

# **Town of Richmond Water and Sewer Commission Meeting Minutes of February 14, 2022**

**Members Present:** Jay Furr, Bard Hill, David Sander, Fran Huntoon, Greg Tucker

**Members Absent:** None

**Staff Present:** Josh Arneson, Town Manager; Kendall Chamberlin, Water and Wastewater Superintendent; Duncan Wardwell, Assistant to the Town Manager

**Others Present:** The meeting was recorded for MMCTV. Gary Bressor, Virginia Clarke, Bob Reap

**Call to Order: 6:00pm**

**Welcome by:** Sander

Sander: Welcome to special meeting and a cold Valentine's Day. Anyone want to make a public comment?

**Public Comment:**

Hill: I would like to share some comments from a Water/Sewer customer. Customer is requesting in-person meetings. Please do not make a decision without participation. For instance, the House is meeting in person but the Senate is not. This represents the transitional phase we are in right now.

Sander: Good point, there is some confusion as we went back to virtual. We will meet at Selectboard next week to consider that. We need to consider everyone's input both in-person or virtually. We will keep everyone posted on our status of meetings.

**Additions or Deletions to the Agenda: None**

**Items for Presentation or Discussion with those present**

**Discussion of feedback from attorney regarding questions pertaining to bond payback options**

Sander: Tonight, is to consider what we discussed with legal counsel on best practices going forward with Gateway. What is the best way to recoup the cost for a bond repayment if we get a bond vote?

Arneson: The first question is a better explanation of why we cannot use permitted flows in year one and actual flows after that. The attorney went back to statute and noted that using property frontage or grand list value is directly stated in statute as method for payback. We asked if we could use part of the statute that states "a fair portion of the cost of the improvement." We asked why can't we use that to base the payback on flows. There are two risks: political & legal. The political risk is it is hard to explain how you are going to use the flows to allocate the bond payback. If the voters are confused then they may vote it down as they don't understand it. The legal risk is even if you get unanimous consent from future users to setup a special assessment district. They may read the statute and challenge it legally as not being fair. In the voters' eyes, the grand list is like the fair market value for everyone since it is in the statute. Therefore, grand list value is safer legally. We have discussed in the past how grand list value does not always

reflect to actual use by a property. The attorney said as you look at the line (water, sewer, or both), increases the value of the grand list value of both properties by being hooked onto the public system even if there were different flows. If there were future development, then could we change it if we went with the grand list. We could look at the grand list every year and figure out the proper amount per \$1000 of grand list on how much the pay towards the bond. For instance, if a new brewery, restaurant or development came in then the grand list value would go up and therefore pay more. An undeveloped property would pay based on the grand list of that property but if it became developed then the grand list value would increase and so would the pay back on the bond. There was discussion if someone waits out the 30 years of the bond before development. The same thing would apply if we used flow amounts. If we decide to move out to the Mobile Home Park could we add them on as part of the payback? No. Once the bond is paid back after that there is no retroactive payment on the bond. We also asked what they would recommend if we used a special assessment. Should we go to the voters or go with unanimous consent. Advice is to use unanimous consent so all users are in agreement and they do not feel forced into it. Could we use future revenues and have everybody pay it back? Let's save that for later as I see some questions.

Hill: There is a distinction for rate structures between those with sewer only versus those with both water/sewer. Does this pricing structure apply to water, sewer, or both?

Arneson: Both and just for the bond payback. Future users would be on same rate structure for metered water and sewer. This applies only for the bond payback.

Hill: Therefore, there is a fee associated with bond repayment. The rate structure for use of the system would follow from current customer. If everyone goes in then the cost per user goes down. Is that a fair summary?

Arneson: Yes

Chamberlin: There would be two payments. One for the bond for water. One for the bond for wastewater. Then a fixed fee and a usage fee.

Sander: The problem with using assessed value is current businesses and home owners are front loaded with the payment. Before any ground is broken, they are paying on their current assessment. Assessment would go up if they improve. The people who have the existing businesses would pay more than those that have a vacant lot.

Hill: We should go through each of these component. A sewage bond fee they would be based on grand list value. For sewage usage would be zero. The logic from the law or attorney is that whether using or not having these structures at your property increases its value.

Huntoon: This seems different than what we currently we do. Anyone who owns a partial of land would be paying back the bond even if it isn't developed. For instance, if you currently live in the village you do not pay for water or sewer if it is not developed. Is that correct?

Arneson: If the line goes by your property and you are not connected you are still paying a fixed fee even if not developed. It would be similar: you would pay a fixed fee and bond fee. You would not pay an allocation or flow/metered rate fee until you connect to the system.

Huntoon: Currently, in the Village if you owned a property that was not developed you are not paying a fee to payback the bond on the water tank.

Arneson: That bond is included in the regular budget so that all users are contributing to the payback. That is different than this bond. The fixed fees would be going toward a portion of that bond.

Hill: We really have 6 cells: columns being water and sewer and then a bond payment and a fixed rate and a flow fee. Arguably in the new district would not be paying the same fixed rate that somebody inside the existing district.

Arneson: Fixed cost the same for everyone across both districts. but is specific to the user groups of residential, commercial, or education/government. Your metered rate depends on your type of property as well. The only thing additional for the Gateway would be two bond paybacks: water bond payback & sewer bond payback

Hill: If we extend Fran's example that a undeveloped property in the new expansion area would pay a water bond, sewer bond, water fixed, and sewer fixed. If they hook up to the system then they would be paying usage rate for water and/or sewer.

