

**Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District**

**Monday, September 13, 2021 at 5:00 p.m.
Meeting Transcription**

Tim: Okay. So I'll call together this meeting of the Finance Committee for September 13th, 2021. We are being recorded on Zoom, via Zoom. And I guess our meeting starts with a safety moment, as it often does. Or, as it always does. And, it's about composting. You don't have to watch the news to worry about composting. It's something you can do in your backyard. And, it's all useful information. So, have at it.

With that, we will now move into a presentation on lead and copper update rules. Tom Barger's going to be presenting this, and I welcome this. I welcome this. This will be very interesting, I am sure. So with that, if everyone's ready for the show and presentation, Tom you can lead in at your convenience.

Tom B.: All right, Tim. Thank you. And good afternoon, everyone. [crosstalk].

Tim: Thank you for joining us.

Tom B.: Oh, you're very welcome. I appreciate the invitation. So, let's see if we can get to share my screen here. All right. Everybody see that, and hear me okay?

Tim: Mm-hmm (affirmative.).

Jen: Yes.

Tom B.: All right. Terrific. So again, thanks for the invitation this afternoon. I'd like to go through this, and just kind of bring everybody a little bit more up to speed with respect to some changes with the lead copper rule. And, I'll certainly invite Rochelle and Jim Courchaine to chime in as I'm going through this, because I'm not possibly going to be able to remember everything.

So, as we kind of go through this, many of you will recall the lead and copper rule has been around for about 30 years. It's gone through a number of minor revisions in that period of time. Currently going through a much more significant set of revisions prompted by Flint, and other major cities in the country that have been non-compliant with the lead and copper rule, and all of the lessons that have been learned as a result.

So we're looking at some significant revisions, and I just want to kind go through a couple of those at a very high level. And I'm going to probably say this a couple of times during the presentation, that there are still a lot of decision points yet to be made at the federal level, at the state level. And then finally, once the feds, and the state folks figure out what way they want to go with this then we,

at the utility level, will have some decisions to make as well. So just going through this, some of the higher points, lead service lines are changing in terms of definition. The definition is being expanded. Historically, lead service lines were exactly that. Service lines composed of lead pipe. It's expanding to include, in certain situations, in certain configurations, galvanized iron lines. So, that's something that we have to pay attention to.

There are a number of those very common conveyance lines from the late say, 1890s, really through 1940-ish or so. So we have some of those that are out there. Both under our ownership as a utility or management, if you will. And also under the front lawns of the Smiths and the Jones and the Johnson's out there. What we have done to start to approach some of these revisions because of their complexity is we've signed a contract with CDM Smith. CDM Smith, as you may be aware is an engineering firm that has a lot of experience in working with other large municipalities specifically on lead and copper rule compliance. So we're very fortunate to have them. And I'm very, very thankful for that. And we've been working on primarily a three task list in this particular contract. And first and foremost is the development of a lead service line inventory.

Now you may think, "Gee, what's, what's the big deal about an inventory?" We'll get into that a little bit more, but essentially it's what do you have and where is it both on utility side and private side, which is a new twist to our responsibility. From the inventory, and it's important to get that correct and as accurate as possible, because from that, you're going to then develop a lead service line replacement plan. So that is that's going to be a big undertaking and in order to have a good plan, you have to have some good information. So one will beget the next and finally a review of existing corrosion control treatment. One of the decisions that hasn't been made yet still out on the table is whether our existing corrosion control treatment that we've been practicing since 1978 will be accepted moving forward. That is a big decision point and we're of course, very interested in hearing more about that.

Relatively speaking minor changes will also include changes to sampling programs. For the first time, we'll be obligated in the distribution of certain types of filters specific to lead particulate removal. There's a lot of public education, a lot of communication updates to our website and so on and so on. I described this set of revisions as an octopus. It just seems to continually have another arm to throw at you. So it's going to be an interesting experience. And then of course, what we have to do as we're moving through this and negotiating our way through this particular regulation is to keep our regulators at the Connecticut department of public health advised as to decisions and accomplishments as we're moving forward.

