



August 21, 2023

Town of Old Lyme
Water Pollution Control Authority
Attn: Mr. Rich Prendergast

Old Lyme Shores Beach Association
Water Pollution Control Authority
Attn: Mr. Alfred Roy

Old Colony Beach Club Association
Water Pollution Control Authority
Attn: Mr. Frank Noe

Miami Beach Association
Water Pollution Control Authority
Attn: Mr. Scott Boulanger

Sent via email

Re: Project funding for Old Lyme Shores Beach Association, Old Colony Beach Club Association, Old Colony Beach Club Association, and Soundview Association under the control of the Town of Old Lyme (collectively, the project area)

Dear Messrs. Prendergast, Roy, Noe, and Boulanger,

The Department of Energy and Environmental Protection (“DEEP”) would like to start off by thanking you for your continued efforts to move this pollution abatement project forward and for your continued patience as DEEP has worked to evaluate and identify funding necessary to move this project to completion. DEEP has identified a limited opportunity to provide supplemental project funding to facilitate the implementation of the critical pollution abatement project in the project area and to address the financial affordability issues for rate payers that are attributable to pandemic-induced supply chain impacts.

The supplemental project funding would be available in the form of loan forgiveness, will be conditional and based on documentation of financial hardship to rate payers, and would not exceed \$15 million dollars. This additional funding would supplement the 25% Small Community grant available for Clean Water Fund (CWF) project eligible items for small communities. Furthermore, the combined financial assistance (25% CWF small community grant plus this supplemental project funding in the form of loan forgiveness) will not exceed 50% of the total eligible project costs.

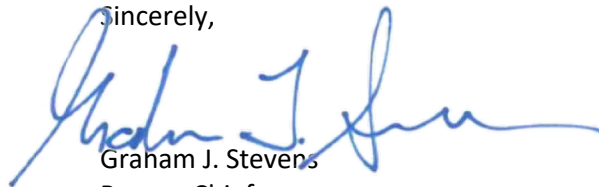


The availability of this supplemental project funding will require the following: Submittal of information to DEEP documenting that a significant financial hardship and affordability constraint exists in accordance with Section 603(i) of the 2014 federal Water Resources Reform and Development Act. Such financial hardship documentation shall utilize a standard of 2% Median Household Income (MHI), a national standard used for assessing the financial capability of a community's ability to implement water quality projects, and make a determination that project area user charges to finance the project in excess of 2% MHI are unaffordable. Information on the financial capability assessment can be found here: [Clean Water Act Financial Capability Assessment Guidance | US EPA](#). DEEP staff will be available to walk you through the performance of this assessment. Also, the projects will need to be bid (or bid again, in the case of the private associations) to have an accurate combined cost estimate and more accurately assess financial implications.

DEEP has identified this conditional, supplemental funding opportunity in recognition of the importance of the proposed pollution abatement project and the commitment of the associations to addressing this pollution that poses a risk to the water quality of the Long Island Sound. As you know, failing or substandard septic systems in the project area are a significant source of Nitrogen to ground and surface waters and the installation of a sanitary sewer system would remedy the pollution source and serve to reduce hypoxia in Long Island Sound, as well as address other eutrophic conditions (such as nuisance algae in swimming areas, less water clarity, etc.). DEEP recognizes the important advancements made collectively throughout the years towards providing a long-term and sustainable remedy for residents within the project area. We also understand that but for the pandemic-induced cost increases this project may have been completed by now.

Following the successful demonstration of the affordability constraint as outlined above, DEEP will be ready to coordinate with the project communities in completing a funding application for the supplemental project funding. Please provide the requested information at your earliest opportunity possible. Should you have any questions in the interim, please do not hesitate to contact Carlos Esguerra of my staff at carlos.esguerra@ct.gov.

Sincerely,



Graham J. Stevens
Bureau Chief

cc (via email): Tim Griswold, First Selectman, Town of Old Lyme
Kurt Mailman, P.E., Fuss & O'Neill, Inc
Jay Sheehan, P.E. Woodard & Curran