

## EXECUTIVE BRIEF

- Scope of Review: The initial scope of properties included in the water resource development initiative was too narrow and lacked full participation leading to uneconomic costs to the two priority water users, KOA and the Connery Vineyard.
- Expansion of Scope: We expanded the scope of properties included in the review which revealed other participants with interest in water and other transactional opportunities. Further, the math of an expanded property set led to a reduction in cost per user.
- Catalysts to Development: The majority of new development is yet to come to the North Stonington area. The main clusters of development are focused on the Mystic side of Stonington where a nationally known tourist exhibits of an old New England waterfront has become a tourist destination. This historic waterfront has been the catalyst to other forms of development that are wide ranging.
- Utilities limitations in Mystic reportedly will encourage development to leapfrog from Mystic to Exit 92, proximate to the southern border of North Stonington. Some development has occurred south of the interstate however the plans for development are more substantive.
- The most significant new development in the area to occur is the recent construction of the Hartford Healthcare branch facility on Liberty Street, in the Pawcatuck section of Stonington, just south of the North Stonington border.



Hartford Healthcare, 350 Liberty St, Pawcatuck, CT

Development concepts being considered for this area North Stonington include: a potential expansion of Jovial Foods at 41 Norwich-Westerly Road; a 500,000 square foot planned warehouse at 45 Frontage Road; a 130,000 square foot formerly approved warehouse at 100 Pendleton Hill Road that can be re-approved, a planned industrial park up to 650,000 square feet at Norwich-Westerly Road and a planned mixed-use Main Street development on a 158-acre site at 137 Norwich-Westerly Road comprising up to 600-residential units plus associated commercial development. Like many areas of the country, this area is on the radar for an Amazon warehouse among other plans.



41 Norwich-Westerly Rd–Jovial Foods–Distribution Ctr  
Gluten-Free Foods distributed including branded stores.



113 Pendleton Hill Rd – Connery Vineyard N Stonington



100 Pendleton Hill Road – Hotel Concept



137 Norwich-Westerly Road – Main St Project – Villa Royale



100 Pendleton Hill Rd  
Building "As Built" North Kingston, RI  
Planned for a 130,000 square foot office-warehouse –  
Alternate use



45 Frontage Road – Concept Plan  
Planned for a 130,000 square foot office-warehouse



Liberty Crossing | Stonington, CT Project Number: 17091 | Client: Leasington | Date: 2018.01.12  
BARTON PARTNERS  
534 Liberty St, Pawcatuck (Stonington), CT–Concept Plan  
Planned 650,000+ square foot mixed-use project  
Retail, Dining, Residential, Hotel, Senior Living, Commercial

**Exclusive Service Area (ESA):**

The Town of Stonington has the sole authority to manage the potable water for the Town under a mandated Exclusive Service Area (ESA) jurisdiction. The ESA enables the town to govern the ownership, distribution, operation and maintenance of a potable water system. Connecticut General Statute (CGS) 25-33d defines an “Exclusive Service Area” (ESA) as an area where public water is supplied by one system.”

The Water Utility Coordinating Committee’s (WUCC) must establish preliminary exclusive service area boundaries, based in part on the information presented in the Final Water Supply Assessment, for each public

water system within the management area, and may change such boundaries.

**Municipal Water Participation:** There are clear benefits of including the municipal water department of the Town of Westerly in that they have specialists needed to operate, maintain and expand the water system. In this case, the Town's pressurized system appears to have the added benefit of omitting a high cost water tank to the new North Stonington, CT water system.

**Private Well Owner Participation:** There are a series of wells in the area that have the potential to join to Town ESA administered water system. The Town currently purchases water via water infrastructure funded by Southeast Connecticut Water. Southeast Connecticut Water is a private water company that serves select towns apparently from the sole source aquifer known as the Pawcatuck Aquifer. In effect Southeast Connecticut Water appears to be selling water Town from the same water source that the Town would use with its own systems and infrastructure. It's plausible that a Town system could tie into the Southeast Connecticut Water systems, but that appears counter to the Town's long-term goals. Perhaps in the short-term, there may be benefits to such a tie-in.

Local well owners may utilize their own water but it is our understanding that local well owners are restricted from selling water to nearby properties. Under the Town's system ESA, the Town would have to authority to approve and to participate in any such water sales. The benefit of having the Town buy and sell water from approved well sources is that the Town can become a customer of water as well as a reseller. Connecting private wells to a Town system has further benefits of aggregating community level water resources for intra-town water provisioning but also to sell and serve nearby towns.

When time and budgets permit, a goal is to connect all water systems to Westerly Water which in turn has the potential to serve Westerly, Pawcatuck and other towns along the Connecticut and Rhode Island shoreline.

Wells Only System:

We reviewed the potential for supply the network of properties from a private well system only but determined that it was more costly than anticipated for now. Further, there are short-term and long-term benefits to connecting to Westerly Water, a municipal water provider. Despite the benefits of tie-in, we believe that the more self sufficient that North Stonington becomes, the less reliant it will be long-term on private water operators, nearby municipalities and individual well owners.

Blended System  
– Public Private JV:

We concluded that the best solution blends both the benefits from a connection to Westerly Water and the added benefit of additional water from private wells. Mainly that Westerly Water can provide services as a municipal partner with a full staff of professionals already engaged in water treatment and transport.

Prospective Water Commission:

On the basis of discussions with counsel, we've concluded that a separate water commission at the Town of North Stonington is the most likely local government board to make decisions as to the future of water works in the Town. In the interim, the 1<sup>st</sup> Selectman and/or his WPCA board are considered to be the best source of support for going-forward decisions for this water resource development initiative.

