

1 **DRAFT**

2 **SPECIAL MEETING**

3 Wallingford Public Utilities Commission

4 100 John Street

5 Wallingford, CT

6 Monday, May 13, 2019

7 6:30 p.m.

8 **MINUTES**

9

10 **PRESENT:** Chair Robert Beaumont; Commissioners Patrick Birney & Joel Rinebold; Director
11 Richard Hendershot; Water and Sewer Divisions General Manager Neil Amwake; Office Manager
12 William Phelan; Comptroller Jim Bowes; Recording Secretary Kathy White

13 Chair Beaumont called the Meeting to Order at 6:30 p.m. and the Pledge of Allegiance was
14 recited.

15 **1. Pledge of Allegiance**

16 **2. PDiscussion and Action:** Sewer Division – PUC recommendation to the Town Council
17 regarding proposed Funding Ordinance for the Planning and Construction of Water
18 Pollution Control Facility (WPCF) Upgrades Project.

19 Mr. Amwake went over the packet distributed to the Commissioners. He noted four Contractors
20 submitted bids which he noted were the same four contractors that submitted bids to the City
21 of Meriden. He said a few other General Contractors were interested, but they dropped out.
22 Mr. Amwake said the Walsh Construction bid was opened first by the Purchasing Dept. which
23 came in at \$51.2 million; C.H. Nickerson & Co. bid was opened next and came in at \$45.5
24 million; next was Dan O’Connell’s Sons bid at \$48.8 million and the last bid to be opened was
25 from Carlin Contracting Co. at \$47.8 million. Mr. Amwake noted the Town cannot enter into a
26 Contract with C.H. Nickerson until the Town receives an Authorization to Award letter from
27 DEEP.

28 Mr. Amwake said the italic line items shown on the bid tabulation document were items the
29 Town gave the Contractors and they weren’t allowed to bid on them. He said this all came
30 down to Item #1, which was a lump sum for the WPCF upgrades. He stated C.H. Nickerson &
31 Co. came in at the low bid of \$45,507,000. Mr. Rinebold said it appeared to be tight pricing. Mr.

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1 Amwake said he the difference in dollars as well as in percentages is shown at the bottom of
2 the table.

3 Mr. Amwake noted that C. H. Nickerson & Co. based in Torrington, tends to do the work
4 themselves, vs. sub-contractors. He said AECOM, himself and the Sewer Division are familiar
5 with C.H. Nickerson and are a good contractor in the waste water industry. He said AECOM has
6 done their due diligence and issued a letter to the Town stating that C.H. Nickerson has the
7 requisite experience to perform the work. Mr. Rinebold asked about projects C.H. Nickerson has
8 done. Mr. Phelan said Nickerson is familiar with the Wallingford WPCF. Mr. Amwake said
9 Nickerson has done the phosphorus upgrade projects in Bristol at \$11.4 million; the sludge
10 storage project in Windham at \$2.9 million; the Rocky Hill upgrade for the Metropolitan District
11 at \$47 million; the Truck Scale at \$1.9 million and the Wet Weather Expansion Influent Pump
12 Station Headworks and Odor Control at MDC at \$79 million; Wet Weather Capacity
13 Improvements and Nitrogen Reduction Phase 1 in New Haven, \$54.4 million. He said they also
14 have a \$98 million wastewater pollution upgrade in Cromwell; Putnam Control Upgrade Contract
15 Sewer #1 for \$14.7 million.

16 Mr. Rinebold asked if Nickerson would be compromised if they had more than two projects
17 going on now. Mr. Amwake said Meriden has not officially awarded but are on schedule to
18 award. He said their aggregate work capacity is \$500 million, so they are pre-qualified to
19 perform work up to that limit. Mr. Amwake discussed the proposed funding ordinance. He said
20 there were four categories that comprised the requested funding ordinance:

21 Design

22 Mr. Amwake said the Design is at a cost of \$3,305,581. He said currently, it appears we are
23 running below this and didn't believe we would use all of the \$3.3 million. Mr. Amwake said
24 through May 7, AECOM has invoiced \$2.6 million. He noted the Facility Plan came in 5.93%
25 under budget.

