

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

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DRINKING WATER SECTION
AMERICAN RECOVERY & REINVESTMENT ACT JUNE 1, 2009
DRINKING WATER STATE REVOLVING FUND

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BEFORE: RICHARD LYNCH, HEARING OFFICER

HEARING RE: DRINKING WATER STATE REVOLVING FUND
JUNE 1, 2009

1 . . .Verbatim Proceedings of a hearing
2 before the State of Connecticut, Department of Public
3 Health, in the matter of the Drinking Water State
4 Revolving Loan Fund, held at the Department of Public
5 Health, 470 Capitol Avenue, Hartford, Connecticut, on
6 June 1, 2009 at 10:06 a.m. . .

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11 HEARING OFFICER LYNCH: Good morning
12 everyone. My name is Richard Lynch and I have been
13 appointed by the Commissioner to serve as Hearing Officer
14 for this morning's proceeding. Today is June 1st and
15 it's a little bit after 10 o'clock in the year 2009.

16 This is the public hearing for the
17 Drinking Water State Revolving Loan Fund. We are going
18 to entertain testimony -- oral testimony with respect to
19 the applications that have been on file with the
20 Department. I'm going to provide an overview now, and
21 ultimately we will entertain the testimony.

22 There are, at this point, only three
23 people that have signed up. We will take them in the
24 order that they have signed up, and each can speak no

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1 more than 10 minutes. We'll have one person per
2 application to present the points on the application.

3 Alright, let me begin by giving you an
4 overview of the proceedings. On February 17, 2009 the
5 American Recovery and Reinvestment Act of 2009 -- I guess
6 it's ARRA, was signed into law. Under Title 7 of ARRA
7 the state of Connecticut will receive approximately 19
8 and half million in additional funding for the Department
9 of Public Health's existing Drinking Water State
10 Revolving Fund.

11 As stipulated by the federal law, these
12 funds will be deposited in the Drinking Water State
13 Revolving Fund accounts. Approximately 16.9 million of
14 these funds will be used to provide subsidized loans of
15 public water systems for drinking water infrastructure
16 projects meeting the eligibility requirements of the base
17 of the Drinking Water State Revolving Fund program.

18 The Drinking Water Section announced the
19 anticipated availability of these funds and on January
20 26, 2009 solicited eligibility applications from public
21 water systems for quote, "shovel ready" unquote, drinking
22 water construction projects meeting the eligibility
23 criteria with a deadline of February 17, 2009.

24 The Drinking Water Section performed a

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1 second solicitation for additional projects on March 24,
2 2009 with a submission deadline of April 7, 2009. In
3 addition to the specific ARRA solicitations for projects,
4 the Drinking Water Section included projects that had
5 filed previous eligibility applications for funding from
6 the base revolving fund program that met the project
7 eligibility requirements of the ARRA.

8 By the close of business on April 7, 2009
9 the Drinking Water Section received a total of 165
10 eligibility applications for approximately 324 million in
11 drinking water infrastructure projects. The ARRA
12 requires that priority be given to projects that will be
13 ready to proceed to actual construction within 12 months
14 of the February 17, 2009 date of enactment.

15 ARRA Section 1602 also requires that
16 preference shall be given to activities that can be
17 started and completed expeditiously, including a goal of
18 using at least 50 percent of the funds for activities
19 that can be initiated not later than 120 days after
20 enactment of the ARRA.

21 The Drinking Water Section completed a
22 systematic review of all ARRA eligibility applications
23 consistent with the Department Of Public Health's ARRA
24 intended use plan. Projects eligible to receive

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1 financial assistance through ARRA were ranked and
2 prioritized using criteria established by the Department
3 of Public Health's base Drinking Water State Revolving
4 Fund Program in combination with construction readiness
5 and green project goals established under the ARRA.

6 According to the top -- accordingly the
7 top 30 projects appearing in the draft ARRA project
8 priority list include those projects that were fully
9 designed at local funding resolutions in place and ready
10 to initiate construction prior to June 17, 2009 based on
11 information supplied by the public water system
12 applicants.

13 These 30 projects were then ranked
14 according to the priority ranking points awarded to each
15 project using the priority point criteria from the base
16 Drinking Water Fund Program. The remaining 135 projects
17 that were not at this stage of readiness were ranked
18 based on the estimated construction start date reported
19 by the water system applicants.

