

**RICHMOND WATER AND SEWER  
COMMISSION MEETING  
ANNUAL CUSTOMERS MEETING  
May 11, 2015 MINUTES**

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Members Present: Bard Hill, Chair; David Sander; Bruce Bailey; Robert Fischer

Members Absent: Lincoln Bressor

Others Present: Geoffrey Urbanik, Town Manager; Kendall Chamberlin, Water Resources; Peter Pochop, Green Mountain Engineering; Marhsall Paulsen; Sharon Dwire; Wendell Dwire; Jack Linn; and others; and Ruth Miller was present from MMCTV to tape the meeting.

Mr. Hill called the meeting to order at 7:00 pm.

This was the 2015 annual Customers Meeting. The Manager presented the proposed FY2016 budget, an adjustment to the rates, a discussion of the water storage tank, a discussion of East Main Street, a discussion of West Main Street and some future projects. The public was allowed to speak and ask questions at all items on the agenda.

#### FY2016 Budget

The manager presented the budget with a computerized slide show. Highlights included:

- Operational Spending to increase by \$3,969
- Water Capital increasing by \$75,818 to fund additional reserves
- Wastewater Capital increasing by \$82,074 to fund additional reserves
- Water revenue increasing by \$22,009
- Wastewater revenue increasing by \$85,083 primarily due to added septage revenue
- Proposed 2% rate increase to base charge

Marshall Paulsen asked about some changes to the wastewater operations budget and Mr. Chamberlin responded. There were some other questions, but most of the discussion was directed to the increases in the capital plans.

Mr. Bailey offered a motion to approve the budget as presented and was seconded by Mr. Sander. The motion carried 4-0.

#### FY2016 Rate Increase

The manager noted that the budget called for a 2% increase to the base charge for both water and sewer. Highlights included:

- Current Rates last amended in 2014
- Most significant change was in the "Base Unit" structure which treats all separate occupied space as separate billable units
- This eliminated the tiered structure based on annual usage
- This increased the number of separate units, shifting a larger burden to multi-unit buildings (apartments and offices)
- Propose a modest increase of 2% to the base rate for FY2016

	Current Base Rate	Proposed Base Rate	Aggregate Difference
Water	Res.: \$130.64 Comm.: \$381 School: \$4,527.32	Res.: \$133.25 Comm.: \$388.62 School: \$4617.87	Res.: \$1,027.48 Comm.: \$586.73 School: \$271.66
Sewer	Res.: \$174.55 Comm.: \$519.98 School.: \$6,018.27	Res.: \$178.04 Comm.: \$530.38 School.: \$6,138.64	Res.: \$1,366.50 Comm.: \$780.13 School.: \$361.12

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2 Mr. Sander offered a motion to approve the rates as proposed effective April 1, 2015 for the July 2015  
3 billing and was seconded by Mr. Bailey and the motion carried 4-0.

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5 Water Storage Tank Update

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7 The manager presented an update on the Water Storage Tank, with Peter Pochop of Green Mountain  
8 Engineering present to add further explanation and answer questions.

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- Initial Bond passed March 2014 for \$1,500,000
  - In-ground concrete tank design, 760,000 gallons of storage
  - New tank site purchased in July of 2014
  - Design and permitting complete in 2015
  - Bids have come back higher than anticipated
  - Tank construction estimated to be \$1,043,000
  - Low Bid is \$1,629,000; \$586,000 over budget
  - Some modifications to work under bid would yield \$194,500 in savings
  - Final bid to be \$1,434,500
  - Add \$70,000 contingency, and engineering costs

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21 The Financial Plan for this project was as follows:

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- Original Budget = \$1,500,000
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24 Spent so far:
- Chlorine Project = (\$158,638)
  - Engineering = (\$137,936)
  - Land Purchase = (\$44,000)
- 25  
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28 Total remaining unspent = \$1,157,498

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30 Need to complete:
- Engineering = \$117,700
  - Construction = \$1,504,500
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33 Total needed = \$1,622,200  
34 Difference = \$464,702

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36 Need to complete project = \$464,702
- Selectboard to authorize additional \$75,000 in borrowing
  - Take from unspent Jericho Road = \$53,000
  - From current Water Reserve = \$140,000
  - Take from fund equity in FY16 = \$196,702

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42 The repayment of the loan was summarized:

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- Bonded amount of \$1,445,062 under state loan at -0.7%
  - Annual payment of \$43,120
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- Saves all interest, plus forgiveness of \$151,470 of principal
- If no changes to system customer base, would cost \$90.97 per unit, annually

The Water Commission had significant discussion. The Manager explained that he felt if we did not try and find a way to complete this project this year, the project would be revised and time would be lost with no real understanding of how the changes made would fit the project into the bonded amount. Therefore, the project would have to use as much cash as could be provided over two fiscal years. He felt that the revenues were strong enough this year to be able to do this. The Water Commission agreed that it was prudent to move forward as illustrated, if possible, and complete the project. The Manager would present a purchase order at the next meeting.