26 Construction Administration (CA).

27 Mr. Amwake said the working value for this task is \$5,180,974. He noted the Wallingford Sewer
28 Division (WSD) and AECOM staff are currently finalizing the CA scope of services which is 95%
29 to 96% completed, and the fee is approximately 90% completed, so this value may change
30 marginally. Mr. Amwake said they are carrying a fee of approximately \$5.2 million, which is
31 higher than the \$4.6 million which he said was an estimate of 11 months ago. Mr. Amwake said
32 when they got into the design; the phasing and logistics became linear especially with the large
33 pump station which has to be rebuilt as well as the intermediate pump station. He said this
34 added approximately 2 ½ months to the construction timeline. Mr. Amwake said the pace of
35 the design and bidding schedule is blistering and the design is competent, but the triple check
36 wasn't done because of schedule constraints. He noted Meriden took longer to do their design
37 than Wallingford.

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1 Mr. Amwake said additional dollars were added for shop drawing review and requests for
2 information (RFI's). He pointed out when the Contractor installs a pump, an electronic
3 component, it will be double and triple-checked that it fits into the design. He said regarding the
4 RFI's, when the Contractor formally submits questions, we will perform additional due diligence.
5 He said we are running below on design, but will add fee on CA. Mr. Amwake went over the
6 engineering contingency, noting that 10% is standard. He said a 5% contingency has been
7 applied to the Contractor's bid price to account for change orders that may be approved and
8 executed to address unforeseen site (soil) conditions, unexpected conflicts, design revisions, or
9 Owner-initiated changes during the construction phase.

10 |
11 Administration & General Expenses

12 Mr. Amwake noted a 2% contingency has been applied to the sum of the Engineering and
13 Construction costs to account for outside legal representation or third-party experts that may be
14 needed for dispute resolution or to mitigate and resolve performance concerns the Town may
15 have with the design firm, the General Contractor, key subcontractors or equipment and
16 material suppliers.

17 Mr. Amwake noted that Gov. Ned Lamont has not held any regular Bond Commission meetings
18 since he took office. He noted the Gov. indicated there may be a Bond Commission meeting
19 possibly over the summer, the end of June.

20 Mr. Amwake said there were five projects awarded in Calendar Year 2019: Vernon, Meriden,
21 Wallingford, Danbury, which closed on the 10th and Ridgefield which opens on the 17th. Mr.
22 Amwake said a Contract must be awarded by June 28, 2019 in order to qualify for the 50%
23 phosphorus funding. He said if this doesn't occur, funding drops to 30%. Mr. Amwake said
24 there is \$10 million in Clean Water Fund (CWF) grant monies remaining and \$97 million in CWF
25 loans before Vernon was given a partial award. Mr. Amwake said he and AECOM are in a near
26 daily basis contact with DEEP.

27 Mr. Amwake said the Clean Water Fund monies are still in the Governor's budget, but is behind
28 the Bond Commission's "wall".

29 Debt Administration

30 Bonding Fee

31 Mr. Amwake noted that Wallingford needs short-term financing, a Bond Anticipation Note (BAN)
32 at a cost of approximately \$80,000 per issuance.

33 Cost of Financing

34 Mr. Amwake said this cost has been calculated to carry the project all the way through the
35 construction phase assuming a worst case scenario where the Town funds the entire project

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1 itself, (Construction, Engineering and Administration costs), during the construction phase of
2 the project, absent any Clean Water Funding (CWF) i.e., the use of interim funding until CWF
3 funds are made available by the State during construction phase, or the Town self-finances the
4 project until the end of the construction period at which time the Town enters into a CWF
5 Agreement with the State.

6 Mr. Amwake noted the total project estimate is \$60,018,912. He said the planned schedule is
7 to hold a Special Town Council Meeting on May 21, 2019. He said the Mayor requested the
8 Special Town Council meeting be moved forward from the original date of May 28 to allow for
9 additional time to execute the Contract after the 21-day Funding Ordinance notice period was
10 complete.

11 Mr. Amwake noted that pending a final determination by the DEEP the estimated State grant is
12 \$19.9 million; the estimated State loan is \$38 million and the estimated Town cost net of State
13 grant and loan is \$2.1 million.

14 Mr. Hendershot noted the debt administration cost on this estimate which generated the
15 funding ordinance is worst case scenario: i.e. the funds never become available until the end of
16 the project. Mr. Amwake said noted the good thing about Wallingford is its bonding language
17 has always included short-term financing. He said he has heard that other municipalities have
18 to create interim financing language as well. Mr. Hendershot noted the other four towns have
19 already done their funding ordinance prior to opening their bids which Wallingford does not.
20 Mr. Amwake stated that originally, we had estimated \$55.7 million. He said this number didn't
21 include the \$1.15 million for administration costs and didn't include \$2 million in self-financing.
22 He said Wallingford is within the same bandwidth as Meriden. He said C.H. Nickerson was also
23 the lowest bidder in Meriden, but the City has not yet awarded.

