End of year 2020 video:

People rely, when they turn the tap on, or they open a fire hydrant to fight a fire, they expect water to come out. So we're an operation that never shuts down.

End of year 2020 video:

Then the COVID-19 pandemic hit.

End of year 2020 video:

I'd hope you, your families and your loved ones are healthy and safe.

End of year 2020 video:

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The need for reliable high quality water has never been greater. And the RWA will continue to deliver on our commitment to our customers and our communities throughout this pandemic.

End of year 2020 video:

As one team, one RWA, we adapted with agility, ingenuity and tenacity.

End of year 2020 video:

Welcome back to Regional Water Center learning from home.

End of year 2020 video:

Fishing season is now open, man, since we're only allowed to do solitary activities these days, what is more solitary than this?

End of year 2020 video:

This actually is doing exactly, I think with what the governor is saying.

End of year 2020 video:

We made a difference and thanked those on the front lines. There were new beginnings. We persevered.

End of year 2020 video:

I'm here at the facility. We're getting ready to spruce it up and reopen for the 2020 season.

End of year 2020 video:

Your individual efforts and collective contributions are most appreciated by the leadership team and me.

End of year 2020 video:

We shared Water Wise Ways. And in response to drought, we sold a record number of rain barrels.

End of year 2020 video:

The barrels being used here to Connecticut Autobon Society were donated by the Regional Water Authority. But if you want to buy one, they'll sell to you at a discount.

End of year 2020 video:

When tropical storm Elsa knocked out power to thousands, we brought water to people on wells and we recovered after a tornado tore through our region. You got outside, enjoyed our recreation properties and sent in your best shots. We were visible in the community and in the media.

End of year 2020 video:

PipeSafe to the rescue is here for you 24/7.

End of year 2020 video:

And named one of the most sustainable water utilities in the country.

End of year 2020 video:

Vulnerability and action on climate is at the very heart of what we do and who we are.

End of year 2020 video:

We made infrastructure improvements, and through it all, we served our customers and our community safely. Everyday, living up to our higher purpose to make life better for people. There was little doubt, 2020 was a year of challenge and change but in the middle of all the uncertainty, we prevailed together, and there's reason to be hopeful for what's ahead.

Larry:

Thanks, Jennifer. The next item I'd like to cover from the board letter is our continuing efforts to work with a professional grant writer to help us pursue federal grants for additional funding for our capital improvement program. So recently, Ted, Rochelle and I met with our grant writer again for further review and answer questions that he might have on our capital program. And we also discussed some specific projects for him to look into funding such as the Lake Whitney Dam refurbishing project and how we could qualify for that. We'll, of course, continue to provide you updates at future board meetings.

Larry:

And lastly, within the framework of our 2020, 2025 strategic plan and fiscal 21 initiatives, we are working to align the procurement function to a centralized system with the goal of controlling spending and limiting inventory redundancy. So we plan as part of this to redirect spending through our purchasing department to achieve a stronger financial results by reducing working capital, improving cash flow and improving efficiency. So that will be done in a phased approach over the coming months and we'll share progress with you on this initiative at a future meeting.

Larry:

So those are the highlights of my board letter, but before I close, I'd like to mention one other item and I'm excited to let you know that Rochelle will be a panelist during a two day virtual workshop hosted by the Connecticut Water Planning Council and the Alliance for Water Efficiency. And the topic is how to get yes on rates from a water supplier and commissioner perspective. So Rochelle will be joined up on the panel with the president of the Alliance for Water Efficiency and then she'll moderate that discussion. The peer vice chair will be a speaker along with the first selectman of the town of Portland, David Silverstone, who is the consumer advocate at the MDC and the State center Senator will be part of that panel as well. So congratulations Rochelle from getting selected to be a part of that panel.

Tony:

Congratulations Rochelle.

Rochelle:

Thank you.

Suzanne:

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We're going to have to start calling you Hollywood.

