

**RICHMOND WATER AND SEWER
COMMISSION MEETING
April 29, 2013 MINUTES**

Members Present: Ashley Lucht; Chris Granda; Amy Lord; Harold Irish; Bruce Bailey

Members Absent: None

Water Rate Task Force members present: Catherine Coggio; Harriett Riggs; Todd Liberty; Ann Cousins.

Others Present: Kendall Chamberlin, Richmond Water/Sewer Superintendent; Geoffrey Urbanik, Town Manager; Fran Huntoon; Don Morin; Lisa Lavoie; Jack Linn; Donna Saks; Kathy Sikora; Sheila Bailey; Cathleen Gent; Christy Witters; Jon Kart; Mary Claire Carole; Betsy Hardy; Larry Bohem; and Ruth Miller was present from MMCTV to tape the meeting.

Chair Lucht called the meeting to order at 4:30 PM.

1. Public Comment

Ms. Lucht explained that Gary Bressor had a timely request for preliminary water and sewer allocation for a new home on Cochran Road. This was for 900 gallons per day of water and 720 gallons per day of sewer that would serve a new duplex. Mr. Bressor also wanted to utilize a shared pump station connection, although he would maintain separate sewer accounts with the town.

Mr. Irish asked if this was for a new lot and Mr. Bressor said yes.

Mr. Granda offered a motion to grant preliminary water allocation of 900 gallons per day and preliminary allocation of 720 gallons per day for sewer for a new home on Cochran Road to Gary Bressor and was seconded by Mr. Bailey. The motion carried 5-0.

Rates Discussion

Ms. Lucht lead the discussion and explained the water rate task force's work so far. The introduced the members of the task force and said that their work had not been easy.

Mr. Bailey welcomed the members of the public in attendance and announced the May 16th meeting and said that a notice needed to go out. He said that the town intends to do several projects that will affect the rates.

Sheila Bailey asked if for the annual meeting, will the public have any input or will the rates be already decided?

Ms. Lucht said that the public would be invited to participate but there had been so little interest up until now.

Ms. Bailey said that they needed to have better notice of the meetings.

Mr. Bailey said that part of the discussion on sewer rates was the declining septage revenues.

1 Ms. Lucht said this would greatly impact the water and sewer rates. She noted that septage revenue
2 had been inappropriately applied to water revenue, which was contrary to state law. This meant that
3 the water system would lose revenue from this change. Also, it was certain that septage revenue in
4 general would decline by at least \$50,000 this year.

5
6 Todd Liberty said there were two significant issues with water and sewer. The first was fixed costs
7 were very high, with no growth of the system. It has been twelve years since this was last addressed
8 (at that time the decision to take more septage was made, to grow revenues). He represented
9 Harringtons, which had the second largest account on the system. The second issue is that septage has
10 been subsidizing water rates and the law says that cannot happen.

11
12 Some members of the audience wanted to know if rates were low now, compared to other towns.

13
14 Ms. Lucht said that now the average homeowner in Vermont pays between \$450-\$500 per year just for
15 water, and in Richmond it is only \$350 per year for water. The increases being considered by the task
16 force would bring Richmond's water rates in line with the Vermont average.

17
18 Christy Witters asked how capital improvements are paid for around the state - by the town or just
19 users? Ms. Lucht said that most systems fund capital improvements by users only but in some places,
20 like Essex, the town contributes.

21
22 Jack Linn said that he has researched other systems, but his business pays \$672 for water alone. He
23 listed rates for a number of other districts in Chittenden County, on the Champlain Water district,
24 which were significantly lower than Richmond's rates. He said this contradicted what was being said.

25
26 Ann Cousins thanked Mr. Linn for his research. She wanted to keep Richmond's business climate
27 viable and felt that new development was key.

28
29 Donna Saks said that many years ago, the town and village combined and perhaps the entire town
30 should agree to pay for some things.

31
32 It was asked what percent increase was the system looking at, and Ms. Lucht said for water, it was
33 100% and for sewer it would be somewhat less than that.

34
35 Ms. Lucht said the town needed to set goals for how to structure rates. Mr. Liberty explained the
36 septage issue and how it is declining. He said it is a very competitive business and Richmond is now
37 facing competition that didn't exist two years ago. So, the town is losing revenue. The proposal is to
38 lower the amount of anticipated septage. The question then became if the town received more, how
39 would that be handled. Would the rates go lower or would the extra funds be put into reserves?