20 The top 10 projects in this comprehensive
21 project list are proposed to receive the ARRA funds.
22 Projects that are not proposed to receive ARRA funds are
23 eligible to receive low interest loans without
24 subsidization from the base Drinking Water Fund Program.

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1 A separate project priority list for the base Drinking
2 Water Fund Program will be developed at a later date and
3 followed by a separate public hearing.

4 On March 20, 2009 the Department of Public
5 Health provided legal notice of an April 28, 2009 public
6 hearing in the Hartford Courant and numerous other
7 papers. On October -- on April 19, 2009 the Department
8 provided legal notice announcing the rescheduling of the
9 April 28th hearing to today's date, June 21, 2009 -- June
10 1st, excuse me. Cam is correcting me, which is fine.

11 On April -- on May 1, 2009 the Department
12 made the draft ARRA project priority list available for
13 public review. Today's public hearing is intended to
14 allow for public comment on the draft ARRA priority --
15 project priority list. Following the conclusion of the
16 public hearing all oral and written testimony will be
17 reviewed, incorporated into the public record, and taken
18 into consideration in preparing a final ARRA project
19 priority list and a hearing report will be published.

20 I want to make clear that we have a list
21 of what comprises the record to date, that was available
22 when you came in. Documents that will be submitted in
23 today's proceeding will be included in the record. It's
24 important to note that after today's proceeding we are

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1 allowing the record to remain open until the close of
2 business this coming Friday at 4:30, June 5, 2009.
3 Nothing will be added to the record after that time.

4 Please shut off any cell phones if you
5 have them. There are restrooms out in the -- outside the
6 hall here if you need to go. Alright, all those -- I
7 won't read into the record all the documents that you
8 have on the list, but they all comprise the record at
9 this time.

10 Now, I'm going to call the people who have
11 indicated they wish to provide testimony. As I said, you
12 can have up to 10 minutes, one person per application to
13 provide testimony. The first person listed is Fred
14 Allen, Mayor of the town of Ledyard. Good morning, good
15 morning, Mr. Mayor.

16 MR. FRED ALLEN: Good morning, gentlemen
17 and ladies. I'm Fred Allen, Mayor of the town of
18 Ledyard. And I want to thank you for the opportunity to
19 come here and speak with you about a project that is so
20 vitally important to the health and welfare of the
21 residents of Ledyard.

22 As you're aware the Ledyard Water
23 Pollution Control Authority submitted the project for
24 consideration under Connecticut's Drinking Water

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1 Infrastructure Improvement Projects funded under the ARRA
2 2009. At this point I'd like to submit additional
3 information which we have submitted to Mr. Dunn. And
4 you'll note on the outside cover of this, the area
5 includes the subdivision known as Elgin Heights.

6 The project is critical to the town of
7 Ledyard and all the residents in the Elgin Heights area
8 of Ledyard. We believe phases I and II of this project
9 should be funded by this program and assure you that it
10 will be ready -- shovel ready by September 15th.

11 Elgin Heights is located in the northwest
12 corner of Ledyard, includes about 360 lots, the project
13 affects over 1,000 residents of the town of Ledyard.
14 There are lots generally one quarter acre in size and
15 include onsite water, private wells, and onsite sewer
16 disposal, with the exception of a small trailer park that
17 is currently served by a community well.

18 Extension of the water to Elgin Heights
19 will address a number of health related issues that
20 threaten the residents of the area. Those include
21 Connecticut DPH has noted as significant sanitary survey
22 violations at the Avery Hill Trailer Park community well.
23 This project will eliminate those violations.

24 Water quality from private wells serving

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1 the remainder of the area is of great concern. High
2 nitrate levels have been noted in 21 wells. Occasional
3 total chloroform including fecal and other bacteria have
4 been noted, marginal water quality, including excessive
5 iron, manganese, sodium, chloride, hardness, and low PH.
6 High quality municipal water will eliminate those
7 concerns.

8 All residences in the project area have
9 onsite septic systems, 23 percent of those properties
10 have had to replace their system due to system failure.
11 It is only a matter of time when other onsite systems
12 will fail. Municipal water for these existing small lots
13 will allow additional area for citing new replacement
14 private septic systems when required.

15 Provision of municipal water from a known
16 quality source, Groton Utilities, that is adequately
17 protected, will eliminate concerns over water from where
18 and of what quality for these residences. The project
19 includes four phases. Phases I and II, which we consider
20 critical will address the major areas of concern by
21 providing high quality drinking water to the Elgin
22 Heights area.

