

**RICHMOND WATER AND SEWER  
ANNUAL MEETING  
April 28, 2014 MINUTES**

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

Members Absent: None

Others Present: Geoffrey Urbanik, Town Manager, Kendall Chamberlin, Water Resources; Connie Doherty, Finance Assistant; a large number of water and sewer customers; and Ruth Miller was present from MMCTV to tape the meeting.

Ms. Lucht called the meeting to order at 7:00 pm.

Ms. Lucht began by explaining that tonight's annual meeting would focus on the rates, budget, and important projects. This had been a challenging year but we had received constructive feedback as well. She, Chris Granda and others have helped shape some new ideas for rates.

Ms. Lucht then reviewed the budget and explained how it drives the rates through the revenue requirement. Ms. Lucht noted that operationally the budget was very stable but the areas of increase were in capital outlays and debt service, which were expected to increase in the coming years.

Ms. Lucht went through a computerized slide show on the rates. She said that she and Chris Granda had been developing a revision to the rates adopted last year. The old way had both a fixed charge and a metered charge. The fixed charge was 90% of the billing, and based on average gallons per year and allowed for multiple ERUs to be allocated to accounts. This had proven unpopular with many due to the fact that the amount of water used varied widely across the entire spectrum of accounts. In the new rate structure proposed, the fixed charge would be 30% of the bill, and would be based on one living space, or living unit. Every separate unit in a building would be counted as a separate Base Unit. The amount of water used would not play into the fixed portion of the bill, however, the metered costs would increase slightly.

This also changed the number of total units used when calculating the rates. Now, there were 497.5 ERU for water, and the change would be 471 BU. For sewer there were currently 461 ERU and would change to 467 BU. This reflected one BU per living space, including multiple apartments on one meter or multiple commercial tenants in one building, off of one meter.

The residential part of the system had 257 meters, with 221 metered single family homes and 36 multifamily homes or apartments. There were 16 commercial and residential accounts, totaling 394 billable units.

There were 64 metered commercial accounts, and 77 total billable units. Finally, there were three school accounts.

There was additional discussion on the rates, and details on how they were derived. Ms. Lucht then moved to projects.

Ms. Lucht explained that three years ago the town supported a complete reconstruction of Jericho Road, two years ago replaced the Browns Court water line and last year replaced the Depot Street water line. Bridge Street had some sewer lining done, but the water lines were planned to be replaced. East Main Street also was in dire need of water line replacement.

Ms. Lucht said that before those projects were to be undertaken, the system was going to replace the Water Storage tank from 1969. The chlorine contact time project was slated to begin this year, to

1 improve the disinfection capability of the system. Ms. Lucht reviewed the costs of these projects and  
2 noted that the town was seeking the best financing for the tank and chlorine contact time. This  
3 included application for USDA Rural Development funds and state revolving loan funds. The town  
4 could ultimately take a bond through the Vermont Municipal Bond Bank if necessary.  
5

6 There was some discussion by the board and then the floor was opened for questions and answers  
7 with the audience.  
8

9 Jackie Washburn asked how do the system demands of apartments compare with single family  
10 homes? Mr. Granda explained that the base unit was based on a residential living unit, but the costs  
11 were no longer associated with water use as far as the fixed charge was concerned. He said that  
12 over time the system may move to meters for all living units. There was additional discussion on this  
13 point.  
14

15 Kathy Sikora asked if the ERU was gone and Ms. Lucht said yes and explained the new way of  
16 calculating the base unit.  
17

18 Paul Hauf urged the system to expand and collect more users, and this would improve the bills for  
19 current users. Ms. Lucht said that rates and revenue has been stable for the past year and the  
20 system continues to look for ways to increase users.  
21

22 Mr. Hill added that topography was challenging for the system since all of the easy connections were  
23 hooked up. The costs of extensions into new areas was daunting.  
24

25 Mr. Hauf continued, and said that the infrastructure changes we've talked about are ruled by the  
26 Water Commission. He asked if there was any way that we could work it so that all costs voted on by  
27 the town could be paid by the town? Mr. Granda spoke a little about a split benefit to the system and  
28 to the town as a whole. There was some additional discussion.  
29

30 Cara LaBounty urged a change that would have the users of the system vote to approve a project first  
31 before the town as a whole was asked to vote on borrowing for the project. Ms. LaBounty asked if  
32 the new water tower would have cell towers and Mr. Hill said it would be a buried tank.  
33

34 Donna Clodgo asked about a discussion to have the Fire Department pay for their use? Mr.  
35 Chamberlin said they pay about \$188.00 per month for the water they use, however, this did not  
36 include any infrastructure costs.  
37

38 Ms. Lucht asked how do we appropriately allocate these costs for the benefits? It was an ongoing  
39 discussion on the board.  
40

41 Ms. Lucht then moved to the proposed budget.  
42

43 The FY2014 adopted and amended budget totaled \$715,595, and called for user rates in the amount  
44 of \$610,395 and septage revenue of \$100,000. The remaining revenues were small hook on charges  
45 or water sales.  
46