Some of the things that DPH is going to be requesting from us is that material's evaluation. That's what they're calling the inventory. We sent them an initial idea of what we had on utility sidelines back in November of 2019. Relatively complete, better than average by comparison to our peers from what I can gather. But there's still some work to be done.

It's an initial shot out there and we provided that to them. Going forward, it will be an annual requirement to provide them with an update as we move forward. Some of these numbers here... again, very preliminary numbers based on the 2021 data that CDM is starting to put together based on both of our CIS systems looking at tap cards, a variety of other information that we have available to us. Calling out here specifically some unknowns. And unknowns are important in the rule going forward, because unless you can identify a service line in terms of its composition, it's considered lead. So it's very important to kind of figure out what unknowns are and kind of get rid of that unknown tag and put some actual data to that. Of course, that's going to take a fair amount of work because we're going to have to get into private property and make inspections. We may have to dig some holes in the ground out on utility sides to fill in some of these blanks. So there's, there's a fair amount of work and time that we'll need to invest in this particular task.

As you can appreciate. Private side data is somewhat limited. We don't have necessarily a good idea what's on the private side of a curb box. And why would we, right? It's same reason we don't know what type of fixture you have in your bathroom. It's really none of our business up until this point, private side. Lines were installed by the homeowner and their plumber of choice back in the day. And we wouldn't necessarily have that information. But unfortunately we've been tasked with gathering that. So that's going to provide some unique challenges, but we're looking to others who have gone through this process rather than start out of square one and see what they've done, and what has worked and what hasn't worked. So at least we'll start from a position of strength there.

Getting back a little bit into the lead service line definition. Again, I had mentioned earlier, the inclusion of galvanized iron services. Those are only going to count moving forward. If in fact they were located downstream of a lead service line. Again, you have to know whether there was a lead service line in place or not. So that's why the inventory comes in so critical. One of the special caveats to this particular bullet point is not only do you need to know what is in the ground today with respect to a galvanized service, but you have to know what has been there since it was first installed. Many times, as you can appreciate, a lot of the lead service lines have been replaced over the years. Right? Over the decades.

We may not have information as to what was out there. The day it was installed... 1910, 1915. The records collected back in the day weren't what they would be today. So we have some gaps there. But it's very important to understand that if unless we know what was there, it is lead. And if we don't really know what was there, because we have haven't kept good record, it's lead. That's going to be a critical piece of information for us moving forward. One of the other big yet to be decided items is whether goose neck connectors are going to be included in the definition of a lead service line. Goose neck connectors of course are relatively short. Three foot in lengths of lead line. But

up until this point, they have been considered more of a fitting than a length of pipe. Going forward, they may be considered lead lines.

What's going to be of interest to us is whether those goosenecks are in all of them. Many of them that are out there all going to be considered lead lines or only lead lines. In fact, they're associated with specific composition of lines that come downstream of them. So for instance, if a gooseneck exists and it's tied into a galvanized iron line, it may be considered part of that lead line. If the gooseneck is connected to a section of copper or brass, it might not be. So those are very important decision points that remain on the federal table. Moving right along. Just the last item here. EPA is anticipating they'll have some of these decisions made by the end of September, but I'm not holding my breath.

A couple of the other regulatory changes of note is looking at our existing corrosion control. I mentioned that earlier, we've been practicing good corrosion control using polyphosphate at material since 1978, that may suddenly come to a screaming halt. We may have to make some changes based on decisions that are made in terms of sampling. We were currently enjoying a sampling frequency of once every three years, based on 30 years worth of good data. When this new rule goes into effect in 2025, we'll be returning to a twice a year monitoring schedule for a minimum of two years. Assuming we have good data to share at the end of that two year period, those four monitoring periods, we'll be able to request a relaxation and sampling frequency to annual. And that may be as far as we go. It may be a year, an annual requirement from that point forward. And that will be a significant change.