Water Infrastructure Design,  
Budgeting and Funding:

Base Case - The Baseline Budget is based on engineer prepared scope and cost prepared as Plan A by Weston

and Sampson for the Town of North Stonington. The system is planned to run from A/Z Headquarters frontage on Frontage Road to Pendleton Hill Road, then northward to the entrance of KOA. The system cost rose primarily due to an uphill climb and associated pressurization that required pumping stations and a higher than average contingency allocation. The estimated cost of this system was reported at \$3,000,000.

Phase I – Conceptual phasing of a water system extension appears the most prudent approach to this project for the participants and the Town. One of the key alternatives incorporated into our scenario building was to consider running the pipe across private property in lieu of running along the State highways. Most agree that this approach has the potential for material savings. For our purpose, we assume that private property owners would permit a water pipe to be extended across their properties to run to the planned vineyard at 113 Pendleton Hill Road. The most likely properties would either be 45 Frontage Road or 75 Frontage Road although other options are available.

We considered running an intra-town water system from 183a Norwich-Westerly Road to the Vineyard directly but it proved more costly than anticipated. The piping would have to cross Route 2 and/or Route 184, run across 88 Norwich Westerly Road and run beneath the Shunock River and add costly water tank construction. Although ambitious, we prefer to value engineer a plan that solve the KOA well impairment, serves the vineyard and other nearby properties as well as links to Westerly Water and gains all the associated benefits of connecting to an existing utility.

The primary short-term benefits of connecting to Westerly Water include a tie in to a regional water system and an existing public utility that has staff to



monitor water quality, water infrastructure maintenance monitoring and can assist with water system expansion plans. The primary benefit of linking to Westerly Water from Westerly Water's perspective is to Westerly Water could sell water to patrons who require it for a defined period of time and Westerly Water will have the potential to buy water from North Stonington.

Phase I - The physical plan that is preferred as the focus on our works is what we refer to as Plan B1. Plan B1 is to run a water main line directly from the Frontage Road through 45 Frontage Road or 75 Frontage Road or other to 113 Pendleton Hill Road across the street from KOA. Based on our initial math, we believe that the Plan B1 system budget can be delivered in the \$2,000,000 range, indicating a savings potential of \$1,000,000. We added back a Contingency of \$250,000 for budgeting reasons and thus are carrying a Plan B1 budget of \$2,250,000.

Phase II - Plan B3 is intended to compliment Plan B1 but connecting wells at the intersection of Route 184 and Route 2 to nearby properties on all corner of the interchange. At a near term future date when budgets permit, we seek to connect Plan B3 area to Plan B1 so that the system becomes one system linked to Westerly Water. To keep the overall budget in a similar realm previously budgeted, as assumed this area of water resource development would have an initial budget of \$1,000,000 plus a \$250,000 contingency for a total of \$1,250,000.

Phase I and Phase II water resource development budgets total \$3,000,000 with a contingency of \$500,000, for a total of \$3,500,000. Future phases are to connect these systems together and both to connect to Westerly Water's existing infrastructure in Frontage Road.



Water Purchase and Sale:

It is our understanding that the Town of North Stonington has the sole authority for potable water sales in town and to nearby towns under the Exclusive Service Area (ESA) statutes. Whether the Town permits a private water operator to serve areas of town; a well owner is permitted to sell water to other property owners in town and/or participate in a wider system; and/or the Town buys and/or sells water to nearby towns, the baseline authority is that of the Town. The Town, in turn, reports to agencies of the State and to the Federal governments.

Funding Alternatives:

The distribution, purchase and sale of water opens the door to a roster of funding alternatives.

Conventional Financing - The most straight-forward means of financing water projects is to directly fund in cash and loans secured by real estate. Our review provides methods of allocation for private financing of the water infrastructure.

TIF - We also considered Tax Increment Financing (TIF) financing which is to pay for the water infrastructure via a dedication of incremental real estate taxes.

The Drinking Water State Revolving Fund (DWSRF) - program, is a funding program backed by a federal-state partnership to help ensure safe drinking water.

The Small Town Economic Assistance Program (STEAP) funds provide a unique tool for the Town to initiate economic development, community conservation and quality of life projects for localities.

CARE's Act funding provides the Economic Development Authority (EDA) with \$1.5 billion for economic development assistance programs to help communities prevent, prepare for, and respond to the coronavirus pandemic. This funding source appears to apply to the Town's water development project and can supply up to 80% of project cost subject to Town and Federal approvals.

USDA Rural Development (USDA RD) funding provides loan funds for private and public sector purposes in rural America mainly for small towns like North Stonington. Rural Development is a mission area within the United States Department of Agriculture which runs programs intended to improve the economy and quality of life in rural America. Rural Development has a loan portfolio over \$224.5 billion, and administers nearly \$16 billion in program loans, loan guarantees, and grants through their programs.

Summary Funding options for the water resource development range from conventional bank financing and cash to grants and low-cost loans. We are confident that funding is available for the project especially if the scope of work is value engineered and phased.

Initial Conclusion:

Our priority plan for the physical development of the water line is to follow the exhibits shown as B1, which is to link the existing Westerly Water line to the KOA. This first line is to also link select properties along the route. Our secondary priority is to finance the connection of private wells at the Route 184/Route 2, referred to as Plan B3 to nearby properties on all sides of the intersection under the Town's ESA. Our tertiary plan, not yet financed in this model is to connect lines Plan B1 and Plan B3 via Plan B2 or B4 to connect the first two water source origins into one system, thereby linked to Westerly Water.