

Securing Old Lyme's Future

WPCA Sewer System Referendum
Proposal

Presented by: Old Lyme WPCA

Overview

- - Why the sewer project matters
- - Existing funding status
- - Why an increase is necessary
- - Economic, environmental & public health impact
- - What \$17.1M will achieve

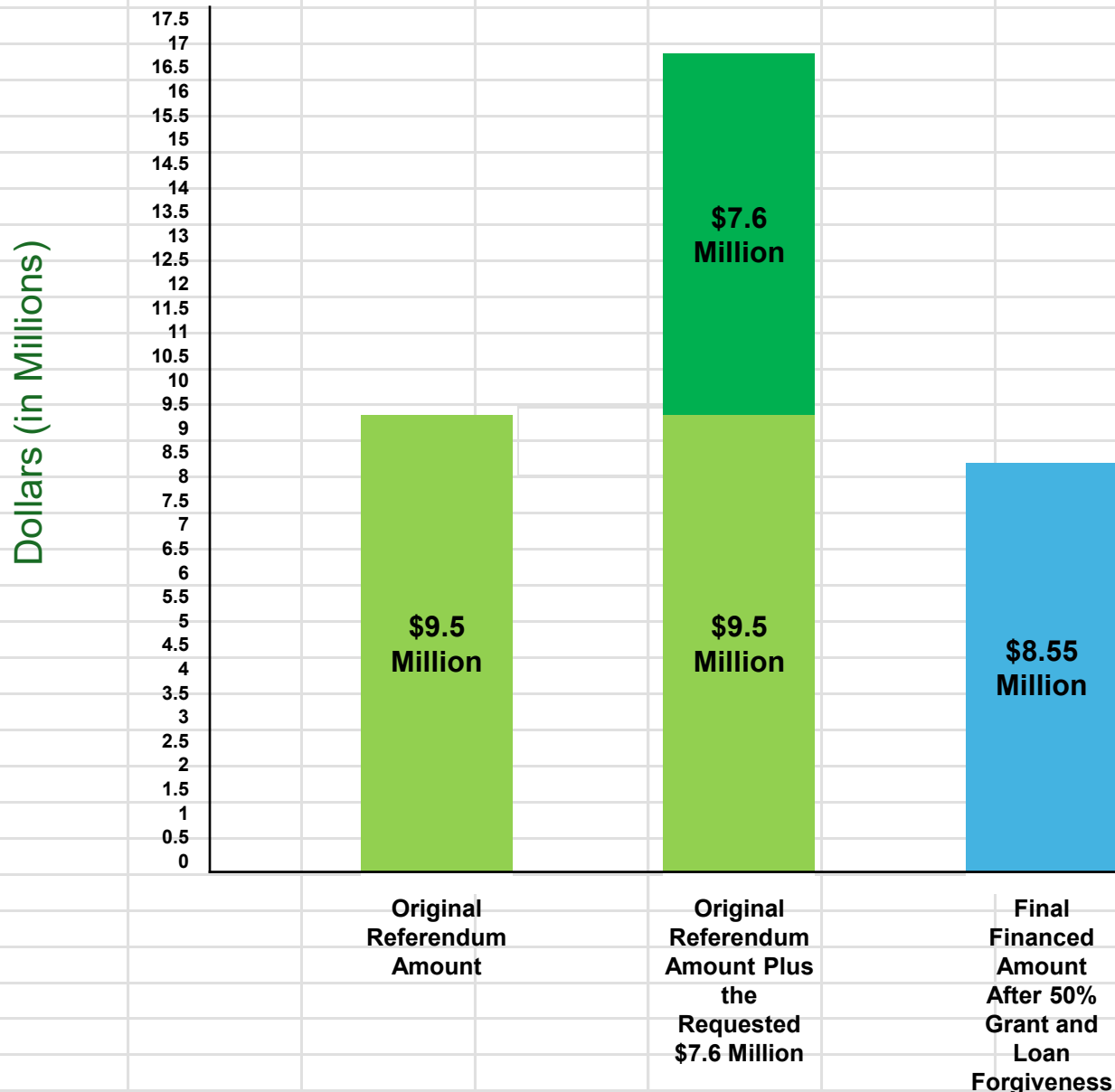
Benefits to the Community

- Protects groundwater and Long Island Sound
- Increases property values
- Enables homeowners to improve their property without worrying about septic system constraints
- Reduces public health risk

Current System Challenges

- Aging septic systems in shoreline neighborhoods
- Environmental risks to the Long Island Sound
- Rising groundwater contamination concerns
- Regulatory compliance requirements from DEEP

Comparison of Spending Authority Approved in 2019 to Requested Spending Authority in 2025 to Final Amount Being Financed in/around 2027



What is an EDU?

