

Town of Richmond Water and Sewer Commission Meeting Minutes of February 6, 2023

Members Present: Bard Hill, David Sander, Erin Farr, Jay Furr, Morgan Wolaver

Members Absent: None

Staff Present: Josh Arneson, Town Manager; Duncan Wardwell, Assistant to the Town Manager; Allen Carpenter, Interim Water Resources Superintendent

Others Present: The meeting was recorded for MMCTV, Angela Cote, Cara LaBounty, Heidi Bormann

Call to Order: 6:00 pm

Welcome by: Sander

Public Comment:

LaBounty: I will be making a Public Statement at Selectboard meeting about access to Public Records. If anybody cares about Public Records for the Water and Sewer Department then you might want to listen.

Additions or Deletions to the Agenda:

Wolaver: Do we have the last estimate for construction of expansion for the Tax Increment Financing?

Arneson: I do not have that immediately at my fingertips.

Hill: That is probably more than a 5-minute conversation. That might fit into a future agenda item.

Wolaver: I think we could review costs and potential funding.

Furr: This afternoon, Josh, Duncan, Erin and I went over the number of meters and billing costs associated with CCRPC, NEMRC and E911 database to look for inconsistencies. We managed to flag about 20% of the addresses that we need to dig into with site visits or other data inspections.

Sander: We can put that under “e. Discussion of current water and wastewater rate structure”

LaBounty: That is called a User Audit.

Sander: Agenda is updated to “e. Discussion of current water and wastewater rate structure and User Audit”

Items for Presentation or Discussion with those present

Update on promotion of staff member from Operator in Training to Lead Process Operator

Arneson: Brad Snow is currently an Operator In Training and enrolled in the Vermont Rural Water Association apprenticeship program. Brad is a unique situation where he worked here several years ago and then came back with additional years of service. He has been able to achieve a Class 3 water license and a Grade 1 wastewater license. The Class 3 water license allows him to run the water side of our system. I am going to promote him to Lead Process Operator which bumps him on the pay-scale to Grade 6 and Step C because he has both his Water 3 and Wastewater 1 license. He will complete the Wastewater side of the program by this June and the Water side by June 2024. He has expressed an interest in continuing his learning. He obtained the license on November 21, 2022, and I will make his pay retroactive to that date. The total increase in salary is about \$10,000. We have vacancy savings of about \$34,000 combined in water and wastewater.

Review of monthly water data

Arneson: The monthly water data for January 2023 show Allen's notes on the side. A new batch of fluoride caused the number to dip down a little bit on January 10. Chlorine was low on one day when the pump was shut down for most of the day. We were changing the diffusers. A pH of 6.5 is on the lower limit of normal range. The blower system had to be turned on manually due to the diffuser replacement. The average numbers at the bottom are within the acceptable range for fluoride, chlorine, and pH. We are working on getting the plumbing fixed for the "pH in" meter.

Discussion of supporting Project-Based Tax Increment Financing

Arneson: VLCT asked for support from Towns on an upcoming Bill, Project-Based Tax Increment Financing. It is currently setup for smaller projects or one project with a smaller tax base. VLCT reached out to us because they thought the Gateway project might apply. They are looking for a letter of support from legislative bodies to say if they have projects that might benefit from this. For the Gateway properties, their grand list value would be frozen at the beginning of the project and future municipal and education taxes would be based on that frozen amount. We would still need a bond vote and the properties that benefit would still be paying back the bond. 80% of tax revenue for the property value above the frozen amount would go back to help pay off the bond. Would the Commission want to write a letter of support?

Furr: We need this public good, and we are trying to find a creative way to pay for it. It wouldn't hurt to recommend it as it doesn't mean we will use it. It is worth having this tool in the toolbox.

Hill: I agree. My understanding of the T.I.F. district is you decide where you want it before you decide what you want. Blighted urban areas turn into a T.I.F. to create incentives to do something. The project could be a different scope of 1 property or multiple properties in the Gateway. The idea of having another tool in the toolbox for

structured development makes sense. A T.I.F. district is really targeted as it creates an incentive for tax revenue. That is how I understand it. It is hypothetical at this point.

Wolaver: We also have to qualify based on certain economic goals. I like that it is the tax dollars on those properties that help the pay-down.

LaBounty: Is this truly a Selectboard decision where they have to work in conjunction with Water and Sewer?

Furr: We are being asked to be one of numerous signatories on the “we think this is a good idea” letter.

Arneson: VLCT specifically cited the Gateway project, so I wanted to start with this Commission. We can come back next time to vote on the letter for the Commission and the Selectboard. They were looking for letters to come from municipal managers and legislative bodies. I think the more support they get would be helpful. Individuals could also send letters to Representatives.

Review of FY23 Q2 quarterly financials

Arneson: We have the Budget Status Report for Water and Wastewater. Are there any questions?

Furr: On the Budget Status Water document, we have a 2,250.47% increase with an explanation of rates going up.

Arneson: The bank rates have gone up quite a bit but we have not split that out to the Wastewater side yet.

LaBounty:

Discussion of current water and wastewater rate structure

Arneson: I included questions from Heidi Bormann and the rates in the packet. I will let Heidi paraphrase.

