

Minutes
Board of Selectmen & Board of Finance
Special Joint Meeting
November 27, 2023

First Selectman George Temple opened the meeting at 6:53 PM

Chairman Jack Kiley opened the meeting at 6:53 PM and the Pledge of Allegiance was recited.

Attendance:

Board of Selectmen - First Selectman George Temple, Selectman Arnold Jensen, Selectman David McKane, and Administrative Assistant Kristyn Rosa

Board of Finance - Chairman Jack Kiley, Susan Arpin, Victor Catalano, Greg Olbrys, Nicole Dykstra, Paula Jensen, and Finance Director Jim Hliva

The Board of Selectmen and the Board of Finance held a Special Meeting to consider Pursuant to section 6-10(A) of the Town Charter The request for an appropriation and bond issuance authorization in the amount of \$2 million for the construction and installation of a new force main from the Towner Lane Station to the Larkin Bridle Trail near Christian Street.

Discussion:

First Selectman George Temple began by stating the issue tonight is the requested \$2 million for the Towner Lane Pump Station. He went on to say that there is only a small part that is a problem. The sewers are connected by rubber gaskets. He questioned if the problem of the force main was due to corrosion. Water Pollution Control Authority Maintenance Person Scott Halstead stated that as far as the Authority is aware, it is due to corrosion. He explained that there have been 4 breaks in the first 4,000 square feet. All of the pressure is right in the first 4000 feet, this is the reason they are asking to just replace the 4000 feet right now. As the pipe goes up it the pipe runs at ground level. There is no reason to replace the entire pipe at this time. Its very important that we correct this issue before it becomes a health problem. This is Phase 1 to correct the problem.

First Selectman George Temple explained that he discussed this matter with the Town Engineer and stated that this requires an electrical current, the rubber gaskets will break the current. Mr. Halstead stated that by putting in plastic piping this would resolve the issue. First Selectman Temple stated there is no reason to replace the pipe that is not causing a problem at this time. First Selectman Temple asked the representatives from the Water Pollution Control Authority their opinion.

Mr. Halstead said that the Authority is seeking approval for the first 4,000 square feet at this time. Water Pollution Control Authority Vice-Chairman Larry Ellis stated that the town should not forget that the rest of the pipe will need to be replaced as well. Mr. Ellis stated that the Authority considers the first 4000 ft to be the problematic section right now and it is a priority.

First Selectman Temple stated it is very important to correct this leakage; this must be done almost immediately to prevent a health hazard. Mr. Halstead agreed that this section is a priority. He pointed out that every breakage costs around \$170,000.00 to correct, and there were two breaks in the last six weeks.

Mr. Ellis explained that it is the Authority's recommendation that we immediately move forward. He stated that the project has already gone out to bid. Mr. Ellis also reiterate that the town should not forget that the remaining 6,000 feet of pipe will need to be replaced. It may hold up for the next five years, we just don't know. This doesn't mean it's not rotting. The breaks have all been in the first 4,000 square feet because that's where the pressure was. However, the remaining pipe needs to be pursued to get replaced and not forgotten.

Mr. Halstead stated the Authority is in the process of applying for a Clean Water Act Grant. Even though we are correcting the first section, we will still pursue the grant to hopefully save when replacing the rest of the line.

Selectman David McKane questioned how deep the pipes would need to be buried. The original pipe was put in for cost effectiveness and they dug one hole and put the two pipes in at the same time. Some of the pipes are 15 feet deep; which is ridiculous. The new pipe will be layed at 5 feet. The pipes will be placed over the old pipe for the entire length of the line.

Board of Finance Chairman Jack Kiley questioned the 2 million dollar bond. He explained he spoke with Finance Director Jim Hliva and the town can get a bond; we can approve a \$2 million bond. Mr. Hliva can get short-term financing which will save the town the initial cost of getting the bond, which is at least \$50,000.00. Should the town get the approval for the bond, we wouldn't have to draw on the bond. We will get short term financing for the bond, so the money has been approved.

Mr. Kiley also stated that it may make sense to look at doing the whole project for approx. \$4 million It will all need to be replaced eventually and the costs could be triple of what it is right now. We can do short term funding.

Mr. Hliva explained that the town can do short-term funding for up to eight years; one year at a time. For the first two years the town wouldn't have to make a principal payment. After the first two years then the town would have to start paying down 5% every year on the principal.

Finance Chairman Jack Kiley stated that the town also has other big projects coming up and maybe we can put it all into one bond. There is the \$1,800,000.00 for the Fire Truck, the heater for the pool at the High School which is approximately \$700,000. Then there is the gymnasium at Great Oak School which is \$300,000.00. The list goes on and on. Mr Kiley explained If the town holds this \$2 million and we do actually do want to bond it someday, we probably have a 4 or 5 million dollar bond that will pay the cost of one bond at one time.