- An EDU stands for an Equivalent Dwelling Unit
- The EDU's for each WPCA were determined by the Professional Engineering firms each WPCA Hired
- The total EDU's for all 4 WPCA's is 909
- The total EDU's Woodward and Curran determined Sound View and Area B is 270
- Old Lyme's percentage of the shared infrastructure is equal to $270/909 = .297$ or 29.7%
- All WPCA's have determined their percentage of the shared infrastructure in the same manner

Revised Referendum Summary									
Description									
Internal Infrastructure				CWF					
		Amount		Grant		CWF Forgivable Loan		OL WPCA Loan Amount	
	Design Stage	\$ 615,200.00		25%		25%		\$ 307,600.00	
	Construction (low Bid)	\$ 8,551,950.00		25%		25%		\$ 4,275,975.00	
	Contingency for Change Orders	\$ 427,600.00		25%		25%		\$ 213,800.00	
	Engineering Services	\$ 855,000.00		25%		25%		\$ 427,500.00	
	Total	\$ 10,449,750.00		25%		25%		\$ 5,224,875.00	
Shared Infrastructure									
	Force Main and Bioxide	\$ 9,893,723.00		25%		25%		\$ 4,946,861.50	
	Shared Trunk	\$ 5,680,740.00		25%		25%		\$ 2,840,370.00	
	Pump Station	\$ 4,096,770.00		25%		25%		\$ 2,048,385.00	
	Sub-Total	\$ 19,671,233.00		25%		25%		\$ 9,835,616.50	
	5% Contingency for Change Orders	\$ 983,561.65		25%		25%		\$ 491,780.83	
	Design and Contract Administation	\$ 1,616,773.00		25%		25%		\$ 808,386.50	
	Total Shared Infrastructure Costs	\$ 22,271,567.65		25%		25%		\$ 11,135,783.83	
	OL WPCA Share 29.7%					29.70%		\$ 3,307,327.80	
Referendum and Loan Repayment									
	Total Internal Infrastructure	\$ 10,449,750.00		25%		25%		\$ 5,224,875.00	
	Total Cost of Shared Infrastructure	\$ 6,614,655.59						\$ 6,614,655.59	
	Total Referendum Request	\$ 17,064,405.59							
	Total Anticipated CWF Loan							\$ 8,532,202.80	
	Yearly Payment to DEEP at 2% per year	\$521,795.41							
	EDU's (preliminary) 269	269							
	Yearly Cost per EDU	\$ 1,939.76							

Expenses Not Included in Assessment Fees (But Could)

- Connection Charges To New London
 - \$712,819.71 financed at 2.625% over 20 years equals \$169.53/year/edu
- Connection Charges to East Lyme
 - \$272,010.49 financed at 2% over 20 years equals \$61.13/year/edu
- Total Connection Charges Per EDU per Year: \$230.66

User Fees Per EDU

- User fees will be comprised of all costs necessary to properly operate and maintain the system and will be split between internal infrastructure (100% and shared infrastructure (29.7%)
- Fees will include electricity, Bioxide purchase, land rental, taxes, grounds maintenance, annual inspections, insurance, third party O&M company, and any other incidentals.
- From the previous slide, \$230.66 will be for connection fees to East Lyme and New London

User Fees (Per EDU) Continued

- At 300 gpd for 12 weeks, and 150 gpd for 40 weeks, New London usage fee is \$168/year
- At an estimated yearly flow of 6,495,000 for ALL of Old Lyme, anticipated usage cost is \$25,614 (see East Lyme IMA): OL WPCA is responsible for 29.7% or \$7607.36 or \$28.18/per year
- OL WPCA will also be responsible for .6534% (29.7% of 2.2%) of East Lyme and .5% of New London Capital Improvements. This is equal to \$24.20 and \$18.51, respectively, per 1 million dollars (which will most likely be financed over 20 years at 2%).
- Minimum expected user fees: \$382.52 – plus other incidentals
- Point of Woods spends \$520/year/edu