Chamberlin: If you currently have a vacant property in the district then you do not have to pay fixed fees. You only have to pay fixed fees if there is water/sewer available for your property. That is different than Fran's example.

Hill: So a vacant property would pay a bond (one for water, one for sewer). Only when you occupy a property, you would add a fixed fee and a usage fee. Therefore you could have 1 cost, 2 costs, or 3 costs depending on individual circumstances.

Chamberlin: We discussed would Land Trust or other properties participate in payback. For instance, Round Church does not have a grand list value but still requests use of water and wasterwater.

Hill: Do these conservation lands have any taxable grand list value?

Arneson: The attorney says there is not grand list value to conserved property as it has not value. I will check with Linda.

Hill: I am trying to picture how different properties might be impacted. This is not our last bite on this apple.

**Discussion of examining a scenario where all system users would share in the bond payback for the Gateway extension if projected revenue from the extended system would be greater than the annual cost to payback the bond**

Arneson: We asked if we use a scenario where we allocate bond payback to everyone? We would justify with increased revenues.

Chamberlin: The short discussion on that is no.

Arneson: In our allocation ordinance it is very clear that all expansions would be paid for by future users (5a). Since it is in our ordinance, it kind of ties our hands unless we want to go through process of changing the ordinance.

Hill: Let's pause here to see if we have any interest in changing the ordinance.

Sanders: Lawyers shared they thought that would be messy.

Hill: My inclination is not to change the ordinance.

Sanders: Lawyers pointed out that potential new users should agree to payback the bond. Any future discussion?

Hill: Should we just have a consensus that all users should not payback the bond due to the ordinance.

Furr: I agree.

Hill: We all can nod to agree we do not want to change the bond.

**Discussion of hiring an engineer to update a Preliminary Engineering Report for a replacement of the waterline from Jericho Rd. to the end of Tilden Ave. in preparation to apply to the Drinking Water State Revolving Fund priority list**

Arneson: I will share a map for Kendall

Chamberlin: Green Mountain Engineering is closing. I reached out Steve (GME) and Tyler (East Engineering) to make sure we have an application on the 28th for upcoming money.

Details of a water district map showing Steve's 3 segments in existing PER.

-South Bridge

-East & West Cochran Rd

-include Tilden Avenue? Probably needs a lot of work.

-segment by Treatment facility

Tyler willing to amend PER to get section from Tilden Avenue to Jericho Rd

Green Mountain is in charge of first 3 segments

East Engineering is in charge of the second

If State has any questions, both firms have gone through RFQ process

If original sections were not fundable, we would have backup for priority list

Tyler reviewed that section of the State prelim approval to new PER for Tilden Avenue

Gary Bressor: Explain the section off from the Village.

Chamberlin: Replace asbestos line cement to water house and make new connections to houses there. Section of asbestos cement and cast iron on Cochran Rd also being replaced. Could we also do Huntington Rd & Thompson's including connection to CCT.

Gary Bressor: The section on Cochran Rd not red is that recently done?

Chamberlin: Yes new PVC line that was done in 1994.

Hill: What is left after this to be replaced?

Chamberlin: Nothing left. We are in a good place compared to lots of places

Sander: And compared to where we were 10 years ago.

Chamberlin: There are some upcoming costs for updated PER. Pay for engineering up front because cost saving not money wasted as ready to get grant funds and future endeavors.

Gary Bressor: Question of conserved land? Once a land is reserved the State pays a bulk of the taxes. Is there a reason to make a conserved space pay for a bond just because they request use of water/sewer

Hill: If water & sewer increased the value but the land is not able to be developed it is like a Catch-22 to charge a fee. What is legal consul, are we obligated to charge a fee? Next steps need to develop categories for rate structures  
Variables include land that include conserved, vacant, zoning  
Important to contemplate a basic fee structure

Sander: We asked attorney on conserved land. Did not have a good answer for how to figure that out.

Bressor: Land trusts development rights are extinguished and not able to get back

Hill: Something that never can be developed for practical purposes.

Hill: If we are going to move forward then we should look at how often we meet. Based on current circumstances need to developed expansion rate structures.

Arneson: Which model are we going to run those scenarios on? How do we represent the different scenarios along the different scenarios. Need some finite numbers to run. Let's look at this at next agenda.

Hill: What do we want to put in place? Hydrants? Sprinklers? Expand further down?  
Open trench vs Horizontal boring  
What are many different variables to get to fee structures

Chamberlin: You cannot charge your future customers back on the bond. Make sure to size your pipes to expand but not for pump stations than larger for current capacity. If you wanted to upgrade further then you can include future customers to support purchase of new pump stations.

Hill: When we upgraded the treatment plant and paid it back it makes no sense to reclaim a fee from a future buyer.

Virginia Clarke: Have you decided what the fee structure will be yet? Will it be based on grand list value.

Sander: Under discussion but seems like most agreeable solution.

Hill: We ruled out flows. Road frontage or grand list. Road frontage seems very disassociated from actual value or usage of systems.

Sander: Lots of discussion on whether to meet in person and fee structures for bond payment. Also need information from attorneys about Conserved Land.

**Adjourn**

*Furr moved to adjourn. Seconded by Hill*

*Roll Call Vote: Hill, Huntoon, Furr, Sander Tucker in favor. Motion passed.*

**Meeting adjourned at 6:39 pm**

**Chat file from Zoom:**

None