

**RICHMOND WATER AND SEWER
COMMISSION MEETING
ANNUAL CUSTOMER MEETING
May 16, 2013 MINUTES**

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

Members Absent: None

Others Present: Kendall Chamberlin, Richmond Water/Sewer Superintendent; Geoffrey Urbanik, Town Manager; a number of water customers; and Ruth Miller was present from MMCTV to tape the meeting.

Chair Lucht called the meeting to order at 6:00 PM.

1. Welcome and Customers Meeting

Ms. Lucht explained that this was the annual meeting for Richmond Water users and said that a presentation would be given and then a discussion on new rates would ensue. Finally, the Water Commissioners would have to vote on new rates. Ms. Lucht asked for comments from the public.

John Fath, owner of Toscanos, said he didn't fully understand this. He said that the base rate had gone up since he's been here for the past ten years. He said his bill was more than 300% more than it was when he moved in. The system has a thirty to forty year life maybe, but this was a major increase and then another one. He asked if he was now paying for the previous thirty years. He said he had to pay \$2,000 more before he even turned the water on.

Ms. Lucht explained that the infrastructure drove the costs. There had been no money set aside, which is not a situation unique to Richmond. The increase now is due to necessary improvements.

Mr. Fath asked about equitability and looking at the next ten years, as costs increase, will sewer rates incrementally increase also. This would be easier than a 30% - 50% increase in one year. He would appreciate a more staggered increase.

Ms. Lucht said that the planning for the system had not happened here in a while, and a marginal and predictable increase wasn't able to happen. The goal moving forward should be a more equitable solution.

Mr. Fath asked who would do the math on the rates in the future. Ms. Lucht said that in her day job she did rate structures for water systems around the state, in fact she was asked to do this for Richmond prior to her running for the Selectboard.

The Manager began a prepared powerpoint presentation on the background issues driving costs to the water system, the challenges with revenues, and how the proposed rate increase was determined. The goals of the presentation were to show that septage revenue had been used to subsidize water rates and this was contrary to state law and had to be stopped. This represented an approximately \$90,000 loss of revenue to the water department. Second, septage itself was declining due to competition from nearby sewer treatment plants and the loss of one of the town's largest customers at \$34,000 per year. Finally, there were several excess allocation units not being used. These could be returned to the system, creating an instant loss of available revenue and Ms. Lucht felt the commission should plan to run the system without these extra units. Most of the challenges were on the revenue side of the

1 budget. On the expense side, the town's operations were mostly stable but the capital spending and
2 debt spending needed to increase. These factors drove the decisions that were considered by the Water
3 Rate Task Force in their deliberations.

4
5 Mr. Granda suggested that the presentation be paused and the Water Commissioners introduce
6 themselves, which they did. Mr. Granda also wanted to go right into the numbers on the rate increase.
7 This generated discussion and several questions and answers.

8
9 Mr. Fath asked how much the town was spending on debts, and what was the overall debt. The
10 Manager pointed to the prepared budget document and said that debt was approximately \$140,000 per
11 year and the overall debt obligations were around \$1.5 million. There was significant discussion on
12 the town's debts and proposed projects.

13
14 Ms. Lucht explained that the budgets and rates were approved by the Board of Water Commissioners,
15 not a vote of the customers.

16
17 Jack Linn said he was a part owner of the bakery. He never questioned the expenses of the system
18 improvements but looked frightfully at them. He said that if he knew that rates would go up 300%
19 then he wouldn't have been able to build it. He also said that personnel expenses are around \$202,000
20 and asked if any thought had been given to a private operations and maintenance contract.

21
22 Ms. Lucht said that she feels the contractor may nickel and dime the town and in the long run there
23 would be no savings. Mr. Linn asked if the board had looked at it, and Ms. Lucht said no. Mr. Linn
24 said the town should look into sharing Mr. Chamberlin with Hinesburg, and sharing the salary.

25
26 Bob Fisher said that many years ago it was a water system in the village. When the town and village
27 combined, the village gave up the capital assets to the town. The town was supposed to help with the
28 water system but no one has.

29
30 Ms. Lucht said that she looked at minutes from 1988 and a proposal was placed on the ballot for this
31 but it did not pass. She agreed that the system was getting unaffordable and she would bring a
32 proposal to share costs with the town.

33
34 Mr. Fisher asked about the new parking lot, and said that if the town approved it with needing new
35 water lines then the town should agree to pay for them. Ms. Lucht said they would have to replace the
36 water lines, they were forty years old and only one inch in diameter. She didn't think the town would
37 need to take out a loan for this.

38
39 Mr. Fisher asked if it weren't for the parking lot would the town have to pay for the lines now, and Mr.
40 Chamberlin said no. Mr. Fisher said he wanted a vote to deny the water line.