Utilities are being made responsible now for lead testing in daycare's nursery schools, primary schools, and possibly secondary schools. Again, that's something that would be relatively new for us. I mean, we've done some lead testing in the past city of new Haven. As an example, a couple of years ago, we did our entire distribution system in the late 1980s, all the schools. But we're going to have to do that moving forward on a regular basis. The addition of a trigger level in the regulation is something we've never faced before. We've always had a compliance level. The compliance level will stay. The trigger level is just basically a series of flags to make sure that you're paying attention to what your concentrations are moving forward. And that trigger will require additional monitoring sampling. And it will impact the lead service line replacement plan by elevating your requirements, if you will. So the trigger level is something that we're going to have to pay strict attention to.

So what are we doing? As far as the original water authority, preparing ourselves for what we see in the not too distant future, albeit with a couple of decision points yet to be made, we're looking at the identification and development of partnerships. I think when you're going to get into something as complex and as far in scope, if you will, as this particular regulation is and promises to be, this is not something we're going to be able to take on ourselves. As I mentioned earlier, there's a lot of private property issues involved. That's going to result in some legal challenges, potentially a variety of

other considerations. So we're identifying partnerships that can be helpful to us. Again, based on what others have done that have gone before us. So obviously increasing and strengthening our partnerships with our municipal partners. Looking into getting involved with maybe some partnerships with some environmental groups, maybe some folks that we're typically, or sometimes at odds with. We may have a common message here.

Faith-based organizations may be very important in their city. I know in the, in the city of Newark, they were especially useful to get the word out from the department of water in Newark to folks that were not otherwise listening to government entities. And I know Jim Courchaine has taken the initial steps in partnering with the league of women voters, a very powerful organization that Jim has had the pleasure of working across the country in the past. So certainly following up on that particular group of folks.

Rochelle has been very busy identifying and applying for funding assistance. There's been a lot of discussion at the federal level about monies that are going to be made available for these types of infrastructure programs. We have to make sure that money finds its way to the state of Connecticut in a form that we can use, right.

Make sure that we're going to be qualifying. We have somewhat of a unique organization as kind of a municipal quasi, municipal subdivision of the state of Connecticut. So will money be made available to us once it gets into Connecticut, how will Connecticut determine who gets what? There's going to be, I'm sure, a priority based setup of some sort. Unfortunately Hartford has been somewhat silent on that, up to this point, but I know Rochelle is having those conversations with the department of public health to make who are, they're aware that we're interested, obviously in, in this type of financial assistance. We have to consider in-house some potential impacts to the existing pipe safe protection program. If all of a sudden the definition of a lead line is going to change, is that going to interfere or have future impact on contractual agreements we have in place or would consider moving forward?

That's something we're going to have to consider. There's some monies involved with the pipe safe program as a non-core revenue producer. And then of course we have to develop some customer messaging and public education, again, following specific language that is being defined by the environmental protection agency and staying in step, if you will, with the national AWWA. We want to make sure that we're in sync with that organization as we move forward. So, a lot of customer messaging a lot of public information and education, that's going to have to go hand in hand with this regulatory initiative.

Some things that we're doing already with CDM. And again, we're working through the inventory. So as we put in this inventory data together, we have field work to do. We have to go out and validate. It's all well and good to put data together, but keep in mind, a lot of this data was generated 80, 90, a hundred, a hundred and plus years ago. We have to make sure that the data's

still valid. Again, data collection in that timeframe isn't what it is today. We have to really work to identify those unknown service types. Again, everything is lead until we can prove otherwise. So we're going to have to really put some knowledge and effort behind defining unknowns.

We're going to have to then develop that replacement plan. Again, replacement plan is going to be predicated at and the accuracy of the inventory. So, a lot of upfront work is going to pay dividends as we continue to roll through this particular regulation. Our initial plan is due 2025 sooner is better, but that, that's the kind of the drop dead date. If you will, that's when compliance begins. And keep in mind compliance is you have your act together at that point in time. That's not when you start your practice session, right? That's the full contact game, if you will. And then we're obviously need to ensure the availability of anticipated components. So we have to make sure because every water utility in the nation is suddenly going to be facing this regulation. Are we anticipating shortages and various appurtenances and service lines?

