

STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC HEALTH

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DRINKING WATER  
STATE REVOLVING FUND

MAY 21, 2012

Department's Draft State Fiscal  
Year 2012 Priority List

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BEFORE: HEARING OFFICER KATHRYN KEENAN

Draft Priority Lists and Draft Intended Use Plan for  
Public Review and Comment.

HEARING RE: DRINKING WATER STATE REVOLVING FUND  
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1 . . .Verbatim Proceedings of a hearing  
2 before the State of Connecticut, Department of Public  
3 Health, regarding DWSRF, Drinking Water State Revolving  
4 Fund, held at 470 Capitol Avenue, Hartford, Connecticut  
5 at 10:05 a.m. . . .

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7  
8  
9  
10 HEARING OFFICER KATHRYN KEENAN: Good  
11 morning, today is Monday, May 21st, 2012, we are at the  
12 Department of Public Health located at 470 Capitol Avenue  
13 in Hartford, Connecticut and it is approximately 10:05 in  
14 the morning. My name is Kathryn Keenan and I've been  
15 appointed by the Commissioner of Public Health to serve  
16 as Hearing Officer for this morning's proceeding. With  
17 me today is Cam Walden, Supervisor in the Department of  
18 Public Health's Drinking Water Section.

19 The purpose of today's public hearing is  
20 to receive testimony on the proposed final draft that  
21 already lists projects eligible for the State Fiscal  
22 Year's 2012 and 2013 for Drinking Water State Revolving  
23 Fund, also known as the DWSRF loans and the Draft  
24 Intended Use Plan for Federal Fiscal years 2011 and 2012.

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1 Working testimony will also be accepted. If you wish to  
2 provide testimony today, there is a sign-up sheet for  
3 testimony at the door. I will call persons who wish to  
4 provide testimony up to the podium in the order that they  
5 appear on this list. After the hearing has been  
6 concluded, there will be an open forum for you to ask  
7 questions directly to the DWSRF program staff. Questions  
8 will not be entertained during the public hearing.

9 Before we begin receiving testimony, I  
10 would like to provide you some background information  
11 regarding the DWSRF. Before doing so, I ask that you  
12 turn off your cell phones during the proceeding; and if  
13 you need to use the rest room, they are located right  
14 outside of this room in the hall.

15 The Department of Public Health annually  
16 receives a Federal Capitalization Grant Award from the  
17 United States Environmental Protection Agency to  
18 implement a velocity development strategy and administer  
19 the DWSRF. The DWSRF offers low-interest loans to  
20 community public water systems and non-profit, non-  
21 community public water systems to finance sustainable  
22 infrastructure projects.

23 Beginning in State fiscal year 2012, the  
24 Department's DWSRF program moved to a two-year funding

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1 cycle from an annual funding cycle that was used since  
2 the beginning of the program. This change allows the  
3 Department to begin reviewing second-year projects  
4 earlier so that Federal Capitalization Grant Funds can be  
5 committed to these projects quickly after the Department  
6 receives a grant award from the United States  
7 Environmental Protection Agency. By staying one year  
8 ahead in the review of projects, the Department hopes to  
9 increase the pace of DWSRF assistance as recommended by  
10 the United States Environmental Protection Agency.

11 On October 19th, 2011, the Department  
12 issued a call for projects to eligible public water  
13 systems to determine the statewide DWSRF funding needs.  
14 Public water systems were asked to submit project  
15 eligibility applications to the Department no later than  
16 November 30, 2011. On November 22nd, 2011 the Department  
17 extended the deadline for applications to December 15,  
18 2011.

19 At the same time, the Department also  
20 announced a new small-system generator -- emergency  
21 generator program. This new program was implemented to  
22 offer low cost financing to small public water systems  
23 for the installation of emergency-generator backup-power  
24 systems for their drinking water facilities. This

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1 program was announced following storms Irene and Alfred  
2 in the Fall of 2011 when many small public water systems  
3 lost water system pressure due to the loss of utility  
4 power. The department felt it was critical to address  
5 the need for emergency backup generators for these  
6 systems.

