

East Main Street Water Line Replacement Bond Vote
Information from the Richmond Selectboard and the Richmond Water/Sewer Commission
June 2015

Informational meeting: Tuesday July 7 at 7:00pm at the Richmond Town Center

Bond vote: Tuesday July 14 7am-7pm at the Richmond Town Center

A vote to approve a Water/Sewer bond will be held on Tuesday, July 14, 2015. The Selectboard and the Water/Sewer Commission want voters to know the reasons for the bond vote, and why they are being asked to approve the bond.

Why are we voting on another water/sewer bond?

On April 29, 2015, the Vermont “Drinking Water State Revolving Loan Fund” (DWSRF) informed the Town of Richmond that our longstanding plans to replace water lines on East Main Street are reaching their high priority for funding. To secure this advantageous ‘negative interest rate’ loan, the Town needs to approve a bond in July to secure the financing that will support the costs of the work. If the voters do not approve the bond, we will lose our spot for funding at this low rate, and will be unable to complete the project before the State repaves Route 2 through Richmond.

<http://drinkingwater.vt.gov/fundingdwsrf.htm>

Why do we need to replace the water lines on East Main Street?

The water lines on East Main Street represent the lines of poorest condition in the entire water distribution system. Our records show leaks on East Main Street represented about 60% of all system leaks in the past ten years, with each East Main leak costing about \$10,000 per event and about \$20,000 per year. The timing of this bond vote and line replacement are driven by:

1. Repaving of Route 2: The State of Vermont will be repaving Route 2 through Richmond. This repaving is expected to take place in 2017. Replacement of the lines will be easier and cheaper if we complete the work before the repaving takes place, avoiding disruptions to the new pavement and road subsurface.
2. New reservoir: The new water reservoir will be larger and will also increase water pressure in the system. While this is good news and long overdue, the higher pressure is likely to increase the number of leaks and repairs in the East Main Street water supply lines. The average cost of a single water line repair on East Main Street is \$10,000 per event. We currently spend about \$20,000 per year on these repairs. Replacing these lines before the new tank is operational will avoid increases in leaks and repairs to the existing lines due to higher pressure.
3. Fire protection: Fire protection along East Main Street has been reduced by the poor condition of the lines. The existing lines are not adequate in size to support water flow for firefighting, and any recent use has resulted in a water line break. The single existing fire hydrant on East Main Street was recently officially removed from service. Replacing the lines will provide additional hydrants and full fire flows and protection all the way to the Fire Department.

How much will the East Main line replacement cost?

The total cost of the line replacement will not exceed \$1,200,000. With a DWSRF negative interest rate loan, loan payments are estimated at \$35,807 per year for 30 years. The ‘negative interest rate’ loan means that we will repay about \$125,000 less than we borrow. The annual cost of \$35,807 will be partially offset by reduced repair costs of about \$20,000 per year, resulting in net increased costs of about \$15,000 per year, based on a 30 year -0.7% loan. (Note that repair costs are expected to be higher if we replace the tank and do not replace these lines.) With 474 users, the average increased cost per user is expected to be \$76 per year. Actual costs would be higher for high volume users, and lower for low volume users. If more users join the system, or existing users use more water, this would also affect individual user costs. Loan payments would begin in 2019.

Who will pay for the East Main line replacement?

The users of the system pay all costs for the water/sewer system. The system currently has about 330 connections and 474 users. These users include residential customers, business customers, a new brewery, our two schools, and government customers (the fire department, the town center, and recreational facilities at Volunteer Green).

How does this work fit into a larger plan for managing the water/sewer system?

Ongoing management of the water/sewer system includes:

1. Past projects:

- 2006 Treatment Plant Upgrades (\$3,740,000)
- 2010 Sewer Lining & Manholes (\$445,999)
- 2011 Jericho Road: replace lines (\$941,200)
- 2012 Browns Court: replace lines (\$70,000)
- 2013 Depot Street: replace lines (\$67,000)
- 2014 Chlorine Contact Time improvements at the well (\$156,000)

2. Current projects:

- New water reservoir: The current steel tank is well past its current lifespan, undersized and near failure. The State of Vermont recently mandated replacement to alleviate the risk to the water customers. This moved this project to the top of the priority list. Following the bond approval in March, the project is currently under construction with completion expected by early 2016. Loan payments are expected to begin in 2017 at \$43,120 per year, averaging \$91 per connection per year. This project is the highest priority.
- East Main Street lines: The water lines on East Main Street represent the lines of poorest condition in the entire water distribution system. This project is the second highest priority.
- West Main Street 'Gateway' extension: Expanding the number of users and/or total use are the best ways of controlling rates, by distributing costs across a larger number of users. The Gateway represents the only area of town that is close enough to feasibly connect to the water and sewer systems, leading to discussions of extending the water and sewer systems into the 'Gateway'. The Gateway extension could also support responsible development. The Commission passed a resolution that an extension into the Gateway will not proceed unless it provides a financial benefit to current customers.

3. Possible future projects:

- Pleasant Street: The 4 inch water line on Pleasant Street has outdated iron saddles and gate valve curb stops installed in the 1940's. It is also the only line that we are unable to isolate. The saddles and curb stops need replacement within five years. Installation of a new shut-off valve will be scheduled in the near future.
- Bridge Street: Some customers on Bridge Street are connected to the 4 inch water line extending down from Pleasant Street. These customers should be connected to the existing 8 inch supply line that was installed parallel to the 4 inch line in 1969. This project would best be coordinated with the improvements planned for the sidewalks on Bridge Street.

How does the bond vote relate to other recent bond votes projects?

Because the water/sewer system does not maintain large cash reserves, major work on the system requires borrowing (and repaying) money. Under Vermont law, Richmond voters must approve all bonds that support municipal borrowing. The sequence is as follows:

1. Complete engineering report and construction/cost estimates
2. Secure bond approval from the town
3. Secure financing from state/federal sources
4. Solicit bids from contractors
5. Engage contractor
6. Complete construction
7. Repay financing (variable terms and costs)

The East Main Street improvements are at Step 2 of this process. The lines would be replaced in 2015 or 2016.

The Water Reservoir construction is now at step 5 of this process. The new reservoir should be complete by early 2016.

The West Main Street Extension is now at step 3 of this process. It is not certain if this extension will be completed.

<http://www.richmondvt.gov/wp-content/uploads/2014/10/West-Main-Utility-Extension-FAQ-2-5-2015.pdf>

What about sidewalk and 'streetscape' improvements on East Main Street?

East Main Street sidewalk and 'streetscape' improvements costing about \$400,000 have been discussed and designed, but are not included in this bond vote. The reasons:

1. Different bonds and repayment: The water/sewer system users are responsible for paying the costs of water/sewer system work. The entire town is responsible for paying the costs of sidewalk and 'streetscape' improvements. The Selectboard anticipates a sidewalk/streetscape bond vote at a future town meeting.

2. Timing: The water/sewer work should be completed before Route 2 is repaved. Sidewalk and streetscape improvements should be completed during or after Route 2 repaving.

How can people learn more, or participate in the discussion?

1. The Selectboard will hold a public information meeting regarding the bond vote on Tuesday July 7 at 7:00pm at the Richmond Town Center. The public is invited to attend.
2. The Richmond Water/Sewer Commission meets at Richmond Town Center on the 1st and 3rd Monday of each month, starting at 5:30 or 6pm. The public is invited to attend.