

Richmond Water Resources

Annual Customers Meeting

May 11, 2015

7:00 PM

Richmond Free Library

Agenda

Questions and Comments from the public will be taken for each item, following that item's presentation

- Discussion of Accomplishments of Past year (15 min)
- Discussion of FY2016 Budget & Rates (30 min)
- Discussion of Water Storage Tank (20 min)
- Discussion of East Main Street (20 min)
- Discussion of West Main Extension (20 min)
- Capital Projects and Debt Impacts (15 min)
- Water Quality & Waste Treatment Capacity (10 min)
- Adjourn

Accomplishments & Highlights

- Completed Chlorine Improvement project on time and under budget
- Repaired three water leaks, at a total cost of \$16,622 so far
- Reduced Water & Sewer delinquencies by working with customers
- Purchased land for Water Tank; designed and permitted tank; construction coming soon
- Started preliminary work on West Main Extension
- Very cold Winter, some freezing but were able to keep service through creative methods

FY2016 Budget

- 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

Water & Sewer Rates

- 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

Richmond Water Dept.							
Rate Structure Study							
Proposed 2016 Budget Water & Sewer Revenue							
Billable by Class							
2016 Budget	% of usage	Water			Wastewater		
		\$277,072.00			\$363,179.00		
Residential							
	63.0%	393	units	Adopted	391	units	Adopted
Base Rate per account/year		\$133.25		\$133.25	\$178.04		\$178.04
Annual Fixed Revenue Generated				\$52,367.25			\$69,613.64
Total residential metered water sold		11,482,200	gallons	Adopted	11,268,600	gallons	Adopted
user rate per 1000 gallons		\$10.43		\$10.43	\$14.13		\$14.13
Residential Variable Revenue Generated				\$119,792.80			\$159,243.34
Commercial & Government							
	27.0%	77	units	Adopted	75	units	Adopted
Base Rate per account/year		\$388.62		\$388.62	\$530.38		\$530.38
Annual Fixed Revenue Generated				\$29,923.74			\$39,778.50
Total commercial metered water sold		4,502,900	gallons	Adopted	4,501,200	gallons	Adopted
user rate per 1000 gallons		\$9.77		\$9.77	\$13.00		\$13.00
Commercial Variable Revenue Generated				\$44,005.52			\$58,497.55
Schools							
	10.0%	3	units	Adopted	3	units	Adopted
Base Rate per account/year		\$4,617.87		\$4,617.87	\$6,138.64		\$6,138.64
Annual Fixed Revenue Generated				\$13,853.61			\$18,415.92
Total school metered water sold		1,128,600	gallons	Adopted	1,128,600	gallons	Adopted
user rate per 1000 gallons		\$12.03		\$12.03	\$16.00		\$16.00
Schools Variable Revenue Generated				\$13,581.95			\$18,054.80
Annual revenue generated		17,113,700		\$273,524.87	16,898,400		\$363,603.75
Water-only accounts							
based on amount of water actually sold							
Total metered water sold		17,113,700	gallons	Adopted			
user rate per 1000 gallons		\$15.87		\$15.00			

Water Storage Tank

- 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

Water Storage Tank

- 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

Financial Plan for Water Tank

- Original Budget = \$1,500,000

Spent so far:

- Chlorine Project = (\$158,638)
- Engineering = (\$137,936)
- Land Purchase = (\$44,000)

Total remaining unspent = \$1,157,498

Financial Plan for Water Tank

Need to complete:

- Engineering = \$117,700
- Construction = \$1,504,500

Total needed = \$1,622,200

Difference = **\$464,702**

Financial Plan for Water Tank

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

Repayment of Tank Loan

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

East Main Street

- 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

East Main Street

- 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 East Main, and 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

East Main – Dollars and Cents

Projected total cost of \$1,073,380

- Construction = \$1,073,380
- Engineering (including prior outstanding planning loan payments) = \$133,700
- Other Costs = \$16,780

East Main - Repayment

- 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

West Main Extension

- Bond for project approved at Town Meeting for \$2,500,000
- Water Commission committed to a project that works and will not proceed if there would be negative impacts to current system customers
- Negotiating committee continues discussions

West Main Extension Plan

- The plan is to extend water and sewer from behind Camel's Hump Middle School westward, through the Gateway area, to the Riverview Commons Mobile Home Park
- The low income of the residents of the park would allow for federal subsidies that make the project affordable for the residents there and the park owner
- Once in place, properties along the new line will be able to hook-on and become new users of the system
- This plan provides for a stable, self-liquidating project that pays for the debt service with no outside support and will slowly start to bring in additional user revenue to our small system
- Without the park, any extension into the Gateway would be paid for by Gateway users at a substantially higher cost than the preferred plan

Financial Impacts – Capital Projects

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

- 2006 Treatment Plant Upgrades = \$3,740,000
repayment of \$348,378 over 20 years = \$22,220
per year
- 2010 Sewer Lining & Manholes = \$445,999; 50%
forgiveness – repay \$222,999 over 20 years @ 2%
= \$14,500 per year
- 2011 Jericho Road = \$941,200 total; repay over
20 years at variable rate, decreasing over time =
\$77,000 last year

Financial Impacts – Capital Projects

- 2012 Browns Court = \$70,000 payable over 5 years, with a \$45,000 balance and 3 years left
- 2013 Depot Street = \$67,000 paid in full with cash reserves
- 2014/15 Water Storage Tank & Chlorine Project = \$1,575,000 bond plus \$464,000 cash; bond repayable over 30 years at -0.7% interest; projected to be \$43,120 per year starting 2017

Financial Impacts – Future Projects

- 2016 East Main Street = \$1,073.380 payable over 30 years beginning in 2019; estimated to be \$32,029 per year
- West Main Street = impossible to predict at this time. \$2,500,000 borrowing authorized to be repaid by new connections
- Bridge Street, Pleasant Street, other projects over time

Water Quality & Etc.

We have some of the best drinking water in the state. We were well within limits for our permit and had no violations for the year for either water or wastewater operations. The Richmond Water Resources Department is proud to serve our town and they do a fine job keeping the system running efficiently and communicating with the public. Thank you Kendall, Trudy, Allen and Brad!

Stay tuned as we soon consider important policy changes in water and wastewater capacity, allocation and system governance. We will briefly review some of these during the meeting, as time allows, but in-depth discussion will be ongoing at Water Commission meetings held every 1st and 3rd Monday at 5:30 pm.