7 As of the December 15, 2011 deadline, the  
8 Department received a total of 118 eligibility  
9 applications, 63 of which were applications for the  
10 small-system emergency-generator program for  
11 approximately 164 million dollars in public drinking  
12 water infrastructure needs. These 118 projects were  
13 ranked in accordance with the Department's priority  
14 ranking system approved by the United States  
15 Environmental Protection Agency. The Department reviewed  
16 these projects to determine which projects were ready to  
17 proceed in State fiscal year 2012 using standardized  
18 project readiness information submitted by the applicants  
19 in their eligibility applications.

20 The Department also reviewed these  
21 projects to determine if any satisfied the Federal Green  
22 Project Reserve Provisions. Based on this review, the  
23 Department determined that 83 of the projects, including  
24 the 63 emergency generator projects, satisfied the

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1 Department's State fiscal year 2012 funding criteria.  
2 These projects appear on the Department's Draft State  
3 Fiscal Year 2012 Priority List in the order of priority  
4 point assignments, with the 63 emergency generator  
5 projects grouped together as a single-line item.

6 The remaining projects appear on the state  
7 fiscal year 2013 Priority List in the order of Priority  
8 Point Assignments without regard to project readiness  
9 information. Certain projects appear on both the Draft  
10 State Fiscal Years 2012 and 2013 Priority Lists because  
11 the Department split these projects into design and  
12 construction phases. These split projects are proposed  
13 to receive funding for the design fees for State Fiscal  
14 year 2012 and for the construction fees in State fiscal  
15 year 2013. During the State fiscal year 2012 DWSRF  
16 funding cycle, the Department is anticipating that  
17 approximately 55 million dollars will be available for  
18 low-interest loans. These loans will initially be  
19 offered to all public water systems on the final State  
20 fiscal year 2012 Priority List.

21 In the event, however, that unanticipated  
22 delays are encountered in the execution of loan  
23 agreements, the Department may elect to bypass a project  
24 and offer those funds to the next highest direct project

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1 appearing on the final State fiscal year 2013 Priority  
2 List. Bypass procedures in other program elements are  
3 detailed in the Department's Draft Intended Use Plan.

4 During the State fiscal year 2013 funding  
5 cycle, the department is anticipating that approximately  
6 58 million dollars will be available for low-interest  
7 loans. These funds will initially be offered to public  
8 water Systems appearing above the funding line on the  
9 final State Fiscal Year 2013 Priority List. In the  
10 event, however, that unanticipated delays are encountered  
11 in the execution of a loan agreement, the department may  
12 elect to bypass the project appearing above the funding  
13 line and offer those funds to the next highest ranked  
14 project appearing below the funding line.

15 The department's Federal Fiscal year 2011  
16 and 2012 Federal Capitalization Grants require the  
17 department to offer a partial subsidization in which the  
18 department will provide in the form of principal  
19 forgiveness. For the Federal fiscal year 2011 Grant, the  
20 Department is required to use a minimum of 30 percent of  
21 the grant to subsidize projects. For the Federal fiscal  
22 year 2012 grant, the department is required to use a  
23 minimum of 20 percent, but no more than 30 percent of the  
24 grant for subsidization.

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1                   The Department intends to use 30 percent  
2                   of each capitalization grant for project subsidization  
3                   during state fiscal years 2012 and 2013. The  
4                   Department's Federal fiscal year 2011 and 2012 Federal  
5                   Capitalization Grants encourage the Department to provide  
6                   these subsidies to communities that could not otherwise  
7                   afford such projects, in projects that are consistent  
8                   with the United States Environmental Protection Agency's  
9                   sustainability objectives. The Department is required to  
10                  provide in its annual DWSRF report and explanation as to  
11                  how the Department addressed this.