Rochelle:

She'll sign-

Tony:

When she comes in with sunglasses, we'll know.

Larry:

Yep. She'll sign autographs at the April meeting, so bring the cards. So any questions? Okay. Thank you very much.

Greg:

Thank you.

Larry:

And that concludes management highlights and updates.

David:

All right. Thank you so much. We'll move on then to RPB committee and assignments, and then we'll take a break before we get the compensation committee, just so we can all plan for our health breaks.

David:

Move on to January. I went to the finance committee meeting and we pull up the notes that I have from that. Normally, I'd have them on paper on me. Well, basically the main topic of conversation was that they accepted the application as complete for the West River Water Treatment Plant and that's going to be the subject of a public hearing coming up. They assigned people to cover our meetings for the spring time, budget time and receive the quarterly financial report. Oh, and Larry also gave them an update on a topic that we'll be discussing in the compensation committee, so that was their issue. That was those issues for them. Land use, Kevin, were you there the other day? (silence).

Suzanne:

Kevin, are you on mute?

Kevin:

Sorry about that, I was on mute. I'm trying to [crosstalk 00:26:09]. Yeah, I attended the land use meeting. The focus of the meeting was, John Trana had talked about the land use plan, and the amendment to the land use plan and the history of the land use plan. And what's interesting, there was good conversation... Mr. Malloy was there as well who's on the meeting today with us... but it was a good general conversation and what it highlighted to me is that even though for several of us who are familiar with when the land use plan, I think was last amended in 2016 and the history of it, we have a rolling admissions to the RPB and to the management and the committees, so it was good to acknowledge that.

Kevin:

Some people are hearing it for the first time and there was a lot of good questions and discussions based on that, and I think it's a good reminder that it's something that if you've been involved with the RWA for a number of years, you take it for granted. So that was the basis of the discussion and then there was the other standard updates, nothing really that was a controversial or caused any great amount of discussion with that.

David:

Thank you very much. And Suzanne, looks like she's going to be busy next Monday.

Suzanne:

That's right.

David:

Okay. Very good. All right. So then if it's all right with everybody, maybe we'll take a quick 10 minute break and then we can come back and we'll meet as a compensation committee.

Tony:

Are we going to fill in the other dates, David?

David:

Oh, good. Thank you, sir. Let's do that. For February, who hasn't been to and has the ability to do the finance committee?

Tony:

I can do finance or consumer affairs, whichever you want me on.

David:

Well, anybody-

Tony:

Or I can do finance.

David:

Okay. You can do finance. Land use? Anybody available to do land use?

Suzanne:

I actually have land use on my schedule already, so let me take it.

David:

Great. Okay, and consumer affairs?

Tony:

I can do that as a makeup.

David:

All right. Nobody objects. That's fine. Have you back in the saddle there, that's great. All right. So for March, who wants to do finance committee? Who hasn't done that in a while?

Kevin:

I can do finance.

David:

Okay.

Kevin:

Oh, Suzanne wants it.

David:

Suzanne?

Suzanne:

I can do it, Kevin.

Kevin:

Okay.

David:

How about land use? Who hasn't done land use and would like to?

Tony:

I can do land use.

David:

Okay. Tony, that will be yours for the month. And consumer affairs?

Kevin:

I can do that.

David:

Okay, very good. All right, we have our assignments. Thank you for reminding me. All right. So we'll take a 10 minute break and come back and do the rest of our meeting. Thank you folks.

[BREAK]

David:

Okay. There you go. Good. All right. Yeah. I didn't see your name either, it's a blank. All right, good. So we are all back. So I will ask if we would like to recess as the authority and meet as the compensation committee?

Tony:

I'll move.

Joe:

I'll move.

David:

There's been a motion and a second. All those in favor, signify by saying aye. Aye.

Group:

Aye.

David:

Kevin, are you there?

Kevin:

Yes, I'm here.

David:

All right, good. Just make a sure.

