

Town of Richmond
Water and Sewer Commissioner Annual Customer Meeting
Minutes of May 16, 2023

Members Present: Bard Hill, David Sander, Erin Farr, Jay Furr, Morgan Wolaver

Members Absent: None

Staff Present: Josh Arneson, Town Manager; Duncan Wardwell, Assistant to the Town Manager; Connie Bona, Finance Director; Allen Carpenter, Interim Water Resources

Others Present: The meeting was recorded for MMCTV, Denise Barnard, Heidi Bormann

Call to Order: 6:00 pm

Welcome by: Sander

Public Comment: None

Additions or Deletions to the Agenda: None

Items for Presentation or Discussion with those present

Discussion of Water and Wastewater activities in the past year

Arneson: I will read from the following document in the packet:

(https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/05/a_Water_and_Wastewater_Activities_in_Past_Year.pdf)

“Water and Wastewater Activities in FY23

- It was discovered in the Fall of 2022 that fluoride levels were too low in the water system. Levels have since been brought up to the proper levels.
- Water and Wastewater Superintendent Kendall Chamberlin resigned in the Fall of 2022. Allen Carpenter has been appointed as the Interim Water and Sewer Superintendent.
- Simon Operations Systems was contracted with in April 2023 to provide a licensed operator for the Wastewater Treatment Facility.
- A successful bond vote was held, and the planning and engineering has begun, for a waterline replacement project on Tilden Ave., and parts of Bridge St. and Cochran Rd.
- Hoyle and Tanner were hired to conduct the 20 Year Wastewater Facility Evaluation and this work has started.
- Water and Sewer staff have worked through several failures of critical equipment and acted quickly to resolve the situations including:
 - o Replacement of failed influent pump.
 - o Repair of the septage pump.
 - o Repair of pump station.
 - o Constructed steps to provide access to the digester.
 - o Installation of check valves for the influent pumps.”

Wolaver: Are the steps OSHA approved?

Sander: Technically, not. They are to code.

Hill: Where are the fish?

Arneson: I think the fish were transferred back to Kendall, he had a pond or somewhere where he could put them. I believe that some of them actually passed away during the transfer process.

Barnard: I want to thank all of you for all the hard work you've done especially since Kendall's resigned. I had no idea what had been going on. It's impressive how hard you have worked. Thank you and kudos to all of you for what you've done.

Sander: It's a lot easier to do these things proactively than reactively. I hope the lesson was learned and we can be more proactive.

Wolaver: A big kudos to Allen, Steve, and Brad. They work hard to actually make those repairs and reporting.

Sander: I want to thank them for being honest, transparent, and forthright and coming to us and expressing their concerns and fears and realities so that we could all work together. I am very thankful that Allen and Steven and Brad decided to stay here and help us through this as a team.

Discussion of Upcoming Projects

Arneson: I will present the highlights that we're looking forward to in FY24:

- Conduct the 20 Year Wastewater Facility Evaluation with Hoyle and Tanner.
 - Conduct the water service line inventory with MSK Engineers.
 - Continue planning and go out to bid for waterline replacement project on Tilden Ave., and parts of Bridge St. and Cochran Rd.
 - Install new water meters.
 - Continue work on items to be repaired or replaced including:
 - o Replace water tank mixer.
 - o Purchase a new backwash pump to replace older backwash pump.
 - o Replace auger liner.
 - o Clean solids out of all tanks at the wastewater treatment facility.
 - o Purchase new influent pumps.
 - o Several other small projects
- (https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/05/b_Upcoming_Projects.pdf)

Wolaver: Make a comment about if we'll have the new meters in by the end of the calendar year.

Arneson: Hopefully, I think they have a favorite company. I asked them to take a hard look at what are the costs. I don't have a more precise timeline. They've had no shortage

of things to occupy their time. We need to refocus on making a final decision and recommendation.

Sander: It's been estimated that some of our meters could be off in customers' favor by up to 20%. Another issue is our meters are old, dumb meters. There's a lot of duplication of staff time. We're intrigued with the newer smart meter technology that would erase a lot of that duplication and streamline the process.

Hill: In the meantime, is it possible to transition from paper to that can be downloaded. Instead of writing, you walk around and type it. Pivot tables could transfer by account number from an Excel sheet into another sheet.

Furr: There's a whole industry of tablets to use in the water and sewer fields, which have all the toys. They're more than \$400, it's impressive what they can do.

