



# **Coastal Wastewater Sewer Project**

## ***Summary Update for Old Lyme Board of Selectman and Board of Finance***

Town of Old Lyme

Water Pollution Control Authority (WPCA)

8/28/2024

# Agenda

- Provide a brief background of how Old Lyme WPCA went from sewer avoidance to promoting sewers at Sound View and Area B
- Provide the status of the Old Lyme regional wastewater system
- Provide a detailed outline of the funding being offered by the CT DEEP to ensure the projects are considered financially viable under DEEP definition



# Some Definitions

## ▪ Consent Order

A consent order is a type of order issued by the Commissioner. **It is not a contract and should not be labeled “consent agreement.”** A consent order is enforceable as an order, which means that **statutory penalties are applicable for noncompliance** with it, and a lawsuit to enforce the consent order will have precedence in Superior Court over other lawsuits. ([Reference](#))

## ▪ Equivalent Dwelling Unit (EDU)

Unit of demand on facilities equivalent to a typical single-family dwelling

## ▪ Benefit Assessment

Charge that a municipality or wastewater district places against a property to recover the cost of capital expenditures for the acquisition, construction, or upgrading of wastewater collection, conveyance, or treatment facilities



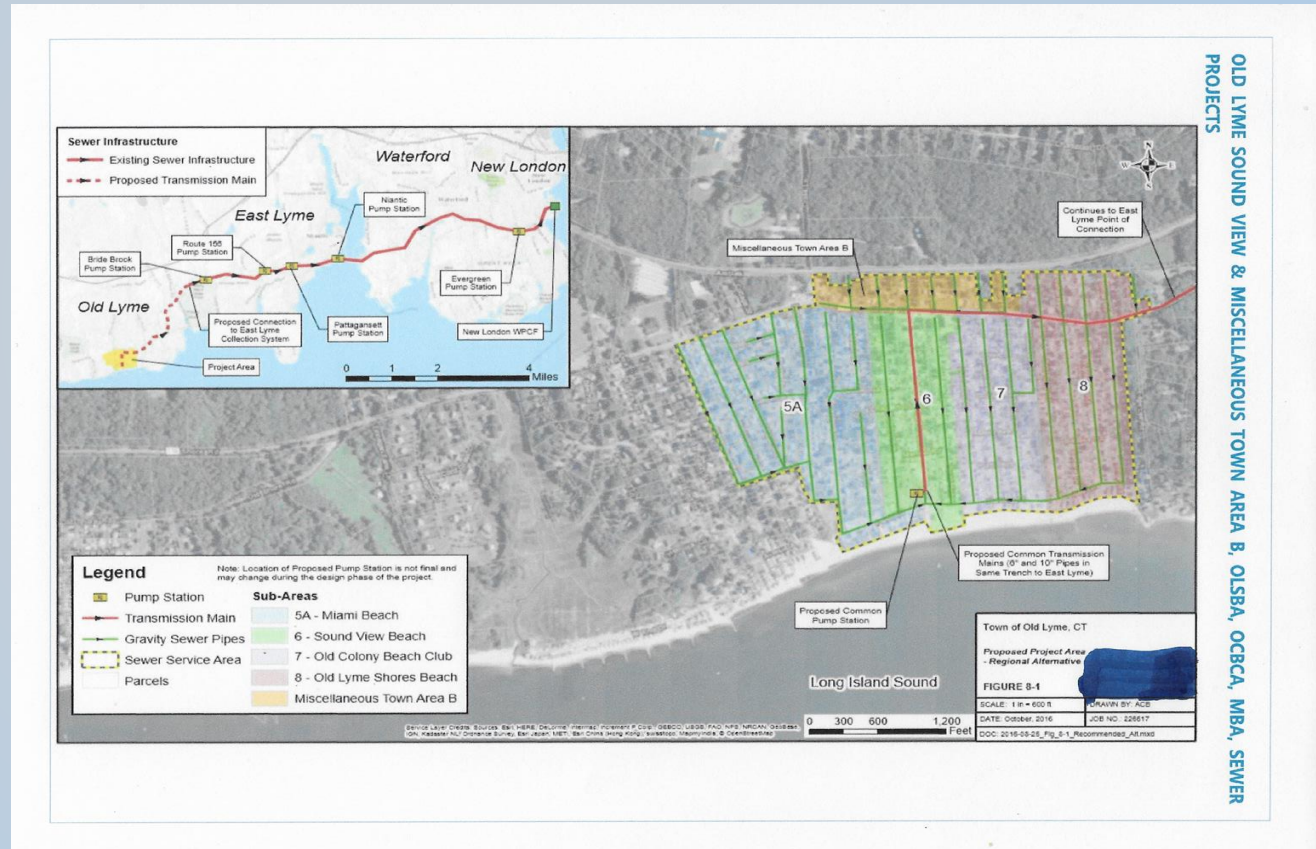
# Major Events Leading to Sewer Project

- Vote to Conduct Wastewater Study- 2010
- Facilities Study (Fuss and O'Neill) - 2011
- Centralized Wastewater Management Plan Proposed (Fuss & O'Neill) - 2012
- Consent Order (Issued to BA's) by CT DEEP - 2012
- Old Lyme WPCA Retains Woodward & Curran Services - 2015
- BA's Enter Into a Common Cost Sharing Agreement - 2016
- BA's Sign Inter-Municipal Agreements with East Lyme and New London – 2018
- Sewer Referendum Passes Overwhelmingly August 13, 2019 with 883 Yes to 565 No Votes
- Unified Consent Order Issued by CT DEEP - 2020
- Over Budget Bids Received - 2021
