

**RICHMOND WATER AND SEWER
COMMISSION MEETING
ANNUAL CUSTOMER MEETING
May 7, 2012 MINUTES**

Members Present: Chris Granda; Amy Lord; Ashley Lucht; Harold Irish; Bruce Bailey (arrived 6:10 PM)

Members Absent: None

Others Present: Kendall Chamberlin, Richmond Water/Sewer Superintendent; Geoffrey Urbanik, Town Administrator; Michael Perrault; Kim Jackson; Harriet Riggs; Linda Parent, Town Clerk; Bill and Terrie Kneen; Roz Payne; Jon Kart; June Heston; Sheila Bailey and Ruth Miller was present from MMCTV to tape the meeting.

Chris Granda called the meeting to order at 6:05 p.m.

1. Public Comment

Mr. Granda opened the floor for public comment.

Kim Jackson asked why a fixed rate was assessed on a per-bedroom basis. Mr. Granda responded by saying that Ms. Lucht would be presenting an alternative to this arrangement. Ms. Jackson said that not all of the bedrooms would be used at once and this in not an equitable arrangement. Also, the assumption of 15,000 gallons of water per quarter was unrealistic.

Mr. Granda thanked Jon Kart for getting Ashley Lucht to run and serve on these boards.

2. Other Business

Approval of Minutes: April 2, 2012

Mr. Irish offered a motion to approve the minutes of April 2, 2012 and was seconded by Mr. Bailey and the motion carried 3-0-2 with Mr. Granda and Ms. Lucht abstaining.

Rate Presentation – Ashley Lucht

Ms. Lucht gave a powerpoint presentation on the water rate structure for the Richmond Water Department. She provided a brief introduction of her qualifications and noted that her full time job was doing these analyses for the State of Vermont.

Ms. Lucht explained that the base charge of the rate should cover all of the fixed costs, while the flow charge, or metered rates, would cover the actual water used. The reason for this was that the base charge was a reliable source of revenue that would lead to a healthy financial condition for the system. The current way the town establishes rates suffers from fluctuations in revenue and is not reliable over time. The key points of the rate structure were:

- Unbalanced. Inequitable. Unsustainable.
- SFH's and high allocated users are subsidizing users in the middle
- Base rate doesn't cover fixed expenses
- Uses allocation revenue to cover O&M
- WWTP pays via septage revenue; uses almost 1M gallons/year
- Doesn't include planning loan due in 2015
- Doesn't include future work (East Main St., new storage tank, ongoing maintenance/repairs)
- Unaccounted-for water is ~40%

- 1 • Is not practicing Full Cost Pricing
- 2 • Old meters; meters are replaced only when fail

3
 4 Ms. Lucht then advocated full-cost pricing in the water rates. The town subsidizes its rates with
 5 septage revenue which could lead to significant problems should the septage revenue diminish or
 6 disappear. With full-cost pricing, the users are paying the true cost of the water and can use
 7 septage revenue to pay down debt or build reserves.

8
 9 Ms. Lucht advocated the next steps:

- 10 • Implement appropriate rate structure
- 11 • Apply this same rationale to the wastewater side
- 12 • Conduct a water audit; look for leaks
- 13 • Implement a more robust meter replacement program
- 14 • Use of alternative/renewable energy sources
- 15 • Education and outreach
- 16 • Encourage fixture replacement
- 17 • target large users first- schools, hotels/motels, apartment buildings
- 18 • Initiate a rebate program for toilets
- 19 • Become a WaterSense partner to promote water efficiency

20
 21 Mr. Granda agreed that this showed that the users weren't paying what it cost to run the system due
 22 to the use of septage revenue.

23
 24 Mr. Bailey asked what would be done with septage fees and Ms. Lucht said they could be used to fund
 25 reserves or pay off debt. Mr. Chamberlin suggested new meters could be purchased.

26
 27 There was some discussion on this presentation. The board agreed that no rate change was to take
 28 place at this time.

29
 30 Superintendent's Report

31
 32 Mr. Chamberlin reported that things were running well in the department. He noted that an old fire
 33 hydrant on Tilden Avenue required replacement and he obtained prices and wished to award the bid.

