

Town of Richmond Water and Sewer Commission Meeting Minutes of April 25, 2022

Members Present: Bard Hill, David Sander, Fran Huntoon, Greg Tucker, Jay Furr

Members Absent: None

Staff Present: Josh Arneson, Town Manager; Kendall Chamberlin, Water and Wastewater Superintendent; Duncan Wardwell, Assistant to the Town Manager

Others Present: The meeting was recorded for MMCTV, Jack Linn, Meg Freebern, Matt Torrville, Rachel Skaggs, Rod West, Virginia Clarke

Call to Order: 5:30 pm

Welcome by: Sander

Public Comment: None

Additions or Deletions to the Agenda: None

Items for Presentation or Discussion with those present

Superintendent's Report

Chamberlin: The furnace motor needed to be replaced and the old motor will be repaired so we have a spare backup. There have been a lot of repairs for pumps, filters, mixers. We cleaned out part of the digester about \$4,000 worth of material to Middlebury Wastewater. Some difficult issues with customers and the dig permits should be required by everyone in the water & sewer district. Our new guy is great and registered for the State three-year apprentice program.

Review of Compensation Study

Arneson: GovHR USA investigates similar towns and Rachel will present the results of her study. She will review how it was put together as well.

Skaggs: This is a short presentation which is repetitive from last time. I will go through the process and answer any questions.

We focused on job evaluation for internal equity and how they rank within organization

*23 positions within the town with 9 job factors

*The Classification Plan was developed based on Internal Equity

*Table 1 outlines that Classification Plan with 10 Grades

*8 criteria were used to establish comparable communities to obtain points that show how similar every town is to Richmond

*We added Chittenden County towns along with 3 communities as similar to Richmond Water and Wastewater

*Survey is sent out to those communities to define position title, salary ranges, and benefits

*The Proposed Compensation Plan is based on the 50th percentile of the surrounding communities as shown in Tables 2 & 3

*Ten compensation grades established across four bands

*We try to match to the market as best we can

- *Each grade has a Step A to Step N with 2.25% increases
- *Longevity is considered as we implement the plan
- *Recommendations also included for heavy equipment, lead process, and mechanical operators
- *We also surveyed regarding benefits shown in Appendix D
- *We recommend a quick survey annually to track increases in other Towns
- *Need to adjust the next 5-10 years to keep up with the market

Furr: On slide 13 that CDL should be brought in Step C or D?

Skaggs: The most recent is Step D.

Arneson: Do you have the spreadsheets we can review? The one that was scoring 75 or over.

Chamberlin: The original comparison did have 5 communities which did not have any water or wastewater plans. We suggested adding the other Chittenden communities to represent the type of Grade 4 Plant services we provide. We asked for a broader survey.

Arneson: Let's start looking at this and see if Kendall is able to see the current figures.

Skaggs: You can see a lot more data with the addition of those communities.

Hill: What are comparable communities versus comparable plants? Can you show the Class 4 Plants?

Chamberlin: The Grade 4 plants are Burlington, South Burlington, Richmond, Shelburne maybe. Montpelier is comparable because they take septage. Middlebury is a more complex plant. South Burlington and Burlington are comparable.

Hill: We are going back and forth between complexity versus size. Program managers might have more tasks associated with the number of other people.

Arneson: The original communities Kendall included are Burlington, Middlebury, Milton, Montpelier, Shelburne, South Burlington, and Stowe.

Chamberlin: Richmond requirements and complexity are very comparable to a larger community. Larger communities can throw more people at the job where Richmond does not. Many of the communities included did not have any sort of water and wastewater services.

Skaggs: The Higher grades 8, 9, 10 are brought down based external market data. Grades 4-7 stay the same. Grades 1, 2, 3 are brought down a little bit. When you add more data sometimes it increases sometimes it decreases.

Hill: This is a great body of work. Water/Sewer is managed differently than the rest of the Town. We are smaller scale Town but with water and wastewater. By including an outlying salary in Burlington, it has a significant impact on the mean. It is not impacted as much here as with the Finance Director. My question is how we want to look at the data and what we want to do about it. I also want to separate our role from Selectboard.

Sander: We now have data to base a decision to formulate the budget for the next fiscal year. We should begin the conversation for the staff and the users soon.

Hill: Whatever the data is at any point in time when we collect it, I think we need to consider future trends. For instance, federal employees are getting increases due to inflation.

Skaggs: Organizations often want to be above the 50% level to help recruit employees. With CPI we recommend that the Town has a policy to not exceed a certain percent.