Bona: I believe they already have tablets, but I don't know the capabilities.

Carpenter: We only have one tablet, technically.

Consideration of approval of FY24 Budget & Rates

Arneson: I can walk through the budget and the rates from the top if that would be helpful for posterity.

Budget

(https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/05/c02_FY24_WATER___WASTEWATER_FY24_BUDGET_04-17-23.xlsx)

I want to begin by thanking the Water and Sewer Commission, Allen Carpenter, Steve Cote, Brad Snow from the Water and Sewer department, Connie Bona, and members of the public for their feedback and work on this budget. We've been doing this for a couple months now with a few different ways to look at things and new iterations.

There are a number of projects and unknowns that we've uncovered. This year we have a lot of unknowns. In order to address that in a responsible way, we are going to rely on Unassigned funds and Reserve funds. In Water Capital Reserve, we project the year-end balance of about \$115,000. In Short-term Capital Reserved for Water we have a projection of about \$126,000. In Distribution Capital fund for Water, we have a year-end projection of \$21,000 for a total of about \$263,000 in Reserve funds in Water. In Unassigned funds, or money we project by the end of FY23, we have a projection of \$191,000. We look at our draft FY24 Water expenses is \$378,000. We'd like to try to keep 15% of that on hand, which is \$56,000. That leaves \$134,000 in Unassigned funds that is in excess of the 15%, about \$400,000 in Unassigned fund and Reserve funds in Water. In the Wastewater side, we have \$156,000 in the Wastewater Capital Reserves, \$158,000 in the Short-term Capital Reserves, \$460,000 in the Collection System Capital Reserves, for a total of about \$782,000. Doing the same calculations here for Unassigned funds were projecting about \$541,000 at the end of FY23. 15% Reserve on that is \$128,000, leaving \$412,000 in Unassigned funds in Wastewater for a total of just under \$1.2 million dollars for the Reserves and the Unassigned funds. While we call these

Reserve accounts, they are not by statute. The Commission could vote to move this money around, but it can't go from Water to Wastewater or Wastewater back to Water.

The plan here is to not use any Unassigned funds to offset rates but utilize it for our list of projects, until we get about that 15% then go to Capital Reserves funds. The 20-year study is about \$150,000 study but a lot of that will be repaid with a loan, half of it will be forgiven. The money that comes in from other sources leaves us with \$220,000 to be raised by Water Sewer users.

Our estimated payroll is going up 5%. The Administrative expenses have increased due to the increased compensation for staff in the office. We hadn't budgeted for legal in the past. We've done a lot of work on the waterline over the last number of years and the leaks have gone down. We had a total of about \$22,000 in FY22, we've had a bit more in FY23. It might be a bit high, so we've budgeted that \$15,000.

As we discussed last night, we feel comfortable increasing the Septage Receipts to \$550,000, which helps reduce the amount that we need to rely on the Water or Sewer users to increase that revenue.

We have lots of increases and unknowns. As we start to repair items, we want to use Unassigned funds in the line that we track to see year to year how much we spent. Unassigned funds are hard to get a mid-year look at because there's so many things coming in and out like loans.

We didn't adjust Fire Services in the budget that we presented yesterday, it was about a \$1,500 adjustment. You'll see a very small adjustment on the rates.

Bormann: The cost of chemical wastewater is going up. It is crucial that we know how much it costs per gallon to process that.

Arneson: The polymer, which is a biosolids chemical, is the one that if we didn't have as much septage we wouldn't need as much polymer. There's new metering and some new piping which will help us understand the flow of septage and energy and chemicals used.

Barnard: Does it go out to bid to other manufacturers? Do they shop it around?

Carpenter: There's not a lot of wastewater chemical suppliers. It's like two people in Vermont who get their product from the same company. They get different polymers, but they go to the same company.

Arneson: It is a good question for Simon Operation Services, they might have some other perspectives.

Sander: On to rates.

Arneson: Rates really begin with our budget. You'll see the total amount of money that we need to raise from all our various revenue sources for both Water and Sewer.
Rates

(https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/05/c05_FY24_Water_and_Wastewater_Rates_DRAFT_4-12-23.xlsx)

That leaves us with \$319,000 that needs to be paid for by the core user groups. We assign this to the user groups by looking at the previous usage from the past 12 months, April 1, 2022, through March 30, 2023. We look at Residential, Commercial and School and figure out what percentage of water did they use, and we also factor in the Fire Protection. We add 5% points to the School, they are responsible for 10.13% of the budget. We reduce percentage points based on Residential and Commercial. Residential gets reduced by about 3% points, down to 53%. Commercial and Government goes down to 36%.

