

**Capital Budget Request
FY2024-2025
General Obligation (GO) Bonding Subcommittee Hearing**

Proposed Allocation: \$25m Capital Bond Fund each year of the biennium for Grants-in-aid to public water systems for drinking water projects.

BondType	Program	Unallocated Balance 1/1/23	Agency FY 24	Agency FY 25	Gov FY 24	Gov FY 25
GO	For grants-in-aid to public water systems for drinking water projects	-	25,000,000	25,000,000	25,000,000	25,000,000
Grand Total		5,000,000	25,000,000	25,000,000	25,000,000	25,000,000

What is the goal of the program? The program is authorized under Connecticut General Statute 22a-483f to provide loan principal forgiveness to drinking water projects receiving funding from the Drinking Water State Revolving Fund (DWSRF). These drinking water projects are published annually in the DWSRF Intended Use Plan. The goal of the program is to provide additional subsidization drinking water infrastructure projects that address drinking water priorities for the State of CT.

What stage of the project does the proposed authorization fund? For example, is this design funding only, with a future authorization expected for construction costs, or is this the annual amount of an ongoing program? The SFY 2024-2025 bond funds are intended to be used to subsidize DWSRF loans for the statewide replacement of customer lead service lines that present a potential health risk to consumers. The bond funds will only be used for the construction phase of these projects. Currently, most public water systems are still completing their lead service line inventories which are due to be completed by October 2024 pursuant to the federal Safe Drinking Water Act's Lead and Copper Rule Revisions. As a result, the statewide cost of these replacements is not fully known at this time; however, the DPH currently has sufficient applications for DWSRF funding from public water systems for lead service line replacements to support DPH's bond authorization request for SFY 2024 and 2025 which has been included in the Governor's proposed budget.

Discuss any discrepancy between agency requested amount and Governor proposed, if applicable. The Governor's proposed amount is consistent with the agency requested amount.

Other Information: The Public Water System Improvement Program will provide supplemental grants-in-aid to municipal and not-for-profit public water systems to further the public health priorities of the DPH related to the replacement of drinking water lead service lines. The requested funding will be used to provide up to 50% of the cost of replacing drinking water lead service lines with new non-harmful materials on a statewide basis. These projects will provide essential public health protection to residents of Connecticut, particularly within areas of high Social Vulnerability Index (SVI greater than 0.5), who cannot afford to pay for these replacements on their own. The SFY 2024 and 2025 funding will be used to assist public water systems with being able to afford this work with no cost share being borne by their high SVI customers. The remaining costs associated with these replacements will be financed with a low interest loan and/or federally subsidized loans from the DWSRF which includes lead service line funding that will be provided by the federal Environmental Protection Agency under the Bipartisan Infrastructure Law (BIL). These grant-in-aid funds will help to close that gap in funding. Below is a listing of potential projects that would be supported.

Department of Public Health
Drinking Water State Revolving Fund - Lead Service Line Replacement Project Construction Cost Estimates