Cost Per EDU as Estimated By the CT DEEP

		Annually
Shared Infrastructure (O&M)	Contract operation fee	\$ 45,000.00
	Gas/oil for generators	\$ 2,500.00
	Engineering + Legal	\$ 5,000.00
	Audit	\$ 5,000.00
	Sinking fund	\$ 35,000.00
	State fees/permits	\$ 2,000.00
	Billing and Collection	\$ 15,000.00
	Other (equipment calibration+chemicals)	\$ 20,000.00
	Connection Fees for East Lyme and NL	\$ 209,660.00
	Other	\$ 5,000.00
	Total	\$ 344,160.00
	Cost Per EDU (/909)	\$ 378.61
Gravity Sewer (O&M)	Contract operation fee	\$ 4,455.00
	Gas/oil for generators	\$ -
	Engineering + Legal	\$ 445.50
	Audit	\$ 594.00
	Sinking fund	\$ 4,455.00
	State fees/permits	\$ -
	Billing and Collection	\$ -
	Other	\$ 1,485.00
	Total	\$ 11,434.50
	Total per EDU (/270)	\$ 42.35
270 EDUs	Annual cost per EDU	\$ 410.34
	Annual cost per EDU - Treatment	\$ 154.19
	TOTAL cost per EDU	\$ 564.52

Expenses Paid Out of Old Lyme General Fund and Not Being Passed Onto End Users

- The one time buy-in deposit to enter into an IMA with New London (\$10,000)
- Reimbursement to the BA WPCA for their costs to develop IMA with East Lyme (\$66,609.56)
- Reimbursement for CWF uncovered expenses to the BA WPCA's (\$39,245)
- All legal fees in developing IMA's and CSA's, assessor's reports, special testing, etc.

Rich Prendergast Statement that Close to \$4.1 Million Has Been Spent on This Project (The Day, 2021)

- Shared Infrastructure: \$1,091,249.09
- Old Lyme Shores WPCA: \$ 666,871.36
- Miami Beach WPCA: \$ 696,781.65
- Old Lyme Colony WPCA: \$ 571,115.25
- Old Lyme WPCA: \$ 615,200.00
- Out-of-Pocket Expenses (approx.) \$ 406,412.66
 - Total \$4,047,630.01

Why the Increase is Necessary

- Inflation impact: 40% to 50% rise in construction & materials costs from pre-COVID to post-COVID
- Original Estimates Were Developed by the Engineering Groups Over a Decade Ago and Assumed a Steady 2% Inflation Rate and Did NOT Anticipate a Period of Hyper-Inflation

Who Pays for This Project?

- Initially, the project is being funded through DEEP using CWF funds. This is a revolving program in which funds are lent out for construction and then repaid by the users (in most cases)
- The WPCA will assess each property owner based upon the EDU system that was developed by its governing WPCA
- Each property owner has the right to pay their loan back over 20 years at 2% interest
- It is the intent of Old Lyme WPCA to have the END USERS pay for the cost of this project
- Old Lyme WPCA is requesting higher SPENDING AUTHORITY, though the amount being financed is still under the original referendum amount of \$9.5 million due to State matching funds




What Happens If It Doesn't Pass

- Risk of EPA/DEEP fines
- Most likely to be issued with a Consent Order from DEEP instructing sewers to be installed
- Loss of 25% forgivable loan
- Delays increase costs over time
- Continued environmental and property risk

Next Steps

- Present to BOS
- BOF Vote
- Informational Meeting: August 26
- Town Meeting:
- Referendum vote:
- How to vote & where:
 - At the Middle School Between the Hours of 12:00 Noon and 8:00 PM. Absentee ballots will be made available.

Conclusion

-  A \$7.6M investment now secures \$17.1M in infrastructure
-  Protects our environment, health, and property values
-  Long-term savings for Sound View and Area B residents

Q&A

- Let's answer your questions and listen to your feedback.

