

**RICHMOND WATER AND SEWER
COMMISSION MEETING
December 2, 2013 MINUTES**

Members Present: Ashley Lucht, Chair; Amy Lord; Chris Granda; Bard Hill

Members Absent: Bruce Bailey

Others Present: Geoffrey Urbanik, Town Manager, Kendall Chamberlin, Water Resources; Peter Pochop, Green Mountain Engineering; Bob and Chris Fischer; Sheila Bailey; Harold Irish; Donna Lyons; Frank Stewart; John Rankin; Linda Parent, Town Clerk; and Ruth Miller was present from MMCTV to tape the meeting.

Ms. Lucht called the meeting to order at 6:00 pm.

Ms. Lucht asked noted that this was a policy-only meeting.

Allocation Only Accounts

Ms. Lucht said that we needed to make changes to the Allocation-Only accounts, which were accounts that were active but not using any water, as well as the town's account that covered a set amount of water usage each year but was not adequately measured.

Mr. Chamberlin said that this was originally set up to cover 17,600 gallons per quarter and pay only for the usage, and no fixed costs. It was a "gallons only" account.

The Manager noted that the cost for this was now \$5.00 per 1,000 gallons.

Mr. Hill said that this was a question of value, not just a financial benefit for the system. The value of being able to provide fire protection was shared by all residents. We needed to quantify this value.

Mr. Chamberlin added that the gallons-only account also included the sewer gallons, as a conscious decision by the board at the time. He said it worked out to \$190.00 per month. Ms. Lucht did some quick figuring and noted that under the new rates it should be about \$4,400 per year which would almost double that, but still the full value wasn't being seen.

Mr. Hill said that we should treat water as a water issue, and charging for sewer is a separate issue.

Mr. Granda said we shouldn't be constrained with the rates, since we are on a cost-based approach. We should create a new class of users to distribute the costs more broadly.

Mr. Hill said it was clear that the fire department provided a benefit to all properties. Mr. Granda said that the schools and government accounts were paid for by more than just the village residents and represented a broad class.

Mr. Lucht said that the new water storage tank's size was roughly ½ attributed to firefighting capability. Mr. Chamberlin said it was more like 2/3.

Ms. Lucht said that if the bond worked out to be \$30,000 per year, then \$15,000 should come from the town to realize the benefit of the tank.

Mr. Chamberlin suggested we eliminated the \$14,000 admin fee payable to the town's budget.

Ms. Lucht wanted to keep this and said that the town needed to recognize that the water and sewer department pays its share of administrative costs.

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2 There was significant discussion on the topic of tank size and allocation of costs to the town. Ms.
3 Lucht concluded that the Water Commission needed to submit to the town an amount to place into
4 the budget for covering the value of the fire protection system. She suggested that \$15,000 would be
5 roughly half of the cost figure of the debt payment for the water tank.
6

7 Mr. Hill proposed that the Water Commission ask the town to contribute an amount to the annual debt
8 payment for the new water storage tank based on a pro-rated cost attributable to the firefighting
9 protection value. Ms. Lord seconded the motion.
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11 Ms. Lucht said that this might be defined by the service area. There would also need to be an income
12 survey of system users to determine eligibility for federal loans.
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14 Mr. Granda says he has supported this effort but we need to look at where we're coming from and
15 where we need to be. He had no problem with the town paying something but wanted to tie the
16 payment to an asset, not a concept. He said we've got several years before the tank is here and we
17 should wait until then to be able to convince the town that what they are paying for is real. This
18 needed to be a line the town budget that could be identified with the asset.
19

20 The motion carried 4-0.
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22 Rate Structure Discussion 23

24 Mr. Granda offered a presentation on the effects of the new rate structure implemented earlier in the
25 year. He noted that the change had great benefits for most residential customers, however the costs
26 of owning a restaurant, for instance, increased quite a bit. There was a series of charts to illustrate
27 this point. Mr. Granda said it was important for the town to recognize that we should have a diverse
28 business base in the village and the benefits that provides. People need to recognize what it means
29 to have this and the costs that need to be shared to enable this to happen. The concept was that
30 certain classes of users pay more, some less, but the issue of equitability needed to be understood in
31 a different way from just you use more, you pay more.
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33 Financial Reports 34

35 There was review and discussion of financial reports. Ms. Lucht noted that the budget needed to be
36 adjusted in NERMC to reflect the changes made earlier. There was some discussion about septage
37 revenue.
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39 Mr. Hill said septage revenue was going down from \$185,000. Mr. Chamberlin said that two former
40 regulars had dropped out already. Mr. Granda added that this still was not a predictable source of
41 revenue and we can't budget for it.
42

43 Mr. Chamberlin presented a first draft of the FY2015 budget. He had removed the \$14,000 admin
44 fee, but this was put back in by the Water Commission. Mr. Chamberlin explained that he had
45 increased the reserve funding to pay for smaller projects that could be done in-house a year at a time.
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47 Ms. Lucht appreciated Mr. Chamberlin's request but said that the reality of the system is that
48 sometimes we just don't have the revenue to support these projects every year.
49

50 Adjourn 51

52 Mr. Hill offered a motion to adjourn at 7:10 pm and was seconded by Ms. Lord. So voted.