41
42 Mr. Granda said that there was nothing forcing a water line. He felt that the board believed this was
43 the prudent thing to do.

44
45 Mr. Fisher said that this was the town's parking lot and the town needed to protect their investment by
46 replacing the water line.

47
48 Mr. Granda said there needed to be a sort of new deal with the town on these issues.

49
50 Paulita Irish asked why the commissioners didn't go to the town and ask for money for the water line.

1
2 Tom Coggio asked if there were any state or federal monies.

3
4 Jackie Washburn asked how can we solve this.

5
6 Ms. Lucht said that the water rate task force will continue to explore getting funding alternatives. She
7 said this was a very aged system and if Depot Street needs a new line then we have to do the project.

8
9 The Manager then continued with the powerpoint presentation. Intermittently the presentation would
10 pause for more questions and answers.

11
12 David Sunshine said if you can't afford it, don't do it. The mistake was made ten years ago to not
13 extend water lines. What are we doing to plan for the future?

14
15 Roz Payne said she didn't like the base charge being based on the number of bedrooms in a home. Ms.
16 Lucht agreed, and said that is why they want to change this.

17
18 Marvin Carpenter said that the sewer was built to take care of the creamery, but the town was still
19 trying to maintain the same size facility. He said that we should look to see if we could cut staff, cut
20 expenses and lower costs proportionately. He said that if you look at the true figures of the septage
21 business the town wasn't making any money.

22
23 There was a discussion on default of payments. It was suggested that this would rise if rates went up
24 significantly.

25
26 Ms. Lucht said unfortunately there was not much fat to trim operationally, and perhaps there were low
27 income assistance programs that could help with paying water bills.

28
29 Howie Atherton thanked the commissioners for the water he can drink. He said it is a high value to
30 have water, but \$3,000 is hard to pay. He wanted to get a sense on where these projects are, and there
31 should be a debate on the board over how to proceed.

32
33 Betsy Hardy said that she seconded this sentiment on the water. She used to live on Huntington Road
34 and the costs for water and sewer weren't inexpensive. When the creamery was there it helped but
35 now it is not being used and the town has extra capacity to pay for. What can we do to encourage
36 development?

37
38 Heidi Bormann explained some of the difficulties with the creamery site including some
39 contamination that needed to be cleaned up. She also suggested that the town be considerate of the
40 system.

41
42 Bob Fisher commented on the capital reserves for the next fiscal year and how they had increased.
43 Ms. Lucht explained the capital plan, and how they were trying to fully fund reserves for maintenance
44 and saving for future projects. This should have been done all along but was neglected to keep rates
45 low.

46
47 Kristin Novotny said that the budget was based on bills we have to pay, but her concern is the
48 discussion between increased costs and lower revenue. She said that trying to solve both at once is
49 difficult.

50

1 John Fath said his business was looking to go from \$6,000 per year to \$12,000 per year, and it was
2 tough to do.

3
4 Tom Carpenter asked about the Irene damages. The Manager said most damages were recovered, and
5 a detail on this was available. Mr. Carpenter said that the size of the proposed tank was overkill, as
6 well as the sewer plant.

7
8 Jackie Washburn asked if the town could extend the water and sewer lines to the Mobile Home Park
9 and there was discussion on this. Ms. Lucht said that the owner was interested in the sewer, but it
10 would be a line over two miles long and the costs were discouraging.

11
12 The Manager concluded the presentation. (See attached pages on the final rates).

13
14 Ms. Lucht explained the rate changes. The number of Equivalent Residential Units for water was
15 being consolidated and reduced, causing the base rate to double, based on the adopted budget. The
16 per-gallon usage charge was remaining essentially the same. The sewer base units were also being
17 reduced although not as much as with water. The base charge was going up approximately 60% and
18 usage was declining slightly.

19
20 Mr. Granda offered a motion to approve the proposed change in rates for water and sewer. Ms. Lord
21 seconded the motion.

22
23 Bruce Bailey said he did not support using only \$100,000 of anticipated septage revenue, and wanted
24 to use more.

25
26 Ms. Lucht said that she was comfortable with a conservative revenue estimate. She said that this was
27 discussed by the water rate task force and recommended by them.

28
29 Mr. Granda expressed some displeasure with having to raise the rates but saw no way around it. Mr.
30 Bailey said that this change would hurt bad.

31
32 The motion carried 3-2, with Mr. Bailey and Mr. Irish voting against.

33
34 Warrants

35 The warrants were reviewed and approved.

36

37 **2. Adjourn**

38 Motion by Mr. Granda to adjourn the meeting at 8:05 p.m. Seconded by Ms. Lord. So voted.