23 Because the town and WPCA recognize the
24 limited availability of funding through the ARRA SRF

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1 program, the town is suggesting that phases I and II
2 which address the urgent water supply situation be
3 addressed immediately, and phases III and IV be deferred
4 to a later date so as to properly address the priority
5 for required funding to remediate the Elgin Heights water
6 quality.

7 The town has achieved significant
8 engineering design for phases I and II and expects to be
9 completed with design by August 1, '09. They should be
10 shovel ready by September 15, construction would be
11 completed by late summer, 2010.

12 By providing funding to the town of
13 Ledyard under the ARRA SRF program, Connecticut DPH will
14 assist the town in correcting potentially serious health
15 related concerns for a large number of private
16 residences. If this project is not funded, the situation
17 could develop into a crisis where the town is forced to
18 take emergency action to protect public health.

19 The economic impact of not proceeding with
20 this project and potentially having to provide temporary
21 water while a long-term permanent solution is constructed
22 could be devastating. The town believes phases I and II
23 require immediate action and is prepared to have these
24 shovel ready projects by September 15th.

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1 In closing, this project is not just a
2 project that creates jobs and is nice to do. This is a
3 project that is absolutely essential to the health and
4 wellbeing of a large number of residents in the town of
5 Ledyard. I thank you for the opportunity to come speak
6 before you. We have additional copies of what we have
7 presented to you, and we will stay after and be happy to
8 answer any questions.

9 HEARING OFFICER LYNCH: Thank you, Mr.
10 Mayor.

11 MR. ALLEN: Thank you.

12 HEARING OFFICER LYNCH: I just wanted to
13 mention here that after the formal presentation of the
14 testimony there will be a general period you can ask
15 staff technical questions about applications. Alright,
16 Bob Moore?

17 MR. ROBERT MOORE: Good morning, my name
18 is Robert Moore. I'm the Chief Administrative Officer of
19 the Metropolitan District here in Hartford. The MDC
20 serves over 105,000 water customers in our eight member
21 towns and surrounding service areas, including two of
22 Connecticut's distressed communities. MDC treats over 54
23 million gallons of water per day at our three water
24 treatment facilities in Bloomfield, West Hartford, and

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1 Collinsville.

2 We maintain the distribution system over
3 1,500 miles of water mains throughout the greater
4 Hartford area. MDC's water debt service is approximately
5 7 million dollars annually in support of capital
6 improvements that we routinely make. And we have a total
7 bond indemnity of 86 million dollars.

8 We appreciate the availability of both the
9 American Recovery and Reinvestment Act funding and the
10 Drinking Water State Revolving Fund as major factors in
11 our ability to invest and reinvest in our water
12 distribution system. For 2009 MDC has submitted to the
13 Department of Public Health 23 SRF applications totaling
14 45.2 million dollars.

15 These projects reflect the need for
16 improvements in our treatment and distribution system,
17 including replacing the aging water mains, pump station
18 improvements, water treatment plant filter upgrades, and
19 a radio frequency automated meter reading and replacement
20 system. All these projects that we have submitted are
21 ready for design or construction, and hopefully meet all
22 of the requirements of the Department of Public Health
23 for these and funding.

24 We really appreciate the funding of the

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1 State Revolving Fund and the ARRA, and that as we look
2 towards the district in the future, we've been surprised
3 by the recent events of copepods and water fjords on
4 water distribution system, just showing the ever need for
5 increased control, increased improvement, increased
6 treatment of water supplies as we find things that affect
7 them that we didn't know before.

8 And the investment that the Health
9 Department and the state is making in the improvements of
10 these systems is critical for the good water supply
11 system for all of our residents of Connecticut. And we
12 appreciate very much the investment that the Health
13 Department has made in financing this.

14 As I look forward to our asset management
15 program in the future, we have identified a two and a
16 half billion dollar program for water main distribution
17 replacement to keep our system current and prevent it
18 from continued to operate on a break -- replacement
19 during breaks.

20 The SRF program, this program, all help to
21 reduce the cost of that to our residents, and help us
22 reinvest in the need to build this and run this complex
23 water distribution system. Again, I can't -- I'm just
24 here to thank you very much for your investment and the

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1 investment in this program.

