

**CITY OF GROTON  
SPECIAL  
JOINT CITY OF GROTON COUNCIL/  
GROTON UTILITIES COMMISSION  
COMMITTEE OF THE WHOLE  
MINUTES  
MONDAY, JANUARY 30, 2017**

7:00 PM

Mayor Galbraith called the meeting to order at 7:00 p.m.

**I. ROLL CALL**

Present: Mayor Marian Galbraith, Deputy Mayor Keith Hedrick, Councilors Andrew Ilvento, Jill Rusk, Stephen Sheffield, Conrad Heede, Lawrence Gerrish and City Clerk Debra Patrick.

Excused: Finance Director Ron Yuhas

Utilities Commissioners: Shirley Dunbar-Rose, Paul Duarte, Edward DeMuzzio and Jeff Godley.

Staff: Utilities Director Ron Gaudet, GM Utilities Financing David Collard, GM Key Accounts Len Mediavilla ,Manager-Operations Ray Valentini, Manager-Water/PAF Rick Stevens, Water Quality Manager Steve Dietrich, Administrative Assistant Ron Bata, Water Department employees Paul Hyatt-Water Treatment Plant Leader Operator, Mike Hedman and Bill Rossi -Water Treatment Plant Senior Operators.

Guests: David Fox- Raftelis Financial Consultants

Chris Yannoni,- Stantec Consulting Services, Chris Nichols-Stantec Consulting Services

**REFERRAL ITEM #621 WATER TREATMENT PLANT PROJECT PRESENTATION**

Mayor Galbraith asked Utilities Director Gaudet if he would start the presentation.

Director Gaudet went over the background of the project and costs noting how the GU Water Department employees were an integral part of the process. He began the PowerPoint presentation going over project total costs and funding options. He said a resolution will come to the Council February 6, 2017 to consider extending the project and approving the additional costs. He noted the cost saving available with the State funding vs bonding the money.

Chris Yannoni gave an overview of the facility history, timeline, project history-study preliminary design. He went over the requirements to qualify for the State funding, bid process, reasons for the cost increases and contingency costs.

Rick Stevens went over the application process and noted that GU was ranked number one on the priority list and remains there even with the additional costs. He noted the tremendous amount of work staff did prior to the engineer's and architect's plans.

Ray Valentini gave an overview of the main project components going over the age and condition of equipment.

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Commissioner DeMuzzio asked if the 10% contingency is included in the \$44 million.  
Mr. Yannoni said the original amount was \$37million and with contingency \$44 million.  
He said \$37 million was the construction base bid.  
Paul Hyatt gave an overview of the Operator's View of Importance for the electrical project scope noting the age of the system  
Commissioner DeMuzzio asked if those costs are in the bid.  
Mr. Hyatt said that he thought it was.  
Mayor Galbraith said if it isn't they can get it for him.  
Mike Hedman gave an overview of the mechanical pumps noting the age of the equipment, the piping both buried and internal. He noted the improved efficiency the new pumps would provide.  
Commissioner DeMuzzio asked if there are other plants with pumps that are as old.  
Mr. Hedman said there are but many don't date back as far as ours. He said the newer pumps are far more efficient to run.  
Bill Rossi gave an overview of the needed energy conservation measures to be sustainable and the need to make improvements to the building exterior brick and mortar. He said they will also put in a more energy efficient HVAC system.  
Len Mediavilla said the plant is qualified for energy conservation credits amounting to a 25% reduction in costs to run it.  
Deputy Mayor Hedrick asked if the credits are state or federal funds.  
Mr. Mediavilla said they are GU credits as part of the conservation funds where they get credits back from ISO.  
Mr. Hyatt went over the Finished Water Storage and the need to increase storage of water.  
Commissioner DeMuzzio asked what the basis was to determine the amount of storage that is needed.  
Mr. Yannoni said there are design guidelines for this capacity facility.  
Steve Dietrich gave an overview of the Importance of Treatment & Chemical Systems. He went over the current process and the process they would be able to implement. He discussed clarification, filtration, granular activated carbon and manganese removal contactors.  
Councilor Rusk asked if the contactors are reusable.  
Mr. Stevens said they will be able to reuse existing filters by retrofitting and adding additional coating.  
Mr. Hedman went over Process Control and the need to upgrade to SCADA to improve flexibility, reliability and be regulatory compliant.  
Mr. Stevens went over the need for elevated storage for fire emergencies. He praised the staff and operators who did the presentations.  
Commissioner DeMuzzio asked if they will have underground storage.  
Mr. Stevens gave an overview of the benefits of elevated storage vs underground storage.  
Councilor Rusk asked if there were any concerns for weather issues such as hurricanes.  
Mr. Stevens said that has all been taken into consideration.