Project #	PWSID	Public Water System	Town	Project Name	Amount Requested (construction cost only)	State Bond Commission Contribution (eligible amount)
SFY 23-27	CT0080011	Bethel Water Department	Bethel	Lead Service Line Replacement	\$1,952,500	\$976,250
SFY 22-02	CT0150011	Aquarion Water Company of CT	Greater Bridgeport Area	Lead Service Line Replacement	\$1,853,000	\$555,900
SFY 22-04	CT0170011	Bristol Water Department	Bristol	Lead Service Line Replacement	\$11,700,000	\$3,510,000
SFY 23-50	CT0340011	Danbury Water Department	Danbury	Lead Service Line Replacement	\$24,850,000	\$7,455,000
SFY 23-45	CT0590011	Groton Utilities	Groton	Lead Service Line Replacement	\$13,810,000	\$4,143,000
SFY 22-19	CT0640011	Metropolitan District Commission	Greater Hartford Area	Lead Service Line Replacement	\$10,000,000	\$3,000,000
SFY 23-14	CT0770021	Manchester Water Department	Manchester	Lead Service Line Replacement	\$2,750,000	\$825,000
SFY 23-08	CT0800011	Meriden Water Division	Meriden	Lead Service Line - Inventorying only	\$0	\$0
SFY 23-04	CT0830011	City of Middletown	Middletown	Lead Service Line Replacement	\$4,370,000	\$1,311,000
SFY 22-26	CT0890011	New Britain Water Department	New Britain	Lead Service Line Replacement	\$19,000,000	\$5,700,000
SFY 22-29	CT0930011	Regional Water Authority	Greater New Haven Area	Lead Service Line Replacement	\$75,000,000	\$22,500,000
SFY 22-52	CT0950011	New London Water Department	New London	Lead Service Line Replacement	\$21,400,000	\$6,420,000
SFY 23-12	CT1030011	Norwalk First Taxing District	Norwalk	Lead Service Line Replacement	\$2,500,000	\$750,000
SFY 22-35	CT1030021	South Norwalk Electric & Water	Norwalk	Lead Service Line Replacement	\$2,250,000	\$675,000
SFY 22-37	CT1040011	Norwich Public Utilities	Norwich	Lead Service Line Replacement	\$5,850,000	\$1,755,000
SFY 22-39	CT1160011	Putnam WPCA	Putnam	Lead Service Line Replacement	\$550,000	\$275,000
SFY 22-53	CT1310011	Southington Water Department	Southington	Lead Service Line Replacement	\$3,270,000	\$981,000
SFY 22-48	CT1510011	Waterbury Water Department	Waterbury	Lead Service Line Replacement	\$9,300,000	\$2,790,000
SFY 22-51	CT1630011	Windham Water Works	Windham	Lead Service Line Replacement	\$4,000,000	\$1,200,000
Totals					\$214,405,500	\$64,822,150

Revision: March 8, 2023

\$5m Unallocated Balance

BondType	Program	Unallocated				
		Balance 1/1/23	Agency FY 24	Agency FY 25	Gov FY 24	Gov FY 25
GO	For grants-in-aid to public water systems for drinking water projects	-	25,000,000	25,000,000	25,000,000	25,000,000
Grand Total		5,000,000	25,000,000	25,000,000	25,000,000	25,000,000

Do you need the unallocated balance? Yes

If so, for what purpose? The drinking water program has been awarded federal funding through the Water Infrastructure Improvements for the Nation Act (WIIN) to develop and implement a voluntary lead testing in schools and childcare program. DPH can utilize these grants-in-aid remediation funds to accompany the lead testing in schools and childcare program currently in the initial implementation stages. Pilot testing is proposed to begin in the summer of 2023.

Within what time frame? Potentially within the next 1-2 SFY

Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? These remediation funds will be requested when full implementation of the program has commenced, and as future needs arise.

If attached to projects, please provide information on the projects. There are no projects at this time.

Allocation of Funds

When was the last time funds for the program were allocated, if ever? The grants-in-aid funds have not yet been requested for allocation.

Have the funds been requested for allocation by the bond commission? If so, how much and when? No

What impediments, if any, have there been in accessing and using the unallocated bond funds? The mechanism in which to deploy these funds has not yet been established. The drinking water program will develop a process to administer these funds or there may be the potential to utilize a current mechanism through the DAS School Construction Grant Program in the event the program allows for the replacement of current potable drinking water fixtures that have been identified as contributing to elevated Lead levels in drinking water. There have been communications with DAS to evaluate this option.

If new or increased bond authorizations have been proposed for FY 24 or FY 25, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? N/A

Other Information: For grants-in-aid for the remediation of lead in school drinking water systems PA 20-1 13(h)(2): \$5,000,000. DPH did not request this directly but was included as part the Governors bill. The drinking water program has been awarded federal funding to develop and implement a lead testing in schools and childcare program. DPH can utilize these grants-in-aid remediation funds for the lead testing in schools and childcare program currently in the initial implementation stages.

Active GO Bond Authorizations

The Drinking Water Program currently has only two active GO Bond authorizations allocated through the Bond Commission to support Water Projects. See below.