- DEEP Requests Data to Determine Financial Feasibility - 2023
- CT DEEP Pledges to Fund Projects With a 15 Million Dollar Forgivable Loan - 2023
- CT DEEP Provides Grant and Loan Agreements that Effectively Finances Each WPCA and the Combined Infrastructure Project at 50% - 2024



# Why Sewers vs. Other Disposal Methods

- Sewers Were The Only Apparent Option Acceptable to the CT DEEP
- Effective
- Inclusive
- Economical
- Compliant
- Supported
- Reliable
- Maintainable
- Safe





# Timing Summary

| Next Major Steps   | Needed by  |
|--|--|
| Sign Cost Sharing Agreement (CSA) with Private Beach Associations to share pump house, forced main pipe to neighboring towns, and select collection pipes (Full Membership July, 2024) | Complete   |
| CSA leads to signing Inter-municipal agreement with East Lyme for conveyance and New London for processing   | Completed-<br>East<br>Lyme/Final<br>Stages New<br>London |
| Submit application and letter of funding for Clean Water Funds   | Completed  |
| Design collection pipes (and pump station)   | Completed  |
| Construction of pump, collection pipes forced main   | Spring - 2025  |
| Determine benefit assessments and start paying back loans  | Winter - 2026  |
| Convert construction loan to permanent loan obligation   | Winter - 2026  |



# ***Old Lyme Taxpayer Liability for Project***

- The project is being funded by Clean Water Funding.
- Ancillary Expenses not Covered by CWF will have to be Loaned to the Old Lyme WPCA
- Ancillary Expenses are Modest and Include OL WPCA Share (29.7%) of Taxes and Maintenance of Property Purchased to House the Pump Station and Bioxide Tank
- Design and Construction Costs are Eligible Expenses Covered by CWF Funds
- Contractors are Paid Via CWF Funding – A 25% Grant and a 25% Forgivable Loan has been Offered by the CT DEEP - Once Construction is Complete, the OL WPCA will Convert the Balance of the Construction Loan into a 20 Year Note Financed at 2%
- Old Lyme WPCA will Repay the Loan with Sewer Assessment Collections from its Customers