Chamberlin: A lot of the comparables have already changed. Many plants have to hire at a rate larger than what was listed last year.

Arneson: This data was collected between December and January so only a couple of months old. We talked about adjusting the pay grid as July 1 given this data from FY2022.

Huntoon: The Selectboard is using this for other positions outside of Water & Sewer. What is their process, progress, and intent on how to use this information?

Arneson: We presented at last Selectboard meeting. The Board asked to look at a study that just had comparables for 75 or higher. Tonight, the Board will look at the updated grid. It is on the agenda as an action item so they have the option of taking action or may ask for more information.

Hill: It is our goal to do something on July 1 for Water & Sewer. I think we have some latitude as Water & Sewer has different revenue other than just tax revenue.

Furr: We do have a CPI adjustment capped at 1.5%. Does that apply to both Water & Sewer and other Town Departments?

Arneson: It has been applied to both.

Hill: It has been, but it does not have to be. This Commission has a different authority

Furr: Where do we make that decision. Does the Selectboard make the cap adjustments? Or does Kendall make a recommendation?

Sander: We make it here.

Furr: When we make a motion to adopt this Study, we would need to modify the memo to stipulate the cap?

Arneson: The Town might have that fully in writing following what the Police union had from years ago. This might be a year with high CPI that we take another look at it in conjunction with the study. If we are ready by mid-May then we can implement before July 1st and then adjust the grid for CPI on July 1st

Sander: If we adjust all the bands regardless of CPI then do we set a high-water mark for CPI?

Huntoon: Does the report get accepted by both Water & Sewer and Selectboard?

Sander: Yes, both. Regardless of what the Selectboard decides we can take this data and do with it as we choose.

Huntoon: If we talk about grade bands and levels then we can have separate ones from the Town or not?

Hill: Yes, it is a little bit of both. Historically, we have followed the Town pay grid, but we have authority to list it differently.

Huntoon: I am fine with doing it sooner rather than later. I am sensitive to how the Town and Water & Sewer are co-mingled.

Sander: Any other questions on the compensation study? It looks like we are ready to move on.

Discussion of next steps for the Gateway expansion project

Arneson: How do we handle properties that are in the flood plain? The attorneys recommend you go with the Grand List Value as the flood plain properties would pay less due to lower Grand List Value. Regulations might change in future for development which could allow them to develop with the water and wastewater.

Hill: Any Grand List Value of anything greater than zero would be charged something.

Chamberlin: The Round Church is an example of what can happen in the future. They were not interested in any water or wastewater until about 30 years after putting in lines. Now they have water, and they eventually will need wastewater. I think Grand List Value is a good way to look at it.

Hill: Do we want to review rate structures again tonight or at another meeting?

Sander: I suggest we plug in Grand List Values for review at next week's meeting.

Hill: It feels like we have yet to find a viable way to fund this.

West: You are going to have a hard time getting a vote for a special allocation district. I highly recommend you do Phase 1, find the price, figure the fire water and ARPA money. I think I could get easements to do a private extension out to the Mobil station. I think we can do this in conjunction with the Mobil station so that they do not have to spend money on going across the interstate. I don't think we should spend a lot of time try to figure our repayment of bonds.

Hill: There is no evidence of using ARPA funds for this project. The timing of the decision is not promising. At best it is a question mark. If we do a private and public combination, then we might have some legal issues. If it is a public system, then you have an obligation to pay to hook up. If there is a private line connected to a public line, I am not sure of the legal structure of how that might work.

West: I recommend building the private line from Phase 1 to Phase 2, not Phase 3. I would run sewer line on south side of Rt 2 and cross over to pump station. I would run the water line on the north side and terminate at a fire hydrant accessible around Wills Farm Rd. We would privately pay for those connections. The advantage is if you want to do Phase 3 then you have a line on each side of Rt 2 and we wouldn't have Phase 2 users pay for it. I did ask Tyler Billingsley if he would be willing to work on the private

side and he said he would have to ask for permission from the Town to avoid a conflict of interest.

Review of Draft FY23 budget and rates

Arneson: A few changes are highlighted in yellow. Auditing expense went down. Water & Sewer insurance went down. The fire service fees and water receipts went down a bit. The usage rate for this past March is fairly flat except for the fixed rate for residential. Water rates goes up about 9% from FY22 to FY23. Sewer rates goes up about 6-7% with a larger jump in residential. This is probably due to the increase in residential usage where the previous year's rates were based on pre-pandemic. We also show an average water rate bill for comparison. There are some ways to offset the budget or rates if we want to use some of the net liquid assets or reserve funds.