### East Main Street

The Manager presented East Main Street. The highlights were:

- Agency of Transportation will begin reconstruction of Route 2 this year and enter the village area next year
- It would be prudent to replace the water lines on East Main before or in conjunction with this road work
- Our design for this project is complete, and permitted by the State
- State of Vermont has placed Richmond's East Main project at the top of the priority list for FY2016
- To begin this project and continue to qualify for negative interest rates, we need to have a bond vote
- Despite the other recent projects and debt issuance, this is the best time to complete East Main because of the availability of negative interest and the timing of the Route 2 project
- Projected Bond Vote: July 15, 2015

Why now?

- The East Main water lines are the most expensive and disruptive lines in the system
- Over 60% of all water leaks from past 10 years were on East Main
- These lines serve our largest water customer, Harrington's, who have difficulty with service disruption
- Currently only one fire hydrant, which is not used due to line condition

Costs

Projected total cost of \$1,073,380

- Construction = \$1,073,380
- Engineering (including prior outstanding planning loan payments) = \$133,700
- Other Costs = \$16,780
- Payments on a 30 year loan for \$1,073,380 at negative 0.7% would be \$32,029 per year
- Not only saves any interest, but forgives \$112,510 of principal
- Repayment expected to begin in 2019
- Added account revenue and slight rate increases (2%) expected to cover this repayment
- Payment estimated to be \$67.57 per unit annually, if no changes

There was quite a bit of discussion. The board agreed that the peculiar timing of the issue required serious discussion by the board, and soon – over the next two meetings.

### West Main Street Update

The Manager presented an update on West Main Street. The highlights were:

- 1 • Bond for project approved at Town Meeting for \$2,500,000
- 2 • Water Commission committed to a project that works and will not proceed if there would be
- 3 negative impacts to current system customers
- 4 • Negotiating committee continues discussions
- 5 • The plan is to extend water and sewer from behind Camel's Hump Middle School westward,
- 6 through the Gateway area, to the Riverview Commons Mobile Home Park
- 7 • The low income of the residents of the park would allow for federal subsidies that make the
- 8 project affordable for the residents there and the park owner
- 9 • Once in place, properties along the new line will be able to hook-on and become new users of
- 10 the system
- 11 • This plan provides for a stable, self-liquidating project that pays for the debt service with no
- 12 outside support and will slowly start to bring in additional user revenue to our small system
- 13 • Without the park, any extension into the Gateway would be paid for by Gateway users at a
- 14 substantially higher cost than the preferred plan

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16 There was some discussion. Mr. Bailey said there needed to be some more input on existing users  
17 and how they would benefit. There was particular discussion about not negatively impacting the  
18 current users, and the serious need to see benefits from this line for it to continue to receive support  
19 from all board members. Mr. Bailey was concerned that if we weren't successful, then the  
20 Selectboard must agree to participate in the costs of getting to this point.

#### 21 Capital Plan Review/Future Projects

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24 The Manager presented a brief list of projects and discussion of past and future projects.

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26 This will summarize the impacts to the Water & Sewer Budget from our capital plans, showing current  
27 and projected indebtedness

- 28 • 2006 Treatment Plant Upgrades = \$3,740,000 repayment of \$348,378 over 20 years =
- 29 \$22,220 per year
- 30 • 2010 Sewer Lining & Manholes = \$445,999; 50% forgiveness – repay \$222,999 over 20 years
- 31 @ 2% = \$14,500 per year
- 32 • 2011 Jericho Road = \$941,200 total; repay over 20 years at variable rate, decreasing over
- 33 time = \$77,000 last year
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- 35 • 2012 Browns Court = \$70,000 payable over 5 years, with a \$45,000 balance and 3 years left
- 36 • 2013 Depot Street = \$67,000 paid in full with cash reserves
- 37 • 2014/15 Water Storage Tank & Chlorine Project = \$1,575,000 bond plus \$464,000 cash; bond
- 38 repayable over 30 years at -0.7% interest; projected to be \$43,120 per year starting 2017
- 39 • 2016 East Main Street = \$1,073,380 payable over 30 years beginning in 2019; estimated to be
- 40 \$32,029 per year
- 41 • West Main Street = impossible to predict at this time. \$2,500,000 borrowing authorized to be
- 42 repaid by new connections
- 43 • Bridge Street, Pleasant Street, other projects over time
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45 Following this, there was some discussion on capital plans, and the board adjourned.

#### 46 Adjourn

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48 Mr. Sander offered a motion to adjourn at 9:15 pm and was seconded by Mr. Bailey. So voted.