Frequently Asked Questions

Question: I'm only here six months, so why do I have to pay this same money that the year round people do? Shouldn't that be broken down?

Answer: There are two aspects to costs: Cost Assessment and User Fees:

(1) The Assessment cost is based on EDU and reflects the increased value that a property realizes after sewer installation and

(2) User Fees will be based on usage – so your being a 6 month resident will most likely lead to a lower bill than a year round resident.

Question: How can we move forward with a Referendum without knowing all the numbers? What happens to Old Lyme's costs if Miami Beach pr Old Lyme Shores does not participate?

Answer: The Town of Old Lyme held a referendum when the only available numbers were estimates. Today, we have every number that will be included in Sound View and Area B costs: Internal infrastructure plus shared infrastructure bids have been received. Old Lyme WPCA has based the figures being provided that lead to a request of a total expenditure of \$17.1 million (with \$8.55M being financed, and \$8.55M being granted), is that if any other entity currently expected to be in the shared infrastructure doesn't participate, we would need to go back out to referendum as there would not be enough spending authority.

Question: Where is the oversight of WPCA? Where's that plan? How is the money managed in the WPCA?

Answer: This process is part of the oversight of the WPCA. The WPCA holds regular meetings in which the First Selectman is usually present. We publish minutes to all our meetings and present to the BOS and public when requested or when we believe it is necessary. THIS process has been on-going for over a decade, and while some may not like the direction (sewers), it was the WPCA's last resort after presenting alternate waste disposal ideas that were not accepted by the DEEP. The plan is to follow DEEP direction until otherwise requested by Town leadership. Money is managed through the Town budgetary process each year. The budget and audit of funds spent are available in the Town report each year.

Question: What are some of the other expenses that each household would pay?

Answer: The household will have to pay user fees, which are itemized in the presentation and amount to \$564.62 per EDU. Another cost associated with hooking up to sewers is hiring a contractor to install the lateral from the household property line to the house, and then abandon the existing septic system. I have spoken to several contractors that indicate an average home in Sound View and Area B would be around \$4000 to \$5000, but others have indicated they received quotes for \$8000. The WPCA will work with the community to try to reduce the cost in hiring a contractor to hook-up.

Question: Have we thought about inflation and hyper-inflation and how it will affect costs on this project?

Answer: There is contingency built into the budget itself to account for unknowns. I can state with a high degree of confidence that we have enough funds in the budget to address any escalation in costs due to inflation..

Question: Why are we embarking on installing sewers? Have we explored other methods of sewage disposal?

Answer: Most of the systems in Sound View are non-conforming: meaning they do not comply with current health department septic standards for one reason or another. Old Lyme WPCA proposed several alternate systems to sewers and the DEEP did not accept them. After discussion with our Engineers, it became clear that the only system the DEEP would accept was sewers. We discussed fighting that outcome, but felt that in the long run, much money would be spent fighting a system that we would most likely end up installing.

Question: Can you provide an accurate estimate of yearly user costs we will have to pay?

Answer: Included in this presentation is an itemized break down of costs provide by the CT DEEP, which amount to \$564.52. An assessment fee will also have to be paid for the first 20 years, which is estimated at \$1939.76.

Question: How has the Town spent approximately \$1.039 million and what portion of that will have to be paid back by the end users?

Answer: Thus far, the Old Lyme WPCA has financed \$615,200 from CWF funds and 29.7% \$1.091 Million which is derived from our internal infrastructure – together totaling \$939,315 and are paid back at 2% over 20 years. Once the sewers are installed, these design loans will be incorporated into the construction loans that Old Lyme would be responsible (the \$8.55 M being financed). Any other expenditures by the Old Lyme WPCA have come from the general fund, which is funded by all the taxpayers in Old Lyme

Question: The WPCA explore alternate methods for sewage disposal besides the New London treatment plant

Answer: The Old Lyme WPCA spent funds from its general fund budget that looked into other alternatives besides sewers. We proposed various single septic systems as well as a community leaching field design that would have been located at the abandoned Cherry Stones. The DEEP did not accept any proposals that we presented and indicated that they believed sewers were the only long term least expensive solution. Perhaps the Old Lyme WPCA should have fought back, but at the time, sewers were in favor with Town leadership and we were requested to investigate installation of sewers.