As an example, I mentioned earlier, we're going to have to distribute particulate filters for lead. We want to make sure that they're available when we need them. We don't want to be on a back order situation, because that's going to literally hold up field activities because they're going to be required components of the game plan moving forward. So just some things to give consideration to as we're moving forward. And I know our procurement department is aware of all of these things and starting to put out feelers to see what's involved for getting those in-house and maintaining our inventory of those types of components.

What we have in the near horizon is, is ensuring our partnering agencies are very clear on what our priorities are, the things that we are doing and more importantly, what do we expect from them? We're going to need their help. A lot of the municipalities that are out there and the different agencies that we're going to look to partner with, we're going to have responsibilities that they're going to be accountable for. Again, this is not something that the utilities are going to be able to undertake ourselves we're going to need help.

We have to decide once we get out in the field and we start excavating where do we want to work? Where do we want to prioritize work? There's going to be environmental justice issues that are going to have to be taken into consideration. We're going to have to be very transparent in what these plans are going to look like, and how we're going to move forward and make sure that we have everybody's acceptance and buy-in on some of those decisions. I think it's going to be very important that we begin implementation of some of the requirements long before 2025. Keep in mind when compliance dates get here, that's when you have to have all the wrinkles smoothed out, right? You have to have all your loose ends tied up. So this, this period of time between now and 2025, give us the opportunity to practice for lack of a better term.

We can get out there and start having a better understanding what some of these requirements are going to...how they're going to feel. How they're going to taste, right? We got to be able to get ourselves involved so that once the complaint date arrives, we're well versed. This is just a matter of course at that point in time. So the sooner we can begin to do that, I think the better off will be and the less apt of stumble that we'll have. So I think personally, I see that as a very important next step as we're moving forward. That's all that I had on my slides. I'd be happy to entertain any questions that the committee may have.

Tim: Well, Tom, thank you for that thorough presentation. It doesn't look like you forgot too much. I'm sure you did engender some questions out of some of the specifics in your PowerPoint. So I'll entertain those questions. I have some of my own. Jay, are you calling for a question?

Jay: Yes, I have a question.

Tim: Hello Jay. Go for it.

Jay: Tom, on TDM, where are they located, their headquarters?

Tom B.: They have offices throughout the country. We're dealing primarily with their west Hartford office. Although a lot of their data specialists are in their office in Edison, New Jersey. They've been very good about making themselves available, not only on the teams or a Zoom meeting, but they've visited here at our offices in New Haven. They've offered to sit with us and co-present to the boards, to partnering agencies. I can't express enough how gracious they've been and helpful.

Jay: Okay. Thank you.

Tom B.: You're welcome.

Tim: If I may, I had a few questions. Obviously there's going to be a financial impact associated with this. And then of course, testing and implementations of solutions has its own drivers to expenses. But currently, we are testing. So what is the existing financial impact of what we do now on the operating budget?

Tom B.: Yeah, I don't have that information myself, Tim. I don't know if others would...

Tim: Well, I guess maybe it goes to how the test testing and the solution is handled. So you do some testing. And you do that through a filter process? And then you discover, you've got this lead that's being detected and then the next effort is to get it replaced? How do you handle that?

Tom B.: Yeah. Currently what we're doing, Tim, is this particular role and it will stay consistent moving forward. We actually look at three different locations at three different points in time. And in essence, they're on different schedules. So we

do collect samples, we do bring them into the laboratory. We evaluate the concentrations and then based on the concentrations and, and fortunately, thus far, it hasn't had go any further than that. We've been well within compliance limits in every facet of the existing lead and copper rule. And, and we don't expect that to change moving forward. But if it did, if we all of a sudden found ourselves out of compliance, we would work out a solution with the Connecticut department of public health in terms of how to mitigate that particular issue.

Some of it may be in the treatment plants. Some of that may be out in the distribution system with an increase in the number of lead service lines that we would have to replace within a defined period of time. It wouldn't be something that's necessarily instantaneous or right in that period of time. It's something that a plan would be put together to address the specificity of the issue.