Kevin:

[crosstalk 01:40:08].

David:

Okay. Passage unanimous. All right, we can move on to Joe.

[MEET AS COMPENSATION COMMITTEE FROM 2:08 P.M. TO 3:07 P.M.]

Tony:

Hi, Ted.

Larry:

... May, June timeframe. The primary reason for this was to give you essentially a heads up on it. The Whitney Dam refurbishment project has been in the capital budget for the past few years at about \$20 million. In 2015 and 16, we had outside consultants that had dam expertise look at the Whitney Dam. For a long time management thought that the dam was a solid core dam. Upon examination, we found that it was actually a rock filled embankment, so it's not as stable as what we had been led to believe. So

we carried it in the capital budget since around '16, at \$20 million. That \$20 million was based on industry estimates without having a consultant really do a deep dive into the dam and what it would actually be. We've hired a well-known expert consulting firm called GZA Environmental to examine the project.

Larry:

They've estimated that it's going to be about a \$40 million project. With that, Ted and I thought it would be good to give you an overview of the project and answer your questions now, we'll be presenting the application to you later this fiscal year. So Ted?

Ted:

Thanks, Larry.

Larry:

The other thing too is when David and I were having breakfast Mario, he had expressed an interest in understanding the [inaudible 01:44:18] of how the cash was going to be spent over time. We haven't developed that yet, but Rochelle can maybe talk to that financing a little bit. So Ted, I'll give it to you.

Ted:

All right. Thank you, Larry. Now Whitney Dam is our oldest dam. It was built in 1860 and it's had very few substantial upgrades over the years. A few things have been done to it, but nothing to drastically change its capacity. Larry said, "It's a rock filled embankment dam." Actually our early consulting engineers, RW Beck, that we had for years [inaudible 00:14:56], made the assumptions based on their analysis that it was a completely solid dam. So this was something that was thought for a long time, because dams back then were built either solid or they were built loose rock filled. It wasn't until 2015 that we found out that it was rock filled. It's a high hazard dam and a really high hazard dam by [inaudible 00:01:45:20], which means that it has a capacity to [inaudible 01:45:23] downstream and do significant structural damage downstream. The dam because of its nature now does not meet the current standards for design, which is called the maximum probable flood, MPF.

Ted:

To give you an idea of what that [inaudible 01:45:40] is, the maximum probable flood is 37 inches of rain over 72 hours. The most we've ever had at that dam or in our area is 1982. It was about a 200 year storm where we had about nine or 10 inches over a little less than 24 hours. 37 inches is the [inaudible 01:46:02] flood, but it is the design standard now. The objectives, of course, are to meet [inaudible 01:46:08] standards to control some seepage that is coming through the dam and it has been since probably it was built. Increase the spillway capacity. It can only carry a 100 [inaudible 01:46:20], but now we need to get it up to a thousand year flood. Reconstruct the intake towers. That's where the water comes into and goes into the dam and goes into the Lake Whitney Water Cooling Plant. Route some pipe [inaudible 01:46:36] that have been there since day one and occasionally leak, and also have to maintain historic downstream face of the dam.

Ted:

We'll talk a little bit more about that in a minute, because the dam is on a national historic register, and that is significant in terms of what we can and can't do without a lot of fighting. Then also one of the

goals is to maintain Whitney Water Treatment Plant [inaudible 01:47:01] because of this. Lake Whitney has different reasons really. Number one, it's redundancy for us. As we've seen lately in some of our systems, we need redundancy. Also, that it allows us to decrease the stress and usage of Lake Bellard, which is important in maintaining as much water as we can for those times when we do hit droughts. So those are the reasons we want to do this, main reason being regulatory. Larry mentioned our design team is GZA GeoEnvironmental. They were selected out of an RFP process in 2018. They're about a million dollars for their fees.