34
 35 Mr. Irish offered a motion to approve Purchase Order 2946 in the amount of \$1,900.00 to Todd
 36 Chagnon for the replacement of a fire hydrant on Tilden Avenue. Ms. Lord seconded the motion and
 37 the motion carried 5-0.

38
 39 Mr. Granda asked how stable the septage revenue was and Mr. Chamberlin said that for now it was
 40 fine, but it was unpredictable.

41
 42 FY2013 Budget

43
 44 The Administrator explained the budget. The operating budget was down from last year, however,
 45 new debt service was increasing the total budget by \$5,978. This debt service was the final numbers
 46 for Jericho Road and the ARRA bond payments. Both of these were 20 year obligations. The user
 47 fees were recommended to stay the same, as were other miscellaneous revenues, and the septage
 48 revenue was being increased to cover the difference. The final budget number was 663,778.

49
 50 Ms. Lucht recommended that the hook-on fees be allocated to a reserve, in the future.

1 Mr. Bailey offered a motion to approve the FY2013 budget and was seconded by Ms. Lucht. The
2 motion carried 5-0.

3
4 Ms. Lord offered a motion to set the rates identical to FY2012 and was seconded by Mr. Bailey and
5 the motion carried 5-0.

6
7 *Fiscal Year 2013*
8 *Effective July 1, 2012 through June 30, 2013*
9

	Current	Proposed
Water Base Charge - per gA/quarter	\$0.097	\$0.097
Water allocation to single family = 450gpd	*\$43.86	*\$43.86
Sewer Base Charge - per gA/quarter	\$0.190	\$0.190
Sewer allocation to single family = 210gpd	*\$39.81	*\$39.81
Total W & S Base Charge for Single Family Use per Quarter	*\$83.67	*\$83.67
Water Rate per 1,000 gals.	\$4.734	\$4.734
Sewer Rate per 1,000 gals.	\$8.569	\$8.569
Combined Rate (per 1,000 gals)	\$13.30	\$13.30
Total W & S Rate Charge for Single Family Use per Quarter (for a home with 15,000 gallons of use/qtr)	\$199.50	\$199.50
Total W & S Quarterly Fee (for a home with 15,000 gallons of use/qtr)	\$283.17	\$283.17

10
11 Mr. Chamberlin noted that rates could change each quarter should the board see the need to do so.

12 Browns Court Waterline

13
14
15 The Administrator explained that last year he had hoped to have the Browns Court waterline
16 replacement project underway, however, Green Mountain Engineering had provided a preliminary
17 estimate of almost \$200,000 to do the line and rework the street. Since the water department did not
18 have that kind of money, they applied to the revolving loan fund and the project was taken off of the
19 2012 calendar. Since that time, many residents have lobbied to do the project this year and Kendall
20 Chamberlin and Peter Gosselin had said they could manage the project in-house without much
21 engineering oversight. They believed if they altered the way the project was designed they could save
22 money and get the waterline done cheaper than if Green Mountain Engineering were supervising the
23 project.

24
25 The Administrator continued, saying that the outside costs project was \$150,000 for just the waterline.
26 This would be paid for by a note for \$30,000 for five years. The Administrator said that the two
27 department heads believed they could do the waterline for less than this, but he was seeking approval
28 to move the project forward not to exceed \$150,000. The town would need to take a note out, and it
29 was likely to be at a similar interest rate to the revolving loan fund. The street work would be done by
30 the Highway Department using their approved FY2013 budget.

31
32 There was some discussion over the timing. The Administrator said that this was a needed project,
33 since it had new lines above and below it. Mr. Chamberlin agreed, saying that this would be the last
34 old waterline north of Main Street. The Administrator said that this was likely to be done in the next
35 two years regardless of revolving loan funds availability.

1
2 Ms. Lucht offered a motion to approve the project concept at a cost not to exceed \$150,000 to the
3 water customers and was seconded by Ms. Lord. The motion carried 5-0.
4

5 **3. Adjourn**

6 Motion by Mr. Irish to adjourn the meeting at 7:15 p.m. Seconded by Ms. Lord. So voted.