

**RICHMOND WATER AND SEWER
COMMISSION MEETING
October 3, 2016 MINUTES**

Members Present: Bard Hill, Chair; David Sander; Lincoln Bressor; Bob Reap

Members Absent: Fran Huntoon

Others Present: Geoffrey Urbanik, Town Manager; Kendall Chamberlin, Water Resources; Alan Huizenga and Kevin Camara, Green Mountain Engineering; Maureen Kangley; and Ruth Miller was present from MMCTV to tape the meeting.

Mr. Hill called the meeting to order at 6:00 pm.

Welcome and Public Comment

Mr. Hill asked if there was any comment from the public, but there was none.

East Main Street Update

Alan Huizenga of Green Mountain Engineering explained that the water line work was proceeding and they would finish their work in the intersection this week. He said that the permit to construct Pleasant Street was expected soon and a draft Change Order for the contractor would come shortly also. He asked if the board would entertain a special meeting if this happened before the 17th.

The Manager explained that the Selectboard had a special budget meeting lined up for the 10th. The board agreed to hold a special meeting to consider change orders at 6:45 PM on October 10th in the Town Center meeting room.

West Main Street

The Manager explained he had taken some time to review the numbers, and developed three USDA grant/loan scenarios that merely illustrate some options and we should decide where we want both the existing users to be and the new line to be in terms of Operations and Maintenance. We've already decided that the debt service will be borne solely by the new users – that's a given, no matter what the federal subsidy. He believed what USDA wanted to see is a rate strategy where new development in the Gateway apportions debt at higher levels for higher ERUs, and away from the MHP. This can be achieved even without knowing what the final numbers will look like years from now – we just need to have a rate strategy to show them.

In Scenario 1, the Raw numbers show what properties would be charged based on current ERU. It is quite expensive. We know that the MHP representative (Cara LaBounty) has said that the ongoing rates shown here will be too high for the MHP owner (Peter Brown of Falcon Management) to agree to.

What we also see is that if this were implemented, not only is debt service accounted for but a return of \$324,000 in rate revenue to the system – almost 50% more revenue! That is surely a handsome benefit to the current users. What I've not done is performed a rate analysis that would lower rates for everyone based on the added users – I don't feel that is necessary at this time, though the point illustrated here is that a huge potential exists for current system benefits.

In Scenario 2 we have the O&M for the MHP at 80%; likewise in Scenario 3 we have 70% for the MHP. Even at 70%, the benefit to the existing users is almost 30% more revenue that would allow

1 rates to be lowered across the board. All we have to do is determine a target for the existing system
2 and negotiate a final with the MHP. Not easy to do, but this is one way we show USDA that the MHP
3 is getting a benefit because of their low MHI.

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5 The second way we show their benefit is scaling debt service over time to the greater proportional
6 benefit of the MHP. If we made any assumption in additional ERU, or hook-on fee, we would need a
7 policy that shows how we would increase the debt service for new development and reduce the debt
8 service on the MHP.

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10 We can show our intent through rate policies that implement our strategy for the West Main project.
11 These can be developed while the letters of commitment are distributed and collected. Also what's
12 assumed in these figures are hook-on fees that vary, but included a flat \$3,000 for each service
13 (water & sewer). The original plans had the MHP paying over \$200,000 in hook-on fees. While that's
14 a large difference, we can negotiate an initial investment from the MHP that may be similar to the
15 original assumptions. The \$3,000/\$6,000 makes sense in a letter of commitment and will work for
16 most properties, in his opinion.

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18 There was discussion on the commitment letters that were expected to go out shortly. The Manager
19 was to share his drafts with Green Mountain Engineering to see if improvements could be made. The
20 board believed that showing the three debt options was a good way to gauge interest in the project,
21 and there was discussion about fairness for the current system users versus any discounts, or none,
22 for the expansion area. There might be room to negotiate with the MHP but little room to negotiate
23 with the Gateway area because of this. The Manager believed that since the MHP was getting the
24 federal grant, that should reflect a negotiated rate – and USDA would look favorably on this. A
25 negotiated O&M rate would still provide significant revenue to the current system to account for
26 additional costs and possibly lower rates for all involved.

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28 The board desired to get the letters out as soon as possible and requested some sort of validation of
29 the water usage of the MHP users so that our revenue estimates could be shown to be accurate.

30 31 Superintendent Report

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33 Mr. Chamberlin reported that his latest focus was on Pleasant Street, and sewage treatment plant
34 maintenance.

35 36 37 Warrants

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39 The warrants were reviewed and approved.

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42 Next Agenda: East Main; Pleasant Street; West Main; rip-rap update; budget.

43 44 Adjourn

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46 Mr. Sander offered a motion to adjourn at 7:00 pm and was seconded by Mr. Bressor. So voted.
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