47 The proposed FY2015 budget was to be \$732,735 and called for \$271,639 in water revenue and  
48 \$361,096 in sewer revenue with \$100,000 in septage revenue. Miscellaneous revenues were  
49 eliminated or rolled into the water receipts. Operational increases were \$10,830 and capital costs  
50 were increased by \$6,310 totaling \$17,140 more than the prior year. This represented an overall  
51 2.34% increase in the budget and included projected revenues based on the proposed revised user  
52 rates.  
53

54 Kendall Chamberlin requested that the water line repair budget go from \$20,000 to \$35,000. He said  
55 that the town had paid about this much in repairs this Winter, and this would help prepare the budget

1 for the future East Main Street project. He noted that Essex had increased their rates by 7% to 8%  
2 each year to prepare for repayment of their \$15 million bond. If we know we have to do East Main,  
3 then we should prepare the budget now.  
4

5 Mr. Hill asked about how many breaks did we have this year, and Mr. Chamberlin said five.  
6

7 Chris Fischer said that now was not the right time to do this, with the bills the way they are.  
8

9 Bob Fischer said we've been paying more than our fair share, can the board just bill us for it?  
10

11 Maureen Kangley read a prepared statement regarding the billing and costs on the users. She  
12 wanted the chlorine contact time project cancelled.  
13

14 Mr. Granda suggested that we use any current year surplus to add to the FY15 budget. Mr. Granda  
15 offered a motion to say that no changes to the adopted FY2015 budget would be made unless  
16 FY2014 budget surplus be used to amend the revenues. Ms. Lord seconded the motion and the  
17 motion carried 5-0.  
18

19 Mr. Bailey offered a motion to approve the FY2015 budget as presented and was seconded by Mr.  
20 Hill. The motion carried 5-0.  
21

22 Ms. Lucht said we should now debate the rate proposal. There was some discussion on how to  
23 apportion the fixed to variable costs on the new rates. It was agreed that for residential bills, the split  
24 would be 30% fixed and 70% variable. For commercial and schools it would be 40% and 60%.  
25

26 Mr. Granda offered a motion to approve the rates as presented, with the fixed-to-variable  
27 apportionment just discussed, effective April 1<sup>st</sup> for the July billing. Mr. Hill seconded the motion. The  
28 motion carried 5-0.  
29

30 The full, approved rate sheet is attached and incorporated into these minutes.  
31

32 The warrants were reviewed and approved.  
33

34 Ms. Lucht noted that the minutes of these meetings should be on the new website.  
35

36 Jack Linn asked if we would spend the money from the recent bond vote without any additional voter  
37 input.  
38

39 Mr. Hill said the Commission has the authority to spend the money without voter input, but to the  
40 amount approved. Was there any reason to put that to another vote? That vote would not be legally  
41 binding.  
42

43 Mr. Lucht noted that the new commissioners for the upcoming year would be Ashley Lucht, Bard Hill  
44 and David Sander for the Selectboard, and Bruce Bailey and Bob Fischer for the customer seats.  
45 The Selectboard would confirm this at their next meeting.  
46

#### 47 **Adjourn**

48 Mr. Hill offered a motion to adjourn at 9:10 pm and was seconded by Mr. Granda. So voted.  
49

Richmond Water Dept.								
Rate Structure Study								
Adoptedd 2015 Budget Water Revenue								
Billable by Class								
2015 Adoptedd Budget	% of usage	Water			% of usage	Wastewater		
		\$271,639.00				\$361,096.00		
<b>Residential</b>	63.0%	393	units	Adopted	63.0%	391	units	Adopted
Base Rate per account/year		\$130.64		\$130.64		\$174.55		\$174.55
Annual Fixed Revenue Generated				\$51,339.77				\$68,247.14
Total residential metered water sold		11,482,200	gallons	Adopted		11,268,600	gallons	Adopted
user rate per 1000 gallons		\$10.43		\$10.43		\$14.13		\$14.13
Annual Residential Variable Revenue Generated				\$119,792.80				\$159,243.34
<b>Commercial &amp; Government</b>	27.0%	77	units	Adopted	27.0%	75	units	Adopted
Base Rate per account/year		\$381.00		\$381.00		\$519.98		\$519.98
Annual Fixed Revenue Generated				\$29,337.01				\$38,998.37
Total commercial metered water sold		4,502,900	gallons	Adopted		4,501,200	gallons	Adopted
user rate per 1000 gallons		\$9.77		\$9.77		\$13.00		\$13.00
Annual Commercial Variable Revenue Generated				\$44,005.52				\$58,497.55
<b>Schools</b>	10.0%	3	units	Adopted	10.0%	3	units	Adopted
Base Rate per account/year		\$4,527.32		\$4,527.32		\$6,018.27		\$6,018.27
Annual Fixed Revenue Generated				\$13,581.95				\$18,054.80
Total school metered water sold		1,128,600	gallons	Adopted		1,128,600	gallons	Adopted
user rate per 1000 gallons		\$12.03		\$12.03		\$16.00		\$16.00
Annual Schools Variable Revenue Generated				\$13,581.95				\$18,054.80
annual revenue generated		17,113,700		\$271,639.00		16,898,400		\$361,096.00
<b>Water-only accounts</b>								
based on amount of water actually sold								
Total metered water sold		17,113,700	gallons	Adopted				
user rate per 1000 gallons		\$15.87		\$15.00				