# Anticipated Costs and Final Liability to Old Lyme WPCA Customers

| Shared Infrastructure  |                 | CT DEEP Shared Infrastructure Forgivable Loan - \$ 19,285,478.98  |                              |                           |                              |                            |
|--|-----------------|---|------------------------------|---------------------------|------------------------------|----------------------------|
|  | Bid Amount      |   | Old Lyme WPCA<br>29.7% Share | Old Colony<br>24.3% Share | Old Lyme Shores<br>21% Share | Miami Beach<br>24.9% Share |
| Lowest Bid (2021)  | \$14,639,132    |   |                              |                           |                              |                            |
| Approximately 25% Escalation                                     | \$3,659,783     | Shared Loan Liability   | \$ 5,727,787.26              | \$ 4,686,371.39           | \$ 4,049,950.59              | \$ 4,802,084.27            |
| Total Estimated Shared Cost                                      | \$18,298,915    | 25% Grant   | \$ 1,431,946.81              | \$ 1,171,592.85           | \$ 1,012,487.65              | \$ 1,200,521.07            |
|  |                 | 25% Forgivable Loan   | \$ 1,431,946.81              | \$ 1,171,592.85           | \$ 1,012,487.65              | \$ 1,200,521.07            |
|  |                 | Total Liability for Shared  | \$ 2,863,893.63              | \$ 2,343,185.70           | \$ 2,024,975.29              | \$ 2,401,042.13            |
|  |                 |   |                              |                           |                              |                            |
|  |                 |   |                              |                           |                              |                            |
| Old Lyme WPCA Referendum Amount                                  |                 | CT DEEP Internal Infrastructure Loan Agreements for Each WPCA   |                              |                           |                              |                            |
|  |                 |   | Old Lyme WPCA                | Old Colony                | Old Lyme Shores              | Miami Beach                |
| Original Referendum Amount                                       | \$ 9,500,000.00 |   |                              |                           |                              |                            |
| CWF 25% Grant  | \$ 2,375,000.00 | Internal Infrastructure Loan  | \$ 6,452,282.71              | \$ 6,309,410.02           | \$ 7,996,266.49              | \$ 12,992,512.00           |
| Estimated Original Loan  | \$ 7,125,000.00 | 25% Grant   | \$ 1,613,070.68              | \$ 1,577,352.51           | \$ 1,999,066.62              | \$ 3,248,128.00            |
|  |                 | 25% Forgivable Loan   | \$ 1,613,070.68              | \$ 1,577,352.51           | \$ 1,999,066.62              | \$ 3,248,128.00            |
|  |                 | Total Liability   | \$ 3,226,141.36              | \$ 3,154,705.01           | \$ 3,998,133.25              | \$ 6,496,256.00            |
|  |                 |   |                              |                           |                              |                            |
| Anticipated Old Lyme Loan Less 25% Grant and 25% Forgivable Loan |                 |   |                              |                           |                              |                            |
|  |                 | Per EDU, the amount financed at 2% over 20 years is \$22,555.69, or \$1368 per year per EDU for 20 years. |                              |                           |                              |                            |
| Total Liability for Shared                                       | \$ 2,863,893.63 |   |                              |                           |                              |                            |
| Total Liability for Internal                                     | \$ 3,226,141.36 |   |                              |                           |                              |                            |
| Total Liability With New Funds                                   | \$ 6,090,034.98 |   |                              |                           |                              |                            |
| Original Anticipated Liability                                   | \$ 7,125,000.00 |   |                              |                           |                              |                            |
| Total Liability Reduction  | \$ 1,034,965.02 |   |                              |                           |                              |                            |





# Summary

- The Town of Old Lyme has been ordered to remediate pollution in Sound View and Miscellaneous Area B by the CT DEEP
- The apparent only acceptable method for remediation is to install sewers
- Due to increasing costs, Old Lyme and the Beach WPCA's secured an additional 25% forgivable loan from the CT DEEP
- Old Lyme WPCA anticipates that its project will be slightly over the initial budget of 9.5 million based on inserting unit costs from the last Old Colony bid and adjusting for inflation; however, the increase in costs is projected to be offset by the additional 25% for givable loan that will result in an anticipated total loan of approximately 6 million dollars, which is over 1 million dollars less than originally anticipated.
- Old Lyme and the BA's are on track to bid the 4 individual internal infrastructure and the 1 shared infrastructure projects by the end of 2024.
- If the bids fall within budget, work could begin as early as winter, 2025
- Old Lyme WPCA has decided, and will re-confirm, that construction may not take place between Memorial Day and Labor Day to minimize disruption to the beach residents and the public at-large.
- Construction of Sound View and Area B sewers is estimated to take approximately 1 year
- Old Lyme WPCA does not anticipate costs of construction to exceed the assessment that will be born by the users; thereby limiting tax payer liability
- Users will be invoiced for their assessment on a yearly basis for 20 years and will pay 2% finance fee. WPCA anticipates each EDU will cost \$1368.00/year, with an EDU being equivalent to the typical size dwelling. The WPCA will also determine user fees that will be based on the costs of transference and maintenance fees.



# Thanks for Listening

Questions