Question: What ever became of Mr. Potter's presentation on alternate disposal systems?

Answer: The Old Lyme WPCA is under an administrative order by the DEEP to continue along the path of installing sewers. The WPCA also listened to Mr. Potter and he admitted it was probably too late in the game to propose alternates besides sewers and that the Old Lyme WPCA should have fought more diligently against the DEEP's stance.

Question: How is the shared infrastructure costs divided amongst the WPCAs and who is responsible to administer the loan?

Answer: The Old Lyme WPCA is responsible through the CSA to pay for 29.7% (our share of EDUs/Total EDUs), of the final costs after grants and forgivable loans. As of today, I do not know of any outstanding out-of-pocket costs that would be levied on end users. Old Colony Beach Club is the administrator (and guarantor), of the shared infrastructure loan. While they will administer the loan, the DEEP will fold each member's percent (based on CSA), of the outstanding loan for shared infrastructure into each individual WPCA's internal infrastructure loan.

Question: Are the numbers presented in this presentation include costs already incurred and any outstanding costs?

Answer: Yes, all outstanding costs have been included in all calculations that have been presented by the Old Lyme WPCA. In addition, the per EDU cost includes financing at 2% over 20 years.

Question: Will New London have enough capacity to accommodate Old Lyme and the BA's? Also, East Lyme has requested New London to increase capacity – How would that affect us?

Answer: The DEEP license to New London affords New London an additional 300,000 gallons of capacity once Old Lyme and the other BA's hook in. This was specifically done to ensure that New London would maintain capacity for Old Lyme and the BA's. While East Lyme has made a request to increase capacity, nothing has even been discussed by New London, and even if it were to be decided to increase capacity, it wouldn't happen for at least another decade by the time studies, permitting, plans and construction was undertaken. That being said, I calculated \$42.71/million/edu financed at 2% over 20 years.

Question: How will the bids from Miami Beach and Old Lyme Shores affect the referendum?

Answer: The status of all bids that will affect the WPCA referendum request ARE IN. We know them and have based our calculations on them. MB and OLS numbers will not affect our numbers.

Question: How will empty lots be addressed as far as assigning EDS's?

Answer: Empty lots that zoning could not deny a permit to be built (10,000 sf or more), will be initially assigned 1 EDU.

Question: Can you provide the EDU list determination on your website?

Answer: Yes, after being reviewed for accuracy. It will also include the formulas used for each categorized property.

Question: Why are Sound View residents paying 29.7% of the costs when divided evenly by 4 would be 25%?

Answer: The 29.7% represent 270 EDUs (the number of EDUs in Sound View) divided by the total of 909 EDUs in the entire shared system. The EDU's were determined by the engineering firms that developed the original EIE studies. Since then, each ownership percentage has been codified in the CSA document that was signed by the BA's, Old Lyme WPCA and the Town of Old Lyme.

Question: What is the final cost per EDU if the assessment is paid back at 2% per year over 20 years.

Answer: If you take \$1936 and multiply it by 20, you come up with \$38,720.

Question: If we have 270 EDU's, how can we justify that some properties are 3 EDU's and yet 65% of our homes are only 1 EDU?

Answer: Per the formula the WPCA developed, these properties justify 3 EDU's based upon the mathematics of the formula.

Question: Why do almost 60% of homes in Sound View pay only 1 EDU, while other properties pay considerable more?

Answer: The WPCA has tried numerous methods to fairly assess costs for this project. We strove to reduce the impact on as many “common” homes by assigning 1EDU to a 3 bedroom (or less), 1 kitchen structure. For each additional kitchen or bedroom, .25 EDU would be added. Commercial properties started at 1.5 EDU’s, but could be higher based upon other factors. Mixed Use properties started at 2 EDU and could be higher based on other factors. The WPCA will have the calculations posted on its website with a list of properties and EDU determination before the Referendum.

Question: Why has Fuss and O’Neils’ contingency number been reduced from 8% to 5%?

Answer: Contingency numbers are usually place holders for variables not known before bid and help engineering firms estimate the costs of a proposed project. Once the project has been bid, the costs are known and contingency can be reduced.