Tim: Do you currently have a basic understanding of how many lines? I know you said there's unknowns, because of the privates. For starters, the people that have private property with lead pipes on them potentially. But what inventory would you, if you had to assign a percentage, what inventory of pipe that's servicing water, carrying water, do you think is impacted by this?

Tom B.: If we're looking at a date range, Tim, roughly it's say 1890 through around 1950. So we're looking at that 50 to 60 year period of time. Anything really after 1950 is going to be copper. Copper plumbing was the go to.

What CDM is generating in terms of very preliminary numbers is they're looking at approximately 14 to 15,000 service lines that may fall inside the definition, the existing current definition of a lead service.

Tim: That's in the regional water authority or that's statewide?

Tom B.: That's just in the regional water authority.

Tim: Regional. Okay. So that that's a fairly significant amount.

Tom B.: We have about 118,000 service lines total in our system. So, that's what they're estimating so far.

Tim: Okay. And those, one could assume, would be any more established. Probably urban areas completely because they were the fastest to require water service. So New Haven could be an impact area of significance. Places that are older. Where they've had factories and things like that. And people living there for a long time.

No, no, no, that's right. And I would agree with that. So I think we're going to have a little bit of that in each municipality. Right? Each municipality had a neighborhood or two, right? That fits, fits that definition. But I think to your

point, I think new Haven is probably going to have the lion share because it was the most developed during that timeframe.

Tim: Right. Exactly. Okay. Any of my colleagues have some other questions, some maybe answers could come from Rochelle on the finance side. But does anyone else have a question?

Tom C.: Yeah. If I could, Tim. I'm just curious, Tom. A few years back, Ansonia had its water line, the piping relined. It was a significant undertaking by the RWA. I wonder if that would have any impact on what we're talking about here?

Tom B.: Yeah, Tom. Typically whenever we would do any type of relining work, if we would come across any of the goose snags or anything that was considered to be below today's standards, those would've been replaced as you go along, and it's a standard SOP on any given day here. We're replacing services on a daily basis for a variety of reasons. And whenever we come across these lead goosenecks, something like that, those are standard SOP. So we get rid of those. And really that's been our practice for probably about 50 years now. But there's still... Because of the extent to which the system was developed late 1800s, early part of the 20th century, there's still a few of those around, and those are those 14,000 that CDM has identified thus far based on the work they've completed.

Tom C.: Thank you.

Tom B.: You're welcome.

Tim: Anyone else?

Jamie: Jamie. Tom, I thank you for your presentation and I'm sorry, I came in just after you started. But I'm assuming CDM is going through any records that we have from initial purchase and acquisition, or those records still on hand of what we would've purchased in terms of pipe and their constitution that would've been in use? And I know there're issues with some of the properties that we acquired after the fact as well. They may not have maintained records, but I'm just curious about that.

Tom B.: Yeah. What CDM has done, is they have gone into our SAP system. So our SAP system and our GIS system have all come from their predecessors. So our two preceding CIS systems. One came from BUI. During the purchase of the valley in [inaudible] and then our more legacy system that was specific to the New Haven water company. So all of that data has been gone over by CDM. They've gotten the majority of the lion share of the information that they have from those two resources. They're in the process now of going through the individual tap cards. And if you're not familiar with those, those look like recipe cards, but they're the handwritten notes that were taken by the operators and the folks that were working out in the field when new services were installed.

We're pulling 350 of those specific cards for the sole purpose of CDM's review to see if, in fact, there is still information of value on those handwritten cards. And if so, we'll be looking at digitizing all of them. Then at least you have them electronically and then can slice and dice them a little bit better. One of the things that we'll also take a look at in all likelihood is some predictive analytics, but that's that AI stuff is a little bit further out at this point in time.

Jamie: Thank you.

Tom B.: You're welcome.

Tim: Okay. Rochelle, have you done any projections or do you that or do you just need more of the asks to come through from the higher people up to come up with the financial impact of this? Is it too early to assess it? Or what do you think?