24 Mr. Rinebold said a good job was done and puts Wallingford in a more favorable position to go
25 under this (figure). Mr. Amwake said he believes he knows what Wallingford's exposure is and
26 noted the big item is electrical. Mr. Amwake spoke about grant percentage. He said the
27 Wallingford Sewer Division and AECOM will transmit a document to DEEP regarding what we
28 think our grant percentage should be. He said DEEP will respond with agreement, no
29 agreement or negotiation. He said there is no known grant percentage as of yet. Mr. Amwake
30 said this is the next big step is submitting the Clean Water Fund Part 1 and Part 2 paperwork
31 which AECOM is currently working on. Mr. Rinebold asked what type of financing should be
32 expected on the \$38.0 million State loan. Mr. Amwake said this would be 2%, for 20 years.

33 Mr. Birney asked when the State Grant and the estimated State loan pay down the bonding. Mr.
34 Bowes said it is vital we obtain two pieces of information: a comprehensive cash outflow
35 projection from AECOM and the State's plan to fund this. He said he didn't believe the Town will
36 need to issue permanent bonds and believes the State will come up with the funding. Mr.
37 Phelan stated after the 19/20 budget in the Sewer Division, there will be approximately \$2.4

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1 million available cash above minimum. Mr. Bowes said if the Town can get between 6 months
2 and 12 months of cash outflow projection from AECOM, the Town will sell notes to cover. Mr.
3 Amwake pointed out that Oct. 1, 2022 is the working date to close with the State. Mr. Birney
4 asked if the interest payments were budgeted for 2019 and 2020. Mr. Phelan said the interest
5 payments were not budgeted. He said once we have a better idea of what the process will be,
6 we will have to go back and make a budget amendment for the cost of interest on the BANs.
7 Mr. Amwake said any interest on short-term financing can be rolled into the loan portion of the
8 CWF funding.

9 Mr. Birney asked about the issue of the ultimate bond, the money which will have to be paid to
10 service bonds not reimbursed by the grant and would this have to come out of the Sewer
11 Division's annual operating revenue. Mr. Bowes said if he has to issue permanent bonds, this
12 will come out of it. Mr. Hendershot said there are no plans for permanent bonds. Mr. Birney
13 asked about the \$2.1 million the Town will have to pay and come out of the reserves.

14 Mr. Bowes said this will probably be paid in cash or operating budgets over the next few years.
15 He said if notes are issued, this won't be in the 19/20 budget; there will be a six-month interest
16 payment. Mr. Phelan said this money might not be spent at all; it depends on the mechanism of
17 funding the State will provide. Mr. Birney said we have to assume we won't receive our money.
18 Mr. Bowes said the \$1.7 million and any portion paid for debt issuance will be coming out of the
19 Sewer Division's operating budgets and/or budgets over the next few years.

20 Mr. Birney asked Mr. Amwake about the DEEP issue and asked if there were foreseeable
21 concerns of not getting authority from them to execute the Contract. Mr. Amwake said no,
22 there would not be concerns at this time. He said there is a lot of pressure on the DEEP side to
23 award these five contracts by June 28th.

24 Chair Beaumont entertained a motion.

25 **Mr. Birney: The Public Utilities Commission recommends to the Town Council that**
26 **the Town adopt the proposed Funding Ordinance of \$60,000,000 for the Design and**
27 **Construction of the Water Pollution Control Facility (WPCF) Upgrades Project. Mr.**
28 **Rinebold seconded the motion.**

29 Discussion

30 Mr. Birney said in both the email and tonight, Mr. Amwake apologized for the density of
31 materials provided to the PUC. Mr. Birney said he was exceptionally thankful for the amount of
32 time and effort and thoroughness that went into preparing the PUC for making the Ordinance
33 motion. He said he had a lot of questions and this is a big project. He said the thoroughness
34 was amazing. Mr. Rinebold agreed with Mr. Birney and said everyone did a great job. Chair
35 Beaumont also thanked everyone for all the information and also thanked Mr. Bowes.

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1 **Vote: 3 ayes**

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3 **ADJOURNMENT**

4 Mr. Birney made a motion to adjourn the Meeting at 7:45 p.m. Mr. Rinebold seconded the
5 motion which passed unanimously.

6 Respectfully submitted,

Respectfully submitted,

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8 Cynthia A. Kleist

Joel Rinebold

9 Recording Secretary

Secretary

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