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David Collard gave an overview of the impact to ratepayers of the \$54 million and went over cash flow projections. A chart showing the cash flow projection was distributed to the Councilors and Commissioners.

David Fox gave an overview of financing the \$54 million from 2017-2026, revenue requirements, debt service and operating/capital expenses.

Commissioner DeMuzzio asked if a 1.5% increase is assumed.

Mr. Fox said yes and then the 2.5% would be added in for the bond. He said doing the project now will be less costly than waiting and doing it later. He went over a graph comparing current costs to the average usage customer annually and costs in 2022.

Mayor Galbraith asked if we are able to project competitors rate increases.

Mr. Fox said he did not.

Mr. Stevens said those we supply water to will follow our rates.

Councilor Rusk asked if we have a 1.5% increase every year.

Mayor Galbraith said no, but we should.

Councilor Rusk asked how many years will there be a 4% increase.

Mr. Fox said it is difficult to project but he would say the next 6-8 years, perhaps less depending on the customer base growth.

Director Gaudet asked what the next step would be if they close on the loan.

Mr. Fox said they should do a yearly rate analysis, make changes when needed.

Mayor Galbraith said there have been increases but not each year.

Councilor Gerrish said if this project is done there would be cost reductions to run the plant, would those savings allow for lower rate increases.

Mr. Fox said that is difficult to project until it occurs.

Mr. Stevens said any increases in sales have not been factored in.

Commissioner DeMuzzio said with a yearly 4% increase where does the 6% fit in.

Mr. Collard said there is a 6.2% increase for this year.

Mr. Fox said the 4% increase would begin in 2018.

There was a discussion on average bills, what costs would be for customers monthly, term of the bond with the state and that it is not negotiable. There was discussion on the need to begin setting money aside for improvements on a regular basis in the future.

Mayor Galbraith said the Groton Utilities Commission agrees this is the way to go.

Commissioner Dunbar-Rose said waiting could mean higher costs in the future.

Mr. Yannoni said the costs will go up incrementally.

Director Gaudet asked if the bidders commented on the costs if delayed.

Mr. Yannoni said the contractors have agreed to hold their price while this is being decided.

Mr. Stevens said other communities, such as Flint, Michigan, that didn't make improvements have provided valuable insights in the risks we would be taking with water quality.

Councilor Ilvento said he toured the plant in 2013 and agrees with Commissioner Dunbar-Rose that to wait would be more costly. He said there will be retirements of individuals who have the knowledge to make repairs on the older equipment and then what will you do. He agreed funding should have been put aside over time.

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Deputy Mayor Hedrick said the plant was built in a time when water quality requirements were not nearly as stringent as they are today. The stress on the plant to continue to meet the current and future requirements will only get worse if these improvements aren't made

Mr. Stevens said they are changing the requirements all the time.

Councilor Gerrish asked if the staff is convinced the money generated through the rate increases will be enough to pay the loan back or will more be needed .

Mr. Stevens said this has been carefully vetted by the consultants and the CT Department of Health. Cost containment will be carefully vetted by staff who will oversee the project as well.

Councilor Heede asked if the timeline for completion would be 3 years.

Director Gaudet said that the contract is for 36 months.

Councilor Heede asked if it would be possible to get reports on efficiencies gained.

Director Gaudet said that can be done.

Mr. Stevens concurred.

There was discussion on the timeline for approval, to do a presentation again for the public and have it available on the website. It was also discussed that the staff is so familiar with the project they can provide valuable information to the public with tours.

Mayor Galbraith agreed the staff has done a great job and have put so much into the process and the risks are too great to ignore.

The presentation is available in hard copy at the City Clerk's office and this meeting can be viewed on Groton Municipal Television, channel 2.

**II. POSSIBLE EXECUTIVE SESSION**

None.

**III. COMMENTS FROM EXECUTIVE SESSION**

None.

**IV. ADJOURNMENT**

Councilor Ilvento moved Councilor Rusk seconded a motion to adjourn. Motion carried.

**Mayor Galbraith adjourned the meeting at 8:34 p.m.**

**ATTEST:**

**APPROVED:**

**Debra Patrick  
City Clerk**