Linn: It doesn't look like the numbers are going down.

Arneson: Based on the current budget numbers and usage from last year, the rates are mostly increasing. There is a slight decrease in metered residential for water and in government commercial metered. Yes, there is an increase in how the current budget is presented

Linn: My water and sewer bill at 39 Esplanade was the highest by far of the nine nearest water and sewer districts. Shelburne's was about 75% less and most of them were half of mine. We have the highest rates, and we are looking to extend to a few number of people. The rates are absurd.

Hill: The reason to expand would be to achieve a better economy of scale. More users would spread out the fixed cost. This is part of dealing with the loss of the cheese plant over 20 years ago. This Commission has often said we would not extend unless it was to the benefit of the current users. Perhaps we should review our other fund balances and how we contribute or draw down based on what we know today.

Sander: We have reserve balances, capital expenditures, there is not one fund balance.

Arneson: We have 3 reserve accounts for water: Water Distribution Systems (\$15,000), Short Term Capital (\$115,270), and Capital Reserve (\$90,651). We also have 3 reserve accounts for wastewater: Wastewater Collection (\$92,755), Wastewater Short Term Capital (\$142,664) and Wastewater Capital (\$458,056). These are for larger projects. We also have unassigned funds: \$224,752 in Water and \$471,015 in Wastewater. This could be used for a rate offset or to pay for a project. The Commission could use this to lower rates, and it would do down as a revenue line. The next year if you do not have that surplus then it might end up with a larger rate hike the following year.

Linn: It looks like it increased \$280,000 from FY17 and FY19. That might help the people who are using the water system.

Sander: Some of that might have been reimbursement from prior years. It might be an artificially higher blip, but we will look into that. Did we put in a place holder for salary increases?

Arneson: We did add \$6,000 for water and \$14,000 in wastewater.

Huntoon: Our budget may change as we address salary issues. Those number may still actually change. I do not see them going down at all.

Arneson: Regular salary and benefit lines, we assumed a 3.5% increase (1.5% for CPI and 2% for step increase).

Hill: Does Kendall have any ideas about septage revenue and reserve accounts or surplus for upcoming budgets.

Chamberlin: I recommended using fund balances for one-time expenses that do not affect your operating budget. The exception might be in unique cases as when the Creamery left. Richmond is in the best situation that it has ever been in. The unassigned funds and reserve accounts should be used for one-time costs or grant matching. Richmond is unique in that the people who use the least amount of water have the lower rates compared to surrounding communities. We are not the highest, it is only when you use more that it costs you more.

Review of Consumer Confidence Report

Arneson: This is put out every year on the water quality. We mail to every water customer. We use it as an opportunity to promote the Commission, the Staff, and the annual meeting. You can see what we will be sending out.

Chamberlin: The results are provided by the State based on what testing we have done all year long.

Review of quarterly financial reports

Arneson: I provided the Budget Status for Water and Sewer. There is also an updated quarterly financial for Quarter 3. There is nothing that jumps out. Delinquencies continue to be very low.

Staffing update

Sander: Steven Cote has been hired as new operator in training and March 31 was his first day.

Chamberlin: He is a good hire.

Approval of Minutes, Warrants and Purchase Orders

Minutes

Furr moved to approve the Water & Sewer minutes of 4/4/22 as written. Hill seconded. Roll Call Vote: Hill, Huntoon, Furr, Sander, Tucker in favor. Motion passed.

Warrants

Furr moved to approve the warrants as presented. Huntoon seconded. Roll Call Vote: Hill, Huntoon, Furr, Sander, Tucker in favor. Motion passed.

Purchase Orders

Furr moved to approve Purchase Order PO# 4336 to People's United Bank in the amount of \$14,093. Huntoon seconded.

Roll Call Vote: Hill, Huntoon, Furr, Sander, Tucker in favor. Motion passed.

Furr moved to approve Purchase Order PO# 4338 to People's United Bank in the amount of \$25,139.95. Tucker seconded.

Roll Call Vote: Hill, Huntoon, Furr, Sander, Tucker in favor. Motion passed.

Discuss Items for Next Agenda and Adjourn

Next Meeting Agenda

- _Gateway Expansion via Grand List Value for Phase 1
- _Gateway Public for Phase 1 and Private partnership for Phase 2-3
- _Budget follow up for usage rates, reserve funds, salary
- _Compensation Study update

Adjournment

Furr moved to adjourn. Hill seconded.

Roll Call Vote: Hill, Huntoon, Furr, Sander, Tucker in favor. Motion passed.

Meeting adjourned at 6:51 pm