Rochelle: It's actually a little early. But having said that, a couple things. We did put in an application to Connecticut DPH for through DWSRF. Not clear if it's going to be loans or grants. That was a very high level rough estimate. I will share that we asked for 45 million. What we are going to do... and we're actually going to get hopefully information from Tom and others. We are going to try to capture impacts of letting copper rule in our 10 year model. At least doing some kind of sensitivity. You could really think given the magnitude, and I'm thinking, Tom you can correct me. The impact is going to be more on the capital side then on the O&M side.

Although, I think there will be some O&M impacts. I think the other sort of, wild part in this is what's really going to happen on the customer or on the private side. Is there going to be any requirement on the utility to actually do replacement? There's a couple things that we're looking at there. Maybe through Connecticut Green Bank, we might be able to do something with providing some kind of financing. But it's very unclear what the requirements really are going to be on the customer side. And if there's going to be monies made available through federal government to support the customer side.

Tim: Yeah. That's a big one. Okay. Thank you for that. Anyone else on this topic?

So we're ready to sign off Tom B.. Thank you so much for a very good presentation and a good early warning signal. It's good.

Tom B.: You're very welcome. Happy to be able to share this information with you. Thank you much. Take care now. Thank you.

Tim: Thank you. Okay, folks, this, this moves us along to the approval of our minutes from the August 9th, 2021 meeting. I know you've read them three times before calling for this vote. So is there anyone that would like to make a motion to approve the minutes?

Jay: I'll make, second motion, Mr. Chairman.

Tim: Thank you, Jay. Thank you, Tom. For all of that.

Any discussion on the minutes? See, I told you, you read enough. That's perfect. All in favor. Aye. Aye. Aye. Okay. The record will show the approval was unanimous. Okay. Now we're onto the quarterly report for the RPB approved projects. Rochelle, that's your moment.

Rochelle: Yes. And I'm not going to sort of read what's here. I just want to highlight certain aspects. Definitely feel free to ask questions. So the Derby Tank is moving along. It is progressing. There was a low bidder. Career Construction Company, and there have been internal approvals made regarding moving forward with that firm. We are looking for Connecticut DPH approval. The construction part of this project is one of our drinking water state revolving fund funded projects. So we will need their approval.

Also, you can probably see that there was a change in the estimate. It is still within the 10%. So we don't have to go back for a formal approval, but we are sharing that the estimate is a little higher than what the approved amount of 5.1 is. So we'll be incorporating these changes into our next capital project outlook and into the 10 year model as well. I will say that there was definitely negotiations done with this firm to minimize what the impact would be given, how long ago that they had originally bid.

With the RTU upgrade. Actually, the anticipated completion here is actually December of 2021. It was previous earlier, but you can see that the project is progressing and it's approximately 65% through the distribution system that we have upgraded. This is another portion of this project is also going to be DWSRF finance. So that's on the radar.

The next project, North Sleeping Giant Wellfield Facilities Improvement. This project is also basically completed at the end of fiscal, expected to be completed at the end of fiscal 21, as far as the flouride system. And this is not a DWSRF project.

The West River Water Treatment Plant improvements. This is another large program and there was bids that were reviewed internally. The award has been approved. It has been submitted to Connecticut DPH. This is another project they're anticipating getting a DWSRF financing for its expected completion date in September, 2022. There has been, as you can see, also an increase in the projected project cost, but it was awarded to the low bidder. Any questions?

Tim: That seems pretty thorough. And I guess none of those increases are terribly surprising. We all read and know what's going on. Yeah. It's amazing. Just heard that there's a shortage of glass. There's a shortage of everything. So anyway, thank you, Rochelle.

This moves us along to new business. Is there any new business that we wish to consider? I'm not aware of any and now I know for sure. So that moves us to the next bit of information, which is our next meeting is scheduled for October 4th this year. I presume again, it'll probably be a Zoom. I haven't heard anything to change any of that. So with that folks, I guess I'll entertain a motion to adjourn.

Tom C.:

I'll move.

Tim:

Thank you, Tom. I knew you'd come in for us. Have a good day.

Thank you so much guys. We're adjourning.