Drinking water projects: Grants-in-aid to public water systems for drinking water projects. PA 14-98, Sec. 46: (subsequently PA 16-4 Sec.253). \$20,000,000

The Legislature originally authorized **\$50,000,000 under PA14-98 Sec 46**. This amount was subsequently reduced to **\$20,000,000** under PA 16-4 Sec.253 and allocated to City of Groton to support upgrade of water treatment plant and City of Norwich to upgrade water treatment plant, install water main interconnection with the town of Sprague as well as improve distribution systems. Below is a status of disbursements for the monies. Of the \$20,000,000, approximately \$19,706,643 has been disbursed leaving a balance of \$293,357. These projects are complete, and balance may be reallocated for a different purpose through the Bond Commission.

Name/Vendor/Journal	2018	2019	2020	2021	2022	2023	Grand Total
CITY OF NORWICH		509,470	2,617,466	1,356,211	161,384	112,823	4,757,354
CITY OF GROTON	2,252,788	5,822,439	3,839,054	2,035,067	999,942		14,949,289
Grand Total	2,252,788	6,331,909	6,456,520	3,391,278	1,161,326	112,823	19,706,643

Drinking water projects: Grants-in-aid to public water systems for drinking water projects. PA 20-1 32(g): 20,000,000; PA 20-1 13(h)(1): \$4,000,000

The \$24,000,000 authorized general obligation bonds are planned to be utilized as Grants in aid to subsidize DWSRF loans for Lead Service Line (LSL) removal in the form of loan principal forgiveness to eligible public water systems to assist with the cost of replacing LSLs. The \$24,000,000 have been allocated for use by the bond commission on the December 8, 2022, Bond Commission meeting. No disbursements have occurred as planning is still project ongoing. Below is a listing of proposed projects ~\$23.6m. This list below may change.

PWSID	Public Water System	Town of PWS	Project Name	Amount Requested (construction cost only)	State Bond Commission Contribution (eligible amount)	Timeframe ² (construction start)	Estimated # LSLs
CT0950011	New London Water Department	New London	Lead Service Line Replacement	\$22,900,000	\$6,870,000	April 2023	1550
CT1040011	Norwich Public Utilities	Norwich	Lead Service Line Replacement	\$2,000,000	\$600,000	June 2023	159
CT0930011	Regional Water Authority	Greater New Haven Area	Lead Service Line Replacement	\$2,000,000	\$600,000	July 2023	200
CT0150011	Aquarion Water Company of CT	Greater Bridgeport Area	Lead Service Line Replacement	\$1,565,500	\$469,650	April 2023	100
CT0770021	Manchester Water Department	Manchester	Lead Service Line Replacement	\$2,500,000	\$750,000	April 2023	TBD
CT0830011	City of Middletown	Middletown	Lead Service Line Replacement	\$3,600,000	\$1,080,000	April 2023	TBD
CT1310011	Southington Water Department	Southington	Lead Service Line Replacement	\$3,561,600	\$1,068,480	May 2023	TBD
CT1510011	Waterbury Water Department	Waterbury	Lead Service Line Replacement	\$10,000,000	\$3,000,000	May 2023	TBD
CT1630011	Windham Water Works	Windham	Lead Service Line Replacement	\$4,000,000	\$1,200,000	May 2023	TBD
CT1030021	South Norwalk Electric & Water	Norwalk	Lead Service Line Replacement	\$2,250,000	\$675,000	June 2023	1000
CT1160011	Putnam WPCA	Putnam	Lead Service Line Replacement	\$720,000	\$360,000	July 2023	TBD
CT0640011	Metropolitan District Commission	Greater Hartford Area	Lead Service Line Replacement	\$10,000,000	\$3,000,000	January 2024	TBD
CT0590011	Groton Utilities	Groton	Lead Service Line Replacement	\$1,400,000	\$420,000	May 2024	140
CT0170011	Bristol Water Department	Bristol	Lead Service Line Replacement	\$11,700,000	\$3,510,000	July 2024	5000
Total Proposed to be used for the \$24m				\$78,197,100	\$23,603,130		