We figured out Fixed and Metered Residential split at 30% Fixed and 70% Metered. That \$171,000 is split 30% of it is paid by Fixed rate, 70% is paid by Metered. We divide the total \$51,000 for a Fixed rate by the total number of users. Then we divide \$119,000 by the total number of gallons used to come up with a \$12.57 cent per 1000 gallon used for Residential. You follow that same logic through to Commercial and Government with the split 35%, Fixed and 65% Metered based on a good discussion with business owners. The School is 50% Fixed and 50% Metered. That gets us our Fixed and Metered rates across the board for Water and Sewer.

Bormann: In Commercial we talked about 35%-65%. What would it look like if we did 30%-70%

Arneson: On the left is 35%-65%. On the right, is 30%-70%. Let me know if you want me to scroll over to Wastewater, we're currently looking at Water.

Hill: When you tweak this, you shift burden towards or away from high users. The degree we lower the Fixed rate and increase the Metered rate, the high users of any group will pay more, and low users will pay less.

Furr: Heidi's concern is driving small business owners out. What seems like a lot for small business owner may not seem like a lot for large one. I think that's kind of the impetus to shift it like that.

Hill: I am somewhat cautious, if not cynical, about a difference of a few \$100 a year in the context of wages, energy, rent insurance driving a small business. If the small business is leaving town because of \$200 a year in Water and Sewer, I would suspect that something other is informing that decision.

Bormann: We are the highest in the State of Vermont. When you're looking at office spaces versus large users, we have a fine line.

Barnard: We have three bills tonight to look at. We have my hair salon, which because of COVID we're down in staff. There's an accountant and he's never there. We have two 2-bedroom apartments upstairs, two people in each apartment.

Arneson: I think you have two Residential Fixed fees. If we have a building with mixed uses in one meter, is it the Commercial metered fee that we apply?

Bona: Correct.

Arneson: All your Water is Metered at Commercial, but you have different Fixed fees.

Farr: Can we see the Sewer Fixed fee on the 30%-70%? We have a user that uses 16,100 gallons a quarter. Their bill was \$1,095.43 and with the 35%-65% split their bill would go down to \$972.16.

Hill: What's the average per gallon use?

Arneson: In Commercial and Government, 6,585,000 gallons divided by 75 users. Then divide by 4 to find per quarter.

Hill: The average Commercial user is 3 times the Residential user. Commercial is paying more because they use more on average.

Bormann: With Mann & Machine, our quarterly is \$4,600. We've got a toilet and washing hands. I am actually below even some of my Residential because I have those accounts too.

Hill: The quarterly Residential was \$5,700. You're below the average Residential user. I think the issue Heidi is raising is the degree we make the Fixed rate percentage smaller for Commercial, it would shift burden from the small businesses to the large user businesses.

Arneson: If we want to look at usage, we should probably look at the Sewer.

Hill: If the Wastewater treatment plant is a high-water user, we'd have to raise rates to cover the Wastewater plant's use of water. Sort of a circular thing. If that shifts cost from other Commercial users to the Wastewater treatment plant, then it has to go back to the Water and Wastewater users to pay a higher fee. I'm not saying no but it seems to me that's a mathematical result. At one point, we had a distribution chart showing gallon usage by customers at the bottom it was a bar chart.

Farr: That's why I was wondering about a tiered system. When we have a better idea, that might be something to look at.

Barnard: One of the people that Erin is looking at would have dropped significantly since COVID. One of the other customers has increased significantly because of COVID.

Bormann: That 16,100, is that calculating the hair salon, the two apartments and the accountants because you have one meter?

Barnard: Yes.

Bormann: That is low compared to Residential. I have another one that has four units, Residential. They're roughly around 23,000 gallons of Water a quarter. I have individual meters.so they pay for their own water.

Hill: For three people, my quarterly bill is something under \$500.

Bormann: There are 10 people in my four units. That's why I was comparing that to the Schools, there's over 300 children there. I've got a bill of \$1,400 for Residential and the School is a little over \$5,000 with 300 and some odd children and staff.

Hill: It's toilets, hand washing, and the kitchen.

Bormann: I know I have new meters so there is a 10-25% difference that others may be paying when once we get new meters in. There is going to be a change once we get those new meters on Residential and Commercial.

