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Director

# WATER POLLUTION CONTROL AUTHORITY

TOWN OF STONINGTON

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## Summary of the Bond Request

The Town owns an aging sewerage collection and treatment system consisting of 3 separate plants, 50 miles of gravity, 4 miles of force mains, and 17 pumping stations. The plants were constructed beginning back in the 1960s under administrative orders issued by the State to the Town to address river and shoreline water quality issues in the Pawcatuck, Borough and Mystic districts. Since then, the Town through its WPCA has continued to maintain and operate the treatment plants within permit requirements. It's not commonly known that these permit requirements do not remain static. Instead, every five years the DEEP and EPA review each permit and issue anew, and when doing so the State is required by the federal Clean Water Act to add additional filtration and water quality measures, which are placed then into the permits. The federal and state program is designed this way to improve the waterways for enjoyment, such as for fishing, swimming, boating and clamming. Recently a shellfish bed in the Mystic River reopened after decades of closure. However, there is a reality. As the stringency of the permit requirements ratchets up, so does the expense.

Most municipalities along the shoreline consolidate their collection system so as to operate and have the expense of, one treatment plant. Owning and operating three plants, as Stonington does, in a small town with a small user base is unheard of because it triples the cost to operate and maintain the treatment systems. Alongside these increasing operating costs is the cost to maintain the physical collection system. The pumping stations require upgrades to avoid failure; the State is requiring the WPCA to evaluate its aged underground piping system to check integrity and to reduce groundwater infiltration, with the goal to eventually line the pipes. Put simply, the system is breaking down. For example, there was a line failure on Holmes Street a year ago that required the WPCA to dig up the roadway, and there recently was a sudden equipment failure at the Pawcatuck treatment plant that required \$450,000.00 in repair. That repair is ongoing.

The system cannot sustain its operations and proactively maintain its aged equipment with user fees alone. The WPCA has been conservatively using for the past five or so years the residual proceeds from its last bond issuance in 2010. Those funds are now exhausted, leaving the system in perilous financial shape and possibly unable to make even retroactive essential repairs. When the WPCA loses a piece of equipment, it's not an inexpensive matter. A pump of the right size can be \$50,000, never mind the installation cost and the engineering.

The depletion of those residual bond funds is coinciding with a sharp increase in capital expenditure needs, the nature of which are increasingly serious from the point of view of permit compliance, uninterrupted service, and development moratoriums like we have now in Mystic. As well, as a shoreline community we want to reduce any threat of interference with our use and enjoyment of one of our greatest assets, our waterways, fisheries and recreational areas.

Much of our capital needs are for equipment and infrastructure we cannot easily inspect, like piping, underwater pumps, underwater tanks and gear, electrical systems, valves and so on. The visible structures, generators, electrical systems, odor control systems, UV disinfection systems are known to be in need of repair and or spare parts, called for by both our discharge permits and best business practices.

With the upgrade to the Mystic plant, which lifted the first moratorium in that district, the WPCA installed a new technology that was designed to treat a greater amount of effluent in a small space. We expected that DEEP would permit the Town to treat the same volume, however it lowered our permit limit. With the increased development, the WPCA had no choice but to reintroduce a building moratorium in Mystic that we will hopefully alleviate by diverting flow to the Borough plant. In the current budget year WPCA was awarded about \$2MM in CIP for the diversion and also to study groundwater leakage into the pipes. Reducing infiltration may potentially reveal a solution for some of the excess flows but the repair will be expensive.

Some particularly worrisome potential failures are known to us but most are not. We are expecting significant and expensive failures to occur because of the age of the equipment and infrastructure and an alarming lack of spare parts many of which are no longer manufactured. An example of what that can mean is that having to replace a pump today can also mean having to rebuild parts of a pump station.

Equipment for vintage sewer systems like Stonington's is not "off the shelf". Even newer equipment has to be ordered because distributors do not carry shelf inventory the way they once did. Thus, the lead time to engineer, rebuild or manufacture essential equipment is usually lengthy which puts the system at greater risk for a partial failure.

We are ever on the lookout for federal and state grants. Unfortunately, in this economic climate they are unavailable.

The bond money the WPCA is requesting will free up the nearly \$1MM of CIP allocated to us in the next fiscal year which is \$3MM total for this year and next year. We also as a community have to take a hard look at the three plant system and develop for the Town's posterity a long-term solution to the unnatural expenses. The bond will allow us to do that, to begin work on a new Facilities Plan. Issuing a bond will also free up future CIP for other necessary and worthy uses that aren't large enough to bond for.

We have been discussing the increasingly critical need for a long time and were on track for a referendum this summer. Had the pandemic not occurred we would be following the traditional route of a referendum now. The timing of the need would be no different. We are concerned about weighing the uncertainties with waiting for executive orders to be lifted so there can be a referendum, which at the earliest would delay receipt of funds until October. Weighing the risk of delaying the bond until a referendum is possible against the certainty of the need is suggesting that the Town take the action which the Governor authorized, for such purposes, under Executive Order 7s. We believe that we must be mindful of the relationship our community has with the State agency. The WPCA much prefers to control its expenses, here in Stonington, instead of responding to administrative orders issued by the State through DEEP, which will certainly happen without proactive measures.

Our hard won AAA bond rating should not be affected by issuing this bond but it could be if we had a catastrophic failure and had to spend down fund balance to fix it or raise taxes. Also, interest rates are at advantageous and historic lows.

The WPCA is extremely interested in hearing your comments.