40
41 Don Morin said that he owned property in the village and encouraged a gradual offset in reduced
42 septage revenue, so rates would go up less dramatically. He was in favor of doing things the smart
43 way, especially on Depot Street, but ten years ago he approached Ron Rodjenski about buying an
44 underutilized property for parking. What they have is Depot Street now. He said the town needed to
45 find a way to increase income.

46
47 Mr. Granda explained the economics of the system and agreed with Don. As costs rose, rates would
48 rise and the town needed to find a way to grow the customer base to reduce general rate increases.

49

1 Donna Saks asked what was wrong with the water tank.

2
3 Ms. Lucht said that the current tank was built in 1969 and was only expected to last twenty years.
4 Now it was twenty four years beyond that, and was deteriorating. The company hired to inspect and
5 repair would no longer guarantee their repairs due to interior conditions. It was also too small for ISO
6 rated fire protection, and the pressure at the top of Jericho Road was lower than what the State would
7 allow. In fact, the town was recently cited on this low pressure condition and given three years to
8 develop a solution or face penalties.

9
10 There was mention that delinquencies may rise if rates increase, and how would we account for that?

11
12 Ms. Lucht suggested monthly billing may make payment easier. Other options will be explored and
13 considered. Mr. Granda noted that would mean monthly meter reading.

14
15 Catherine Coggio suggested estimating all billing, with a final adjustment at the end of the year.

16
17 Mr. Linn asked if the billing was now split with a base and usage charge and Ms. Lucht said yes and
18 the goal was to keep it that way. Mr. Linn said that the water system should consider going into
19 Chapter 11 or Chapter 7 bankruptcy if it could not collect its revenue, and consider being taken over
20 by either the town or the Champlain Water District. Ms. Lucht said that the Champlain Water District
21 would make us pay to extend connections to their lines in Williston. Her goal was to keep the water
22 system solvent.

23
24 Jon Kart said that the most recent bonds for water improvements listed the town as guarantor so the
25 town would end up paying anyway.

26
27 Ms. Lucht reminded everyone that this was a discussion on rates. Ms. Lucht reviewed materials
28 explaining rate options, pricing configurations and the budget. There was discussion.

29
30 Mr. Bailey said that he agreed that some septage should go into reserves, but not all. He wanted to
31 anticipate more than \$100,000 in septage revenue, for sewer billing.

32
33 Mr. Liberty said that the system should only put \$100,000 of septage towards revenue, and use any
34 more for reserves.

35
36 Ann Cousins worried that the shock value would be high. She suggested gradually increasing rates.

37
38 Jon Kart urged a transparent process so that it doesn't have to always be explained from scratch.

39
40 After additional discussion, Ms. Lucht asked the Water Rate Task Force for a recommendation.

41
42 Mr. Irish said he liked Mr. Liberty's idea of using \$100,000 of septage towards rates and using
43 \$50,000 to go into reserves.

44
45 Mr. Bailey disagreed, saying the town should use more for rates.

46
47 Depot Street was mentioned.

48
49 Ms. Cousins said that she feels graduated rates over the years are the best way to go.

1
2 Christy Witters urged conservative capital reserve contributions, and said that people's bills are high
3 now.

4
5 Mr. Liberty said that septage revenue was uncertain.

6
7 Larry Bohlen asked if in the village, rates would on average, double?

8
9 Betsy Hardy said it seemed like it needs to be part of a bigger conversation with the town, of growing
10 business through zoning improvements, etc.

11
12 Ms. Lucht called for a recommendation. She explained that the assumption would be that the town
13 would only collect \$150,000 of septage revenue this year.

14
15 Mr. Liberty, Harold Irish and Ms. Lucht agreed that the town should anticipate only 64% (\$100,000)
16 of this revenue in the budget. Mr. Bailey wanted to anticipate 98% of this money as revenue. Thus
17 the recommendation was to anticipate \$100,000 of septage revenue.

18
19 Mr. Bailey said he was concerned about spending reserves. Ms. Lucht thanked everyone in the
20 audience, the Water Rate Task Force and the Commissioners. The annual customer meeting and the
21 vote on the rates by the Water Commissioners would be on May 16th at 6:00 pm in the Library.

22
23 Warrants

24 The warrants were reviewed and approved.

25

26 **2. Adjourn**

27 Motion by Mr. Granda to adjourn the meeting at 6:30 p.m. Seconded by Ms. Lord. So voted.