12                  The subsidization from both capitalization  
13                  grants will be blended and distributed to drinking water  
14                  infrastructure projects in communities that could not  
15                  otherwise afford such projects, and that meet the  
16                  criteria for affordability and sustainability as outlined  
17                  in the Department's Priority Ranking System. This  
18                  criteria was used to meet the expectations of the United  
19                  States Environmental Protection Agency as detailed in the  
20                  Department's Capitalization Grant. Each qualifying  
21                  project on the State Fiscal Year 2012 Priority List in  
22                  projects above the funding line on the State Fiscal year  
23                  2013 Priority List will receive an equivalent  
24                  proportional share of subsidization. It is estimated

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1 that these projects will receive subsidization equaling 5  
2 percent of their total DWSRF eligible project costs at  
3 the time of loan execution. In addition, due to the  
4 critical need for emergency backup generators for small  
5 public water systems, the Department plans to subsidize  
6 up to 45 percent of the total DWSRF eligible project  
7 costs of all projects funded under the small-system  
8 emergency-generator program. These subsidized projects  
9 are identified on the Draft State Fiscal Year 2012 and  
10 State Fiscal Year 2013 Priority Lists.

11 The Department will also hold and reserve  
12 a subsidization amount equal to approximately 8.8 percent  
13 of the Federal Fiscal Year 2012 Capitalization Grant.  
14 This amount in reserve will be made available to  
15 qualifying projects below the funding line on the State  
16 Fiscal Year 2013 Priority List, if the project ends up  
17 receiving funding due to the previously mentioned by-pass  
18 provision.

19 The Department is required by State law to  
20 hold a public hearing on the Draft Priority Lists, and by  
21 Federal Law to seek meaningful public review and comment  
22 during the development of the intended use plan for its  
23 Federal Capitalization Grant. The Department is also  
24 required to provide the Draft Priority List to

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1 appropriate local officials at least 30 days prior to the  
2 public hearing.

3 The Department's Commissioners are  
4 required to consider any written and oral testimony  
5 provided for today's public hearing as well as any  
6 written comments received by the Department and may elect  
7 to modify the Draft Priority Lists on the basis of such  
8 testimony and comments. After taking all comments and  
9 testimony into consideration, the Department will prepare  
10 final priority lists to be included in the final Intended  
11 Use Plan for Federal Capitalization Grant Funds. On  
12 April 20, 2012 the Department brought legal notice of  
13 today's public hearing in the Hartford Courant, New Haven  
14 Register and Waterbury Republican. On April 26, 2012 the  
15 same notice appeared in the La Posta Espana And Northeast  
16 News. These notices included an announcement of the  
17 availability of the Draft Priority Lists and Draft  
18 Intended Use Plan for Public Review and Comment.

19 The documents listed on today's agenda --  
20 on the agenda for today's public hearing comprise the  
21 record to date. Any documents received today will also  
22 be added to the record. It is important to note that we  
23 are keeping the record open to receive additional  
24 evidence until noon tomorrow, which is Tuesday, May 22,

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1 2012. Nothing will be added to the record after that  
2 time.

3 Today's public hearing is intended to  
4 allow for oral and/or written testimony on the Draft  
5 Priority Lists and Draft Intended Use Plan. Following  
6 the conclusion of the public hearing, all oral and  
7 written testimony as well as any written comments  
8 received will be reviewed, incorporated into the public  
9 record and taken into consideration in preparing the  
10 final project priority lists. Final intended use plan in  
11 a hearing report which the Department will publish and  
12 make available on the Department's web site.

13 At this point, I'd like to hear testimony.  
14 As a reminder, this hearing is intended only for oral  
15 and/or written testimony to be submitted on the Draft  
16 Priority Lists and Draft Intended Use Plan. And as I  
17 mentioned no comment -- no questions will be entertained  
18 during the public hearing, and after the hearing has  
19 concluded there will be an open forum where you may ask  
20 questions directly to the Department's DWSRF program  
21 staff.