2 HEARING OFFICER LYNCH: Thank you, Mr.
3 Moore. Ken Scove from Waterbury? Did I get the last
4 name right? We -- I couldn't quite read your writing.

5 MR. KENNETH SCOVE: Scove.

6 HEARING OFFICER LYNCH: Okay, thank you
7 sir.

8 MR. SCOVE: Good morning, my name is
9 Kenneth Scove, I'm the Superintendent of Water at the
10 Waterbury Water Department. The City of Waterbury Water
11 Department strongly believes that it's disinfection
12 improvement project, which is ranked number 18 on the
13 American Recovery and Reinvestment Act of 2009 project
14 priority list should receive ARRA subsidized funding.

15 This very important project is for the
16 replacement of the gaseous chlorination disinfection
17 system at the city's Harry P. Danaher Water Treatment
18 Plant. This disinfection system is the original gaseous
19 chlorination system built -- put in when the plant was
20 built. And it utilizes one ton chlorine gas cylinders.

21 The system is old and unreliable and this
22 equipment will be replaced with liquid sodium
23 hydrochloride with current up-to-date technology. The
24 current gaseous chlorination system is both a safety

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1 issue and a potential terrorist target. It has been well
2 documented that facilities with large amounts of
3 chlorinated gas are high priority terrorist targets due
4 to the plume of chlorine gas that would be released if a
5 terrorist attack were to happen.

6 And I think that's one the reasons this
7 project should be moved higher up on the list, because
8 not only are we ready, we've already gone out to bid,
9 we're shovel ready to go as soon as we get funding. But
10 it will alleviate the potential for a terrorist attack,
11 and that's been a big thing in the water industry over
12 the last number of years, and you've probably heard about
13 that. And I'm not going to even mention the number of
14 one ton cylinders. We have a very large plant.

15 In summary, the City of Waterbury, Bureau
16 of Water, strongly urges the Department of Drinking Water
17 Section to move this shovel ready project up on the
18 American Recovery and Reinvestment Act of 2009 priority
19 list to receive subsidized funding. I did send a letter
20 in on Friday and I do have copies of it here. I don't
21 know if -- I did fax it in too, I don't know if you have
22 it for the record yet?

23 HEARING OFFICER LYNCH: Has it been added
24 in for the record? If not, we will add it to the record

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1 if you want to give a copy to us now.

2 MR. SCOVE: I have copies here.

3 HEARING OFFICER LYNCH: Oh, it's already
4 in, it's already in. Thank you.

5 MR. SCOVE: Thank you.

6 HEARING OFFICER LYNCH: Thank you. That's
7 the extent of those that have signed up to testify. Is
8 there anybody further who wishes to address -- provide
9 testimony? Yes -- well, alright. Please, you can come
10 up. Please identify yourself clearly for the record and
11 who you're speaking in behalf of?

12 MR. PAUL BATES: Good morning, Mr. Lynch,
13 members of the staff, my name is Paul Bates. I'm a
14 Commission member of the Noank Water Department. It was
15 just a little curious about -- when it talks about the
16 project ranking category by population and they get to
17 the medium system. And it says that the water system in
18 this population category of being allocated approximately
19 35 percent of the total funds.

20 When you add of the list of the ones that
21 are allocated already it comes to about a little over 2.2
22 million. And 35 percent of the 17 odd million comes to
23 about 6 million. So, it appears that they've only
24 actually allocated less than half of what this portion

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1 says.

2 And it seems like less than 50 percent is
3 a long way from anything someone could interpret as
4 saying approximately.

5 HEARING OFFICER LYNCH: Well, I take it
6 your question is rhetorical. We're not going to respond
7 to that question. This is an opportunity to provide
8 testimony into the record, which under the regulations we
9 will have to consider in rendering ultimate decisions.

10 MR. BATES: Thank you very much for your
11 time.

12 HEARING OFFICER LYNCH: Thank you, Mr.
13 Bates. There's a gentleman down in the back?

14 MR. RUDY MARCONI: Thank you, good
15 morning. My name is Rudy Marconi. I am the First
16 Selectman in Ridgefield, Connecticut. And we submitted
17 testimony here last week, and I'd like to read it into
18 the record if I may, please?

19 HEARING OFFICER LYNCH: It's -- if it's
20 already in the record, it's not necessary to read it.
21 But if you'd like to, go ahead. Alright.