Finance Director Jim Hliva recommended approving this matter this evening for a couple of reasons. If you wanted to do the entire thing it would slow the process down. by probably six month because there has been no engineering on the other 6000 feet. This way we can get the trouble part done immediately. I will look at the markets, then bond it when it is appropriate.

First Selectman Temple asked Mr. Hliva to clarify if he meant that he thinks it best to do it the way Mr. Kiley is talking about. Mr Hliva stated definately to let it build up and instead of doing a 2 million dollar bond, if we have a 950,000.00 for HVAC at Great Oak School, we have some other projects that have to be done. Going out to get a 6 or 7 million dollar bond once all these projects are done.

First Selectman Temple stated he is anxious to get this project started and done, for tonight's purposes, we are concentrating on just the \$2 million to replace the first 4,000 square feet. We need to get going.

Selectman David McKane asked if we go ahead and do this tonight and at some point during the 8 years we need to bond for some of these projects that Jack suggested, if the rates are more favorable couldnt we also rollover the balance of the first bond to the next one. Finance Director Jim Hliva, said yes. Selectman McKane said that unless the rate go up, we cant lose. Mr Hliva stated that with the High School even though it opened in 2008, we didnt finally bond it till 2016 or 17 when the rates went down, we jumped in. Finance Chairman Jack Kiley stated the rates will be going down next year.

First Selectman Temple stated he doesn't want to bond that is expensive. I agree with that. But when we do bond we can put the other projects on there. Short-term borrowing is probably the way to go. But that is up to the Board of Finance.

Jim Hliva stated that once this is authorized, which will probably be in January, the town would then go out and borrow the \$2 million. The work wouldn't even have commenced on the sewer. He will be investing the funds. The town will borrow the money at approximately 4% and then invest it at 5.5%. This will depend on the cash flow and how fast the funds are spent for the project. It is possible that the town would make enough income to pay the interest off. Mr. Hliva further explained investing the funds on a short term loan.

Chairman Jack Kiley stated with the other projects that need to be done, that adds up to \$5 million. Jim Hliva explained when we do the budget, we look at the whole picture.

Board of Finance Member Nicole Dykstra stated that at a Board of Selectmen's meeting in April of 2018 at a regular Board of Selectman meeting there was a discussion about a WPCA survey results; that there was only a limited number of locations looked at during that time. The assessment back then was that the remaining life of the line might exceed over would last 40 years. Mr. Scott Halstead explained that report was done in 2017 and he believed it was given to the Selectman. WPCA selected five or six locations throughout the line to be fixed. A few locations were in the wetlands area and there was one at the Bridal Trail. WPCA felt that part of

the line could last that long, however the report also pointed out that if there is no connectivity there could be more failures. Mr. Halstead stated that for the last few years, the Authority has requested funding in 2022 they came to the BOS and the BOF and they approved the money to go out to bid and begin to move and specs and go forward and every year WPCA puts in a capital request to repair or replace the line.

Mr. Brett Olbrys questioned that if the pipe is deteriorating from the outside in, and there is great concern that breaks in the line will continue to happen, and the Authority has stated that the entire pipe needs to be replaced, then why is the town not looking at replacing the entire line.

Mr. Larry Ellis explained that this is the fourth meeting held on this matter. The first 4,000 square feet is the crucial area that needs to be replaced immediately due to the recent breaks.

Mr. Ellis pointed out that it is easier to ask the Boards for \$2 million than \$5 million. Mr. Olbrys still was concerned that the entire 12,000 square feet was not being replaced.

Mr. Jim Hliva explained that the town has applied to the State of Connecticut Clean Water Fund for approximately \$3+ million-plus dollars and will know in January if we made the priority list. He stated that another reason is if the town does the whole project then it becomes a \$5 million project which would require the town to go to a referendum. The town would need 15% of the voters to vote otherwise the project automatically fails. It is very difficult to get that 15% of voters to vote for something like this, especially during the holidays. Mr. Olbrys stated he felt that the town should look at the whole line.

First Selectman Temple explained that the town is going to look at the entire line, however the current 4,000 square feet is the priority and it is the reason for tonight's meeting.

Mr. Olbrys asked what the guesstimate was to replace the full 12,000 feet. Mr. Halstead stated there are two estimates. Originally when the first letter was written the estimate was \$3.3 million for 12,000 square feet. However, there have been cost and wage increases since then.

Selectmen Arnold Jensen moved to adjourn the meeting at 7:39 PM. This was seconded by Selectman David McKane. All 3 Ayes. Motion carried.

Ms. Susan Arpin moved to adjourn the meeting at 7:39 PM. This was seconded by Victor Catalano. Motion carried.

Respectfully Submitted By

Kathleen Sundstrom

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Clerk

TOWN OF CANTON, CT
CLERK
KATHLEEN SUNDSTROM

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