Ted:

The one that was also in the running was Fuss and O'Neill, but they are twice as expensive and had problems with our PSA professional services agreement that didn't seem to be very easily resolvable. Very few people have that much trouble with it. GZA is a large firm [inaudible 01:47:55] expected 31 offices in New England, the mid Atlantic and the Great Lakes sites with 700 staff members. They've been around for years and are highly respected. We also have a sub-consultant to RWA, it's Tighe & Bond. They're really doing peer review as we go along. Their roles not large, but they're really an advisory capacity for our staff members in working with GZA and the other aspects of the dam. So Larry mentioned that... Well, he didn't mention, but we looked at five alternatives. I have looked at five alternatives.

Ted:

One of them is a downstream buttress, and that would cover the face of the historic dam, and the construction cost, that total cost of project is 22 to 26 million. Another one is routing the existing dam and basically drilling holes in it and trying to fill it with drought. Well, that has been attempted before. We don't think that has a high possibility of success, but it could be done and that was 26 to 30. The other three alternatives were all upstream alternatives where we build a concrete dam in front of the existing dam. We did something similar at Lake Saltonstall with our treatment plant several years ago, [inaudible 01:49:10] our dam, considered our dam. We built our own dam upstream. We can't really fix the Whitney Dam. You have to do something with it.

Ted:

So in order to do that, the best alternative is to put a new concrete dam upstream of the Lake Whitney Dam, and just keep the Whitney Dam in place as it is. Larry mentioned the cost of that, the cost of the best alternative, three alternatives, excuse me, upstream. One is to put in a cellular cofferdam at the dam. That's really a dam in front of a dam so that we can work in the dry between that cofferdam and the existing dam. You have to have a place to work. You can't work under water. That was the most expensive of the best alternatives. That was 39 to 42 million in construction costs. I had another 10 million for final costs. The next one was to completely drain Lake Whitney for the three years of the construction will carry over and also takes Lake Whitney Water Plant offline for that period as well.

Ted:

That was 22 to 24 million. That was at least actually the least cost alternative. But in terms of other aspects, it's not the best alternative. The best alternative we believe is again, constructing that new concrete dam. They're going to actually put a cofferdam or put a sub dam up into the reservoir at Davis Strait, so we can keep the upper part of the lake, really the upper two thirds of the lake full, and then just drain the bottom one third or one quarter of the lake to allow us area to work. We would also put in a pipe from there, the temporary dam on Davis Strait, down to the intake to be able to feed Lakewood

Water Treatment Plant and keep it online, very important criteria for us. So those are expensive costs, and why is this product so expensive?

Ted:

It certainly caught our breath when I finally got the good estimates. We're about 35, 40% into design. The numbers we're talking about are really actually pretty good numbers. Reasonably it's got so high is that we've done a lot of extra boring out there. We always do borings when we're going to do a dam project. We've done additional ones, because we found that there was a lens of sandstone running underneath the foundation of the current dam that's going to impact design as well as some of the strengthening of the dam. That's got to be added with a cost there. Also, we found out the upstream embankment, the current one is not compacted as we thought it wasn't. It was actually called out to be in the old plans, so that's an impact as well.

Ted:

The historic concerns. We've talked to the state historic preservation office and they are really set on maintaining the historical nature of the dam, the downstream face that everybody's seen when you can drive up to the Lake Whitney Water Center. That's one of the reasons we kicked out that alternative. There's environmental concerns. We've talked to deep fisheries. They were concerned with having a full lake draw down, because of the [Ill 01:52:01] system, the Ill migration system that they have there, that we installed when we built Lake Whitney Water Treatment Plant. They are much more amenable to having the lake one quarter to one third grand in the alternative that we have selected as the best alternative at this point. Also again, operational needs to keep the Lake Whitney Treatment Plant running. That's adding to the cost, but we can't speak more highly about having additional redundancy and keeping that plant running. Any questions so far?

Suzanne:

You may have said this, Ted, but what was the original cost of this project?