Bormann: I am looking at the water fixed rates and the sewer fixed rates for commercial/government versus residential. I noticed how much more the fixed rates are over residential. I did a couple of scenarios if we did it completely on usage. That was done back in 2012-2013 when we tried to boost businesses coming to Richmond. It is feasible to have commercial/government more than residential, but I do not agree with having it 5 times as much. It should be competitive with other Towns. The Water has 76 users for commercial/government which is \$149.02 or \$11,325.32 per quarter, almost 5 times as much as residential. My proposal is to do a fixed water rate of \$61.04 which is two times of the residential amount. That would be \$4,639.04 per quarter. The difference decrease for the year would be \$26,745.95 on Water. For Sewer, we would keep the metered rates the same. We want to make sure commercial stays here. They can go to Williston and Essex for much less. For Sewer, there are 74 commercial/government users now. They are paying \$114.18, or \$8,449.32 per quarter

or 2.57% more than residential. I propose a 2 times fixed rate of \$88.74, or \$6,566.76 per quarter. The total decrease for Water and Sewer would accumulate to \$34,276.95 per year. Looking at the budget, the difference from this year to last year in Water is ~\$101,724 and in Sewer is \$82,692 with a total of ~\$184,400 in revenue. I do not think we need to take it from another group or category as there plenty of funds in our budget as is.

Hill: Don't we propose and approve our rate structure during our Annual Meeting? The rates are built on a budget and allocated by use by class. The base rate and use rate vary. Each user class pays for its percentage of the total budget. If we propose a user group pays less than its percentage then that would be a topic at the Annual User Meeting, would it not? I cannot take a narrative and understand how it drops into the Excel version for calculating rates.

LaBounty: Are you having more revenue than you projected like the amount of interest? You set your rates at the beginning of the year but there is a reason you look at your budget throughout the year. You have the ability to make changes during a year if you see you have excess revenues.

Hill: I think we should have a longer period of time to look at the quarterly financials and reserve balances. I think this a deep dive of about 30-minutes.

Furr: Maybe we have an extra meeting this month to just look at this.

Hill: It might be timely toward next year's budget.

Sander: Since this formula has been put together, those actuals have changed significantly.

Farr: I would be interested to know what surrounding communities are charging for commercial and residential. It would be helpful knowing how much it actual costs us to process sewer and water.

Hill: The budget shows operating expenses and reserves and we can see planned versus actual expenses.

Arneson: Are we able to adjust rates mid-year? The Commission set the rates in May for FY23. I could see how we set the rates for FY24 knowing what we have in reserves and surplus. Are we legally able to do it now?

Hill: It has never come up as a mid-year adjustment. I think we kick it to a future meeting and be prepared with a live version of the Excel sheet. I do not think we can do rate factor adjustments. I think it has to be based on actual use. Can we modify the entire sheet based on budget target?

LaBounty: You are not asking to increase rates. Do you have the ability to lower rates into a fiscal year?

Hill: I do not think we are prepared to dive into the legal parameters of anything tonight. The question at hand is can we make modifications to the budget which would impact everybody in the Excel sheet? Or can we mid-year, make a change in the percentage attribution to each class? Can we mid-year, make a change in the base versus usage ratios? The intent is for each user group to generate the revenue of use. This has been in place for 10 years.

Wolaver: What is the average cost per commercial/government user? It looks like right now commercial is \$600 and you are proposing adjusting it down ~\$100? Each commercial user would save about \$500 per year, is that correct?

Arneson: We need to spend more time looking at this.

Hill: We can tweak the Excel sheet and see what happens.

Sander: Should we entertain modifying the rate structure mid-fiscal-year or should we put our effort into reviewing this and having it ready for a May discussion to go live in June?

Farr: There is the legal question as well.

Hill: We should figure out the legal question first. By the time you do it, the year is almost over anyway. It is still fruitful to talk about it. If not this year, then maybe for the first quarter next year.

Arneson: If we change rates then we need to know by the end of March. We can talk about it on more detail the next meeting. I can bring the live spreadsheet.

LaBounty: A legal question might be if you are able to give a credit. It is possible people will over-pay this fiscal year.

Furr: Duncan, Erin, Josh and I went through the User Audit numbers by assembling data from CCRPC, NEMRC, and E911 databases. We have one large workbook. We are counting for each address, do they have 1 water fixed cost, 1 sewer fixed cost, 1 water metered rate, and 1 sewer metered rate and 1 E911. We are trying to cull out the ones that seem odd like having 1 sewer but 2 water. We may wind up doing site visits for the remaining places. We made some progress and have a spreadsheet.

Discussion of next steps in exploring installation of electronic water meters

Sander: In the interest of time, can we take this agenda item and move it to next meeting?

Furr: I have no problem with that.

Review of information sheet regarding waterline bond vote

Hill: These infrastructure projects are expensive. That is not what we would spend. There is the idea of revenue and how much we borrow and how much we pay out of Reserves.

Furr: Also consider the cost to keep fixing it.

Arneson: I tried to explain the mechanical procedures of the vote. I will get this out there.

Approval of Minutes, Warrants and Purchase Orders

Minutes

Furr moved to approve the Minutes of 1/17/23 as presented. Wolaver seconded. Roll Call Vote: Farr, Furr, Hill, Sander, Wolaver in favor. Motion passed.

Warrants

Hill moved to approve the warrants of 2/6/23 as presented. Furr seconded. Roll Call Vote: Farr, Furr, Hill, Sander, Wolaver in favor. Motion passed.

Purchase Orders: None

Discuss Items for Next Agenda

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*Electronic Water Meters

*Rate structure discussions

*Start Feb 21st meeting at 5:30 pm

*User Audit

Adjournment

Furr moved to adjourn. Hill seconded.

Roll Call Vote: Farr, Furr, Hill, Sander, Wolaver in favor. Motion passed.

Meeting adjourned at: 6:56 pm

Chat file from Zoom: None