

**RICHMOND WATER AND SEWER
COMMISSION MEETING
August 1, 2016 MINUTES**

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

Members Absent: None

Others Present: Geoffrey Urbanik, Town Manager; Kendall Chamberlin, Water Resources; Alan Huizenga, Green Mountain Engineering; Mary Houle; Maureen Kangle; Bruce & Sheila Bailey; Luke Cady; Katie Loesel; 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.

Sheila Bailey said the recent water bills were too high.

East Main Street

Mr. Huizenga reported that the line had been constructed along the north side, and had crossed Route 2 near Lemroy Court and would proceed back up the south side. Patch paving of the open road cuts would happen tomorrow. The north side line had passed its pressure test and once it passed its bacteria test it would be switched on, and the old line disconnected.

There was some discussion about the quality of traffic control, and Mr. Huizenga said he would contact the contractor to get improvement.

Loan Modification for State Loan RF3-335

The Manager explained that he had received the loan modification for RF3-335, which would cover East Main Street and Pleasant Street. The final loan would be for \$1.2 million and a -3% interest rate, which equates to about \$420,000 over the life of the loan. The Manager recommended the commission send this to the Selectboard for their approval. They would have to approve this modification, since the town in general and not just the water system, was responsible for debt.

Mr. Sander offered a motion to request that the Richmond Selectboard approve the loan modification for state loan RF3-335, in the amount of \$1,200,000 at -3% over 30 years. Mr. Bressor seconded the motion and the motion carried 5-0.

Green Mountain Engineering Amendment to Engineering Services Contract

The Manager explained that with the coming addition of Pleasant Street to this current project, Green Mountain Engineering would incur additional work charges. This modification to their agreement was for \$7,966.00.

Mr. Bressor offered a motion to approve Purchase Order 3289 in the amount of \$7,966.00 to Green Mountain Engineering for additional work related to the Pleasant Street water line. Mr. Reap seconded the motion and the motion carried 5-0.

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2 West Main Street
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4 The Manager explained that on July 28th, he, Bard Hill, and Bob Reap met with Eric Law of USDA,
5 with GME's Kevin Camara present and USDA's Misty Sinsigalli and our own Kendall Chamberlin via
6 telephone at the federal offices in Montpelier. Our purpose was to discuss outstanding requirements
7 on our USDA Rural Development funding application for the West Main water and wastewater
8 extension.
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10 The meeting was informative and we left with a better understanding of where we stand. Below are
11 my observations and facts:
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- 13 1) Our application is active, but considered incomplete, largely due to no proof of commitment
14 from properties along the proposed extension – including the mobile home park. There is
15 some final environmental engineering to be done.
- 16 2) The current federal fiscal year ends on 9/30 and there is no funding left. The good news is
17 that on 10/1 a new year comes around and we'll be eligible if we can complete our application.
- 18 3) A 45% grant assumption is an unlikely scenario, and we should be more realistic. GME will
19 go back and recalculate several funding scenarios, including 100% loan, 15% grant and 30%
20 grant.
- 21 4) Loans are 2.25% and can be 30 years for water and 40 years for sewer improvements.
- 22 5) USDA typically gets \$10 million in loan funds and \$3 million in grant funds annually, with some
23 ability to draw from other pools. They report that they spend their annual allotments each
24 year, so the program is still competitive. This means that we're not likely to get anything
25 better than anyone else this coming funding round. USDA will not commit to any specific
26 funding level until we complete our application. Their explanation is that they need to see who
27 is paying for what portions of the debt, and how, and what else is contributing to the O&M and
28 debt service beyond just the income sensitive users.
- 29 6) When considering our overall plan, they are aware that we are planning for growth in the
30 Gateway. My take on their discussions are that they will want to see some sort of future
31 benefit to the income sensitive users (in the MHP) as Gateway growth takes off. So we not
32 only need a financial plan that makes construction sense, but one that allows future growth to
33 benefit the income sensitive users and not just the system as a whole. USDA is only involved
34 because of the income sensitivity.
- 35 7) Beyond the USDA application and commitment-to-connect instruments, we still have final
36 design, permitting, and ROW/Easement acquisition left to achieve. Breaking ground in 2017
37 is an ambitious milestone.
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39 Next Steps:
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41 Green Mountain Engineering is expected to update their costs & rate analysis based on the
42 loan/grant options outlined above. They also need to complete the environmental and archaeological
43 information required by USDA for this phase.
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45 The Manager will contact several towns to get samples of commitment letters and/or connection
46 agreements. He'll then use these to draft our own, and send out to property owners in the Gateway
47 and the mobile home park. We hope to use these to fill the last significant gap in our application by
48 October 1st.
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50 Mr. Hill said we needed to understand how to mitigate the system risk if new users did not tie on to
51 cover construction costs. Mr. Bressor said that the system should be able to cover the financial plan
52 without new growth. The original idea was to not force people to tie people on, but that sounds like
53 what we're doing now. Mr. Hill said we could do this, or phase it in over time at set connection costs.
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1 Luke Cady asked when the bond vote was taken, did the question say that rates would not increase?
2 Mr. Hill said no, that policy was expressed by the Water Commission.

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4 Mr. Bressor said he wouldn't go forward with a plan that didn't benefit current users.

5
6 Bruce Bailey suggested we shouldn't offer a beneficial rate to the expanded commercial users in the
7 Gateway area, it should be the same as everyone else.

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9 Luke Cady asked if there was any guarantee that the park owner wouldn't raise rates on tenants. Mr.
10 Hill said he was limited by statute to a certain percentage lot rent increase each month, which would
11 limit his ability to recover costs. We didn't know his management costs, but this could be a business
12 decision that benefits him. There was some discussion on this and how to structure commitment
13 letters, with the goal of complete submission to USDA by October 1st.

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15 **Cemetery Water Account**

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17 The Manager explained that the water-only account for the cemetery was seasonal, and paid for by
18 volunteers. They had a request to make the base-charge two quarters only for these reasons.

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20 Mr. Hill said we do not have a policy on seasonal accounts, which makes it difficult to decide. Mr.
21 Chamberlin said that this was a cost-shift to other users and he wasn't comfortable with that. He said
22 that when this was created, they knew up front the costs and fees associated with it. While no motion
23 to approve this request was made, it would be taken up again on August 15th and they asked Harold
24 Irish to attend.

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26 Due to time constraints, the asset grant and Superintendent's Report were pushed to the next
27 meeting.

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29 **Warrants**

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31 The warrants were reviewed and approved.

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34 Next agenda items were reviewed, with project reports and superintendent report.

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36 **Adjourn**

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38 Mr. Sander offered a motion to adjourn at 7:05 pm and was seconded by Mr. Bressor. So voted.