Ted:

We've been holding 20 million in the budget, and actually the tenure that they were holding 20 million, but that was [crosstalk 01:52:55] our investments came in just after that model was completed. [crosstalk 00:01:52:59].

Suzanne:

Okay, and we're now considering a \$42 million project?

Ted:

No, actually the total project that we're looking at right now is \$39 million.

Suzanne:

39.

Ted:

Mm-hmm (affirmative).

Suzanne:

Thank you. Thank you. I just wanted to make sure I had those numbers.

Ted:

That's what the 20% contingency, meaning plus 40%. The actual cost is about 33 million for the entire project, not just construction, but you add 20% at this level of design and you're up to 39 million. So we would anticipate that this would come in at a lower than the 39 million we're talking about now. We'll have much better numbers as we get further on in design. So what does this do to the budget? Certainly it's a big impact on the budget, Larry mentioned that. The primary impact is in fiscal years, 23, 24 and 25, which based on the tenure model that you've just seen, we're all right around \$40 million, including continuity. In FY23 and 24, this project... Well, not only this project. This project and the novel Saltonstall project, which we have the better numbers on because we have the application in, were at about 8.7 or 8.3, depending on the year to that 40 million. We got 48.9 to 48.7, we're 23 and 24 and 25.

Ted:

The addition is not quite so high, but still is as significant at 6.7, bringing the budget up to about \$46.5 million. So significant numbers and much different than we have on the 20 year budget right now. The entire organizations in the process of doing capital budgets when we have a little bit more information on those. Actually the information I think is due at the end of next week, we'll be able to put that together and see where we can mitigate, if we can mitigate, to try to get the budgets down at 23 through 25.

Ted:

With that said, we did postpone some projects, we have the tunnel, we have other projects that we need to get done. We're going to have to really take a hard look to see what can and can't be done. But the next steps on the dam project are, do a business case evaluation, not just looking at the financial economic impact, but also the social and environmental, because they are high on this project. Just want to make sure that we have the right alternative selected. We will do value engineering also before we get to the RPD application. Then the RPD application, as Larry mentioned, sometime in the late fiscal year, early summer period. Are there any questions?

David:

I'm not sure I heard this in what you said, but do you expect much more refinement in the numbers in terms of design on it before the application is ready? So in the next three, four months, you're going to be doing a lot significant more portion of the design?

Ted:

Because the project is so big, David, we're going to continue with design. We're not going to get so far ahead of ourselves that we can't just backtrack, but yes, we'll probably be in the 50 to 70%, 50-60% design range. So we will have a better estimate. Yes. It might be able to lower the contingency, but that's in advance, yes. It's a plus 20% contingency right now, which is \$6 million. It's a lot of money.

David:

Yup. Are there other questions and comments from everybody?

Suzanne:

My only question is sort of procedural. So I appreciate all the information. For a doubling in cost of a huge capital project, is this how we do it, is a verbal presentation and go, go, go?

Larry:

No, we'll actually present to you the application package and then a formal presentation to review and summarize that application package. It'll essentially be a preview of what will be presented to the RPD when they have a public hearing. You'll have a much more in depth review of the project. We're bringing this to you as a heads up, because of the increase in the cost and the impact it will have on the capital budget.

Suzanne:

So this is an update and the full package will come and we'll approve it at that point?

Larry:

Correct.

Suzanne:

Okay. Thank you. That's helpful.

David:

Are there other questions or comments? All right. Ted, thank you for the update.

Ted:

Thank you for your attention.

David:

That was the last item on our agenda. So I will ask for a motion to adjourn.

Tony:

So moved.

Suzanne:

So moved, seconded.

David:

Moved by Tony, seconded by Suzanne. All those in favor signify by saying aye. Aye.

Group:

Aye.

Suzanne:

Thank you.

South Central Connecticut Regional Water Authority
January 21, 2021

[AUTHORITY MEETING ADJOURNS AT 3:24 P.M.]