6/17/25 Comments by John D. McCown

On May 21, I had a 45-minute conversation with Pio Lombardo, the head of Lombardo Associates. That is the firm that prepared the detailed 234-page report in 2019. Pio is one of the pre-eminent national figures in the area of water/wastewater. He and his firm's technical knowledge and expertise have been recognized in awards. He was named Engineering News Record Construction Man of the Year.

The 2019 report by Lombardo came first and was the template for the 2024 LaBerge report. Kevin has said that the 2019 report tells you everything you need to know about the current drinking water project. The construction costs before contingencies were similar in the first and second reports. The LaBerge report was 3% higher. However, the annual operating cost estimates are very different. The Lombardo report had them almost three times higher at $200,000 compared to $77,000 in the LaBerge report.

Pio said that $200,000 in annual operating costs was a good estimate in 2019. He said that $77,000 is too low. With this reaffirmation by a recognized expert, I believe it is incumbent on the board to review and update the project numbers. Inflation would put the Lombardo operating cost estimate at $251,000 per year. Pio was surprised to learn there was no actual agreement with Aquarion, as securing the pricing of water is typically done first. I think that

should be locked down now so that the actual cost of the water is known.

The LaBerge report is now 13 months old. A major change factor that is now known are the 50% steel tariffs. Those will significantly affect the cost of pipe. The LaBerge report should be updated to take into account all known changes in cost from tariffs, inflation and labor costs. The cost increase in the firehouse project over a slightly longer period is a reminder that the latest numbers are needed.

The recent applications for CDS grants touted the fire protection provided by the hydrants. My understanding is that the 8-inch mains do not result in sufficient pressure for the hydrants to work. They would just be ornamental. To actually have hydrants that provide fire protection, 10-inch mains are required. I recommend that the construction cost estimate be updated based on 10-inch mains.

From planning the construction of ships and other major capital assets, I've learned that the best outcomes are always reached when you have the latest and best numbers. I believe good governance requires that the board do the same with the drinking water project by seeing to it that known changes are incorporated into the numbers. It is not good management to just say the changes are covered by the large contingencies. Everyone is owed the latest and best numbers.

Thank you.