Carpenter: It would be under because the old meters take 100 gallons to turn over. The old ones don't really track small flows over time. The new ones will pick up to a 10th of a gallon.

Hill: Once or twice a mechanical meter in my house has literally failed. That's how you notice that it failed, it reads nothing, whether it was 5000 gallons or 200 gallons. If everyone were on new current meters, then that would be more accurate and equitable. Last night we talked about the Residential split at 35%-65% not 30%-70%.

Farr: The 35%-65% lowers bills more than the 30%-70% with the people that are using higher amounts of water.

Hill: If these medium high users have a reduction, one can only conclude that the very highest users are going to go up by \$10,000 to \$100,000, like the brewery, maybe a couple of restaurants and the Wastewater treatment plant.

Carpenter: Maybe Harrington's too. It's a customer choice on meters. You either have one meter that catches everything, or you have multiple accounts with multiple meters like Heidi has set up.

Bormann: It is beneficial for the tenant. We hired a plumber to go in, we just thought that's what was fair for our tenants because I did have older people and I did have families. I do think for equitability, we are going to have to stay with that 35%-65%. People like Denise, the brewery, if it's going to hit them, I'm willing to pay more to make sure they are successful. I definitely want to discuss this after we get the new meters with the haulers metered in. I am hoping by the end of the year that those things are done

Hill: Part of my thinking is to do things incrementally as opposed to a short, sharp shocked. There's a small number of outliers that are high users that would go up drastically. If Harrington's bill goes up \$20,000 a year, what does that mean?

Barnard: Then why are they not here? That's my first thought. I agree with the percentages. Next year, after we get the punch list of all the items that need to be done plus the Reserve accounts, we'll know if we have extra monies. I think next year is going to be a better spot to make some significant changes.

Sander: We can tweak the rates mid-year if things are way off projection.

Bormann: I'm excited that we're working on this. I really appreciate everyone's patience with me.

Furr: If we get so much more revenue out of the haulers mid-year, then we say holy crap we're charging our regular users way too much.

Hill: Heidi, what do you think is an approximate quarterly gallon usage of Water at the brewery?

Bormann: It was 32,052 gallons per quarter.

Hill: They have a restaurant there and cleaning all the equipment is a fair amount of water.

Wolaver: You use more water cleaning than you do in beer.

Sander: The outlier is the Sewer, it is billed by the BOD content.

Bormann: 32,052 gallons per quarter for Sewer. 104,600 gallons for Water. The equation is for the Water it is \$100 per quarter difference with the 35%-65 ratio.

Hill: I think part of our tasks should be to be transparent. If we're planning a change then we tell people what you could anticipate as an increase or decrease.

*Hill moved to approve the 30% Fixed - 70% Metered Residential, 35% Fixed - 65% Metered Commercial/Government, 50% Fixed - 50% Metered School Rates using the expense and revenue analysis presented. Furr seconded.
Roll Call Vote follows discussion.*

Barnard: I just didn't want people to get this bill then on July 15 get their property tax bill in the mail.

Arneson: These rates will be in your October bill for Water which is going to be for July to September. You'll have until December to pay for that.

Roll Call Vote: Farr, Furr, Hill, Sander, Wolaver in favor. Motion approved.

Discussion of appointments for the Water and Sewer Commission

Arneson: Erin Farr and Morgan Walter have submitted letters of interest to be reappointed to the Water and Sewer Commission. The deadline for letters of interest is June 1st for the June 5th Water and Sewer Commission to review. The Selectboard will make appointments at their June 19th meeting.

Furr: We don't appoint officers until the first meeting of July. Josh has expressed that it's not common for the Selectboard Chair to be the Vice Chair of the Water and Sewer

Commission. David has been stuck doing this. We're going to need a Chair and Vice Chair. Three of the Selectboard members are not desperate to do that.

Hill: Jay is just planting the seed, not a decision tonight.

Furr: Josh reaches out to the Chair and Vice Chair for the agenda. The homework for the members is almost the same regardless of whether you're in that Chair or not.

Hill: We just did the most difficult and contentious issue of rate setting. Occasionally things have popped up. A typical meeting is routine, we look at the quality reports.

Adjournment

Furr moved to adjourn. Hill seconded.

Roll Call Vote: Farr, Furr, Hill, Sander, Wolaver in favor. Motion approved.

Meeting adjourned at: 7:29 pm

Chat file from Zoom: None