

**RICHMOND WATER AND SEWER
COMMISSION MEETING
SPECIAL RATE MEETING
September 3, 2013 MINUTES**

Members Present: Ashley Lucht; Amy Lord; Chris Granda; Bard Hill; Bruce Bailey

Members Absent: None

Others Present: Geoffrey Urbanik, Town Manager, Kendall Chamberlin, Water Resources, Lane Carolyn Marshall; Connie Doherty, Financial Assistant; Harold Irish; Bernie Young; Bob and Chris Fischer; Peter Pochop, Green Mountain Engineering; Chris Carfaro and Ruth Miller was present from MMCTV to tape the meeting.

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

Ms. Lucht explained that the agenda allowed for public comment at a certain time, but to be able to make headway on important topics, the Water Commission would get right into discussions.

Overview of Budgets

Ms. Lucht explained that the commissioners should talk about amending the budget. She said that the \$14,000 administrative fee paid to the general fund was not really necessary and might be cut. The Manager said this covered administrative and financial management costs performed by town staff, however, the Selectboard would have to forfeit that revenue. This could be adjusted, and wasn't much in the big scheme of the town's budget, but would be noticeable.

Mr. Hill asked if anyone reported their time, and the Manager said no, it had been a flat \$14,000.

Ms. Lucht then went on to wastewater expenses and the fixed and variable costs. Mr. Chamberlin also helped explain what some of the budget was for. It was discussed that reduction of some of the capital reserves for the wastewater side could be accomplished, such as \$4,000 for the treatment plan repairs, and \$4,000 for collection system repairs. There would still be reserve funding in the budget after these amendments.

Mr. Chamberlin added that in the past, some increases were large to stabilize operations. He felt that for the past several years he had not asked for large increases, and his operations were fairly steady.

Mr. Bailey asked if the septage operation was really generating positive income and Mr. Chamberlin said absolutely. Mr. Hill asked how much we made, and how much we spent. Mr. Chamberlin said he could provide that information.

Mr. Bailey asked how do we know what they are hauling, and Mr. Chamberlin said they check slips, and are pretty honest with what they carry.

Ms. Lucht said she had spoken to Mr. Chamberlin, and perhaps a \$20,000 in biosolids removal was possible. There was some discussion on septage, and fees. Mr. Chamberlin provided a brief history of the septage operation.

Ms. Lucht noted that the water budget was only increasing \$53,000, and there was no where to really cut. She explained the debt increases, and capital reserve increases. She says we won't save our way to a new tank, but we can use our reserves for smaller projects, like the Depot Street project. Her goal for the tank was to do an income survey and hopefully get federally backed loans with debt forgiveness.

1 Mr. Hill said that one challenging question was were the reserves too big, or too small? Mr. Bailey
2 added that they would be too available, meaning they might be diverted.

3
4 Mr. Granda said that having some debt and reserves should allow the town to stabilize rates. He felt
5 that Mr. Bailey's position was to have money in the bank, but then we may spend sooner than
6 planned.

7
8 Mr. Bailey offered Depot Street as an example. He felt that this was an opportunity because the
9 money was in the bank. If not, Depot Street would not be a priority now.

10
11 Ms. Lucht argued in favor of doing the Depot Street water line, saying that the old line was
12 deteriorated and undersized, and completing the project wouldn't negatively impact the water system.

13
14 Mr. Granda said that the system has options and requirements, and that this was a good project to
15 undertake, and it was fiscally responsible to do so. Mr. Bailey said in his house, he doesn't buy it if he
16 doesn't have the money.

17
18 There was discussion on projects, and saving for projects. The water tank was again discussed. Mr.
19 Hill said the commission needs to look at the relative cost for this project. Mr. Chamberlin argued to
20 keep the reserve funding in place, and offered to take a pay cut personally in order to do so.

21
22 Ms. Lord asked if we cut reserves, what does that do to everyone's bill? Ms. Lucht said she would
23 like to cut the collection system reserve by \$15,000 and the treatment plant reserve by \$5,000,
24 leaving \$15,000 and \$10,000 respectively. She said that the collection system was recently lined and
25 in good shape, and the treatment facility was running well and there was enough reserve for routine
26 repairs.

27
28 Mr. Granda said we should try to mitigate huge increases. He asked if we could step into a rate
29 increase.

30
31 Ms. Lucht said that with the cuts we've talked about the budget would drop fro \$767,000 to \$708,500.
32 Mr. Hill asked if we generate 8% to 9% more revenue would that cut bills by that same amount?

33
34 Ms. Lucht called for a motion to cut expenses on the budget side, to lower the required user charges
35 accordingly.

36
37 Mr. Granda offered a motion to reduce the biosolids budget line by \$20,000 and was seconded by Mr.
38 Hill, and the motion carried 5-0.

39
40 Mr. Hill offered a motion to reduce the distribution system water reserve by \$10,000 and was
41 seconded by Mr. Bailey and the motion carried 5-0.

42
43 Mr. Hill offered a motion to reduce the water capital reserve by \$19,000 and was seconded by Mr.
44 Bailey and the motion carried 5-0.

45
46 Mr. Hill offered a motion to reduce the collection system reserve by \$15,000 and was seconded by
47 Ms. Lord and the motion carried 5-0.

48
49 Mr. Hill offered a motion to reduce the wastewater reserve by \$5,000 and was seconded by Ms. Lord
50 and the motion carried 5-0.

51
52 Mr. Bailey said he would also like to see one ERU per apartment, or living unit, regardless of meters
53 or usage. There were too many apartments not being charged equally. There was discussion.

