

## OLSBA Sewer Project Risk and Benefit Analysis

**NOTE: This document was developed by neighbors concerned about the risks associated with the May 24<sup>th</sup> vote. Dollar figures are not provided to avoid the risk of understating or overstating the numbers. The information provided tried to assess the potential risks and benefits for both the “Yes” and “No” votes but it is not an official association document. Every attempt has been made to be unbiased while putting this information together. The goal was to provide OLSBA members with a simplified view that may help to evaluate their own risk assessment of potential outcomes. This document alone is insufficient to make a fully informed decision.**

	YES Vote	NO Vote
<b>Risks to consider</b>	<ol style="list-style-type: none"> <li>There is no guarantee issues will not occur, but the new Bond Resolution includes the following protections: <ol style="list-style-type: none"> <li>State funding promised must be confirmed and delivered</li> <li>Cost Sharing Agreement (CSA) must be signed by all parties</li> <li>Dollars cannot exceed the combined Bond Resolutions</li> <li>The new Bond dollar amount has assumed: <ol style="list-style-type: none"> <li>40% increase from the 2021 bids</li> <li>5% inflation of the bids</li> <li>23% contingency on construction</li> </ol> </li> </ol> </li> <li>Some OLS neighbors have indicated that those who disagree with a majority “Yes” vote may sue CT DEEP and/or OLSBA. If that were to occur, legal costs would be shared by all OLS residents.</li> </ol>	<ol style="list-style-type: none"> <li>Uncertainty due to OLS not in compliance with the CT DEEP Consent Order, leading to the following risks which would be shared by all OLS residents: <ol style="list-style-type: none"> <li>CT DEEP has the right to: <ol style="list-style-type: none"> <li>fine OLS \$25K per day</li> <li>require repayment of already spent money from the CT DEEP loan obligation and grant, in full, <u>if</u> OLS is considered in default</li> <li>pursue other legal action</li> <li>force compliance with uncertain financial support from CT DEEP</li> </ol> </li> <li>Fuss &amp; O’Neil requires payments: Expenses owed, termination costs</li> <li>Town of Old Lyme (CSA Group) requires payments: % of costs + redesign</li> <li>Town of East Lyme requires payments: % of costs + redesign</li> <li>Town of New London requires payments: % of costs + redesign</li> </ol> <p><i>Data source: Hinkley, Allen &amp; Snyder LLP memo dated Oct. 27, 2021</i></p> </li> <li>Without a final solution, delays may only increase costs.</li> <li>If action is taken against OLS, marketability of properties may be reduced due to unknown financial risk.</li> </ol>
<b>Potential Benefits</b>	<ol style="list-style-type: none"> <li>Legal and financial penalties are avoided through compliance with the CT DEEP Consent Order.</li> <li>Financial certainty due to the CT DEEP funding commitment and WPCA’s financial contingencies.</li> <li>Ensures active participation with the CSA group, thereby the vested interests of OLS are ensured.</li> <li>The sewer solution is the most environmentally responsible and effective and the only option acceptable to DEEP at this time. <i>(CT DEEP 5/13/2025 presentation)</i></li> <li>The sewer solution has been shown to increase property values by ~7% <i>(source: “Analysis of Public Sewer Benefit”, provided to the Sound View Sewer Coalition on 5/29/2020)</i></li> </ol>	<ol style="list-style-type: none"> <li>There is a belief that a “No” vote doesn’t mean we aren’t willing to do the project, but that it will provide OLS with more time to negotiate with the state.</li> </ol> <p><i>Note: CT DEEP participated in the May 13, 2025 WPCA Information Meeting and delivered a presentation. Their lead representative indicated this project is receiving the most money provided for any other similar project and that no additional dollars are available. The presentation addresses 2 important issues:</i></p> <ul style="list-style-type: none"> <li>▪ <i>OLS has very few lots that meet CT standards for septic system solutions and alternative solutions do not satisfy DEEP requirements (slides 4-8)</i></li> <li>▪ <i>DEEP identifies actions which may be taken if the Bond Authorization is not approved (slide 13)</i></li> </ul> <p><i>The DEEP May 13<sup>th</sup> presentation is available on the OLS website (WPCA section).</i></p>