22 MR. MARCONI: Yeah. I just want to go and
23 verbally, orally be on record with this. The following
24 clarifications we had submitted, and there was apparently

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1 information that was missing which was a surprise to us.
2 But the following clarifications are being provided in
3 support of the town of Ridgefield's one \$1,450,000
4 request for the construction of a water main to supply
5 drinking water to two of our schools, Barlow Mountain and
6 Scotland Elementary Schools.

7 These two schools serve approximately 800
8 students, and due to high chloride levels in the existing
9 onsite water system, these schools are forced to use
10 bottled water for drinking purposes. And that has been
11 the case for the last two years.

12 As a result the town is currently under a
13 consent order from the Department of Public Health to
14 deliver potable water through the extension of an
15 existing water main on Main Street. In compliance with
16 the consent order two sets of completed plans and
17 specifications for the project were delivered to the
18 Department of Public Health on January 15, 2008,
19 transmittal attached.

20 Prior to submission administrative
21 approval from the town's Inland Wetlands Commission was
22 obtained on December 12, 2007, copy attached, and an 8/24
23 approval from the Planning and Zoning Commission was
24 obtained on July 25th, '07, copy attached.

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1 The Department of Public Health completed
2 a review of the submitted materials and environmental
3 assessment of the project, and issued quote, "an approval
4 for construction and installation of the water treatment
5 works," unquote on April 15th, '08, copy attached.

6 The project was subsequently bid for
7 construction back on June 3rd, results attached. And due
8 to bid discrepancies and after lengthy conversations with
9 the Department of Public Health the low bidder was
10 rejected in favor of the second lowest bidder. Anthony
11 Julian Railroad was the construction company. The
12 contractor indicated that he was still interested in
13 holding his prices through a letter, copy attached, and
14 subsequent phone conversations.

15 Upon inclusion in the Department of Public
16 Health's ARRA disbursement the project will be
17 constructed to help and reach in the decision to include
18 the town's request in the Department Public Health's
19 program. The following items are noted, construction
20 start date as noted above.

21 That was one of the reasons why we were
22 told that our project when originally under the DWSRF
23 program was ranked about four or five, it dropped from
24 number four or five down to 146 out of the 151 projects

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1 that were listed under the ARRA. We were told that we
2 didn't have a construction start date.

3 As noted above the plans and
4 specifications have been completed and approved. All
5 necessary permits and approvals have been obtained, and
6 the project has been bid. For the purpose of this
7 application the construction start day, this is the
8 formal part, should be set at May 22nd, which has already
9 gone by.

10 It should be noted that the town of
11 Ridgefield will provide engineering services, including
12 construction inspection through the utilization of its
13 engineering staff. And then on permits we have a little
14 chart that shows the 8/24 approval and the Inland
15 Wetlands Commission approval.

16 Rights of way and easements, we were told
17 this was an area that was lacking for some reason. As
18 shown on the construction plans on file to the Department
19 of Public Health and as noted above, all work will be
20 completed along town owned and maintained right of ways
21 and property. No easements are required to complete the
22 project.

23 As can be seen from the documents provided
24 in the Department of Public Health's files, the extension

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1 of a water main to Barlow Mountain and Scotland
2 Elementary Schools meets the Governor's definition of,
3 and I quote, "shovel ready" projects.

4 Inclusion in the Department of Public
5 Health ARRA disbursement program will eliminate two
6 school's dependency on bottled water, provide tax relief
7 to the town's economically stressed residents, and
8 immediately provide construction jobs to help and
9 stimulate in the state of Connecticut's economy. Thank
10 you very much.

11 HEARING OFFICER LYNCH: Thank you, sir.

12 MR. MARCONI: Questions?

13 HEARING OFFICER LYNCH: No questions. Is
14 there anybody else that wishes to speak and be -- and
15 whose testimony is desired to be put in the record? If
16 that's it we will close the public hearing.

17 I want to remind everybody that the --
18 additional evidence can be submitted up until the close
19 of business this coming Friday, and that's 4:30. Beyond
20 that point, no additional evidence can be submitted to
21 the record.

22 Well, this will close the formal
23 proceeding for the public hearing and at this point we'll
24 take a short break and then we'll -- you have a technical

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1 session, you can ask the staff some questions thereafter.
2 Thank you for your attending -- your attendance this
3 morning. And have a good day.

4 (Whereupon, the hearing was adjourned at
5 10:34 a.m.)

6