54

1 Mr. Hill said the town should not go back to billing for bedrooms, and he feels that the base unit
2 needs to be equitable. He was in favor of the 1/2 unit scenario, and said that those that pay the most
3 now on a per-gallon basis are older residents, and moving to the 1/2 unit would save them money.
4

5 Mr. Bailey said the ERU should be adjusted quarterly on an annualized basis.
6

7 Ms. Lucht said that now, the average annual usage by a single family home was 36,500 gallons per
8 year. A half unit would be 18,250 gallons per year. She had run some numbers, and under the new
9 whole unit scenario the units would be 530 water ERU and 494 wastewater ERU. Under the half
10 scenario, it would be 480 water ERU and 444.5 wastewater ERU.
11

12 At 7:05 pm, Maureen Kangley asked for public comment.
13

14 Ms. Lucht said that public comment would be available after this discussion. She continued, saying
15 that with the 1/2 unit scenario, people on the high end will pay more. With these changes, the cost of
16 a whole water ERU was \$340 and wastewater was \$520. The 1/2 cost ERU was \$375 for water and
17 \$575 for wastewater. The per gallon metered charge would not change much.
18

19 There was more dicussion. Mr. Granda said that the town should not only recalculate the number of
20 ERUs in a quarter, but the value of each ERU.
21

22 Mr. Hill offered a motion to move from whole ERUs to 1/2 ERUs. Mr. Granda said that motion should
23 be amended, and just make the 1/2 value of 18,500 the new whole value. Mr. Hill agreed, Mr.
24 Granda seconded, and the motion carried 5-0.

25 It was agreed that a discussion on how to calculate the ERU on a quarterly basis would be on the
26 September 16th agenda.
27

28 Public Comment 29

30 Maureen Kangley thanked Mr. Chamberlin and one of his employees, Trudy Jones, but said she
31 didn't trust the water commission and Selectboard. She wanted this statement entered into the
32 minutes:
33

34 Thank you to Kendall, Trudy and company for my drinking water adn for protecting the Winooski
35 River. I trust Kendall and co., with these things. However, I do not trust the water commission and
36 Selectboard with my money concerning these things. Therefore I make a motion to place a
37 moratorium on money spent on the following: The proposed new driveway to the pump house with all
38 its buried cables, etc. The proposed new H2O and sewer lines in the to be constructed parking lot
39 near the R.R. tracks. Any further spending on site work and other connected things with the fixing of
40 the H2O tank and tower. Parenthetically we the users have already spent \$80,000 and counting on
41 this. Do I have a second? All in favor?
42

43 Mary Houle offered a second, but the motion was understood to be rhetorical in nature.
44

45 Bob Fischer asked if the commission will be looking at units per quarter at the next meeting, and Ms.
46 Lucht said yes. Mr. Fischer asked what would happen if the town didn't do the water tank. Ms. Lucht
47 explained the case for the water tank, and the state findings. She added that it is deteriorating and
48 will fail at some point. She said it may be possible to get loan forgiveness on this project.
49

50 Chris Carfarro asked what was the philosophy behind the units. Ms. Lucht explained that an average
51 single family home used a certain number of gallons annually. The new ERU is based on this.
52

53 Mr. Carfarro said that his usage indicated he was very high. He said that he felt the meter may be
54 wrong. There was some discussion and Mr. Chamberlin offered to look into this.
55

1 There was discussion on how to pay for the tank. Ms. Kangley asked how much we were committing
2 now. Ms. Lucht said that the water commissioners were going to consider \$11,000 for some survey
3 work and preliminary engineering on the new offsite location.
4

5 Mr. Bailey said that the town needed to revisit the size of the tank. Is it required to be this large?
6

7 Peter Pochop, the town's engineer on this project, said that the final cost was to be determined,
8 however, the potential new site and sizing from ISO guidelines would dictate the size. he also
9 considered a fifty year buildout analysis. The ISO rating provided for storage to provide a gallon per
10 minute flow over a certain period of time, while providing adequate water service to all remaining
11 customers.
12

13 Mr. Bailey was not convinced the town needed a larger tank.
14

15 Approval of Construction Loan from the State of Vermont

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17 There was discussion on the approval of a construction loan for the preliminary engineering costs.
18

19 Mr. Hill offered a motion to approve the loan application to the State of Vermont in the amount of
20 \$84,157 and was seconded by Mr. Granda.
21

22 Mr. Bailey asked why not decide the tank size before we move forward? There was significant
23 discussion. Ms. Lucht called the vote, and the motion carried 4-1 with Mr. Bailey voting against.
24

25 Approval of Depot Street Water Line

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27 The Manager explained the revised bid, however, the only water item that changed was the
28 demobilization. Ms. Lord suggested that instead of having an equal split of the demobilization, the
29 water system should only pay 1/3 of the cost since the water project costs were roughly 1/3 of the
30 total project cost. There was discussion on this project, and how to pay. The Manager explained that
31 there was over \$98,000 in the water reserve, and this project was only \$61,790.
32

33 Ms. Lord offered a motion to approve Purchase Order 3135 to Engineers Construction, Inc. in an
34 amount not to exceed \$61,790 for the Depot Street Water Line and was seconded by Mr. Granda.
35 The motion carried 4-1 with Mr. Bailey voting against.
36

37 Ms. Lucht suggested the water commissioners authorize the Town Manager to be the administrator
38 for the loan from above, and Mr. Bailey offered a motion to do so. Mr. Hill seconded the motion and
39 the motion carried 5-0.
40

41 Ms. Kangley said that there were eleven accounts not paying in good faith.
42

43 **1. Adjourn**

44

45 Ms. Lucht offered a motion to adjourn at 7:40 pm and was seconded by Mr. Granda. So voted.
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