22 So the first person we have on the list is  
23 Michael Mancini, MDC Hartford.

24 MR. MICHAEL MANCINI: Good morning, I'm

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1 Michael Mancini, Director of Engineering for the  
2 Metropolitan District in Hartford. Thank you for holding  
3 this public hearing and I'm pleased to be here. With me  
4 also is Stephanie Russo, our Project Controls Manager.

5 Just a little about the MDC. The MDC  
6 serves over 105,000 water accounts in 8 member towns and  
7 surrounding service area, including 2 of Connecticut's  
8 distressed municipalities. The district owns and  
9 operates the water distribution system of 1,600 miles of  
10 water mains and 17 water pump stations. The 1,600 miles  
11 of water main infrastructure has an average of 56 years  
12 old. Approximately 105 miles of water mains are over 100  
13 years old, some dating back to 1850. During the 10-year  
14 period 1999-2009, over 1,700 or 95 percent of our water  
15 main breaks experienced by the district were to older  
16 cast iron pipes. The district treats over 54 million  
17 gallons of water per day collectively at three water  
18 treatment plants in Bloomfield, West Hartford, and  
19 Collinsville. MDC has developed a water distribution  
20 system asset management program to create a comprehensive  
21 capital improvement master plan for the replacement,  
22 rehabilitation of the district's potable and raw water  
23 distribution system, our linear assets as well as the  
24 replacement and rehabilitation of the point assets that

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1 include gate valves, pumping stations and water tanks to  
2 maintain water services to over 400,000 people in  
3 perpetuity. The exclusion of various assets replacement,  
4 rehabilitation based on budget restrictions availability  
5 could adversely lower the District's capacity to provide  
6 continuous service to our customers. It would be highly  
7 beneficial for the District to obtain the necessary  
8 funding for the replacement rehabilitation of its assets  
9 as recommended by the Asset Management Program.

10 The MDC's 2011 approved capital  
11 improvement program budget for water projects is 57  
12 million dollars based on affordability. Our 2012 CIP for  
13 water projects is 86 million dollars. This includes  
14 projects for land acquisition in and around watersheds,  
15 dam safety, various water treatment facility upgrades and  
16 other projects in addition to the linear and point asset  
17 projects. The water main gate valves, pump stations,  
18 water tanks for which DWSRF funding was applied for.

19 As you know, MDC submitted 16 DWSRF  
20 applications totaling 90.9 million dollars for water main  
21 replacements, pump station improvements, water treatment  
22 facility upgrades, and phase 4 of our radio frequency  
23 automated meter reading system and meter replacement  
24 program.

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1                   In the interest of brevity, all of the  
2 details for the above projects that I've talked about  
3 here will be cemented in written testimony. I want to  
4 thank the Department of Public Health for its support of  
5 the MDC and our efforts to provide our customers the best  
6 water possible at the most affordable cost. We look  
7 forward to maintaining our strong relationship with the  
8 Department. Thank you very much.

9                   MS. KEENAN: Thank you. Are there any  
10 other speakers that would like to provide testimony  
11 today?

12                   MR. CAM WALDEN: (Indiscernible, too far  
13 from mike.)

14                   MS. KEENAN: If there are no other  
15 speakers, I'd just like to remind everyone that  
16 additional comments may be submitted to the Department  
17 until noon tomorrow which is Tuesday, May 22, 2012, at  
18 which point the record will close and no additional  
19 comments will be added to the record. I'd also like to  
20 remind you that the Department's Drinking Water Section  
21 is hosting an open forum following this hearing where you  
22 may ask questions directly to DWSRF program staff.

23                   Thank you all for coming this morning and  
24 providing -- and MDC for providing comment. At this

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1 point I'd just like to declare this morning's proceedings  
2 completed.

3 (Whereupon, the hearing was concluded at  
4 10:21 a.m.)