

**Town of Richmond
Water and Sewer Commission Meeting
Minutes of May 1, 2023**

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

Members Absent: Bard Hill

Staff Present: Josh Arneson, Town Manager; Duncan Wardwell, Assistant to the Town Manager; Linda Parent, Town Clerk; Connie Bona, Finance Director; Allen Carpenter, Interim Water Resources Superintendent; Steve Cote, Water Resources; Nate Fredericks, Simon Operations Systems

Others Present: The meeting was recorded for MMCTV, Angela Cote, Brian Washburn Cara LaBounty, Dan Noyes, Denise Barnard, Derick, Heidi Bormann, Jason Lapointe, Jeff Forward, John Linn, Lisa Curtis, Meg Freebern, Sue Lapointe

Call to Order: 5:00 pm

Welcome by: Sander

Public Comment: None

Additions or Deletions to the Agenda: None

Items for Presentation or Discussion with those present

Introduction of certified operator

Arneson: We needed to hire a certified operator for compliance with the State with a wastewater treatment facility. They gave us a six-month grace period with Allen as the operator in charge. Joining us this evening is Nate Fredericks, from Simon Operations Systems, to introduce himself and answer any questions. He began on site here about two weeks ago. We have eight hours per week on site with the staff at the facility. They are also on call if there's anything that comes up, it is a really good resource for the entire staff.

Fredericks: I'm Nate, I have worked for Simon Operation Services since 2006. I'm a five domestic for wastewater and four class for water systems. You are currently using my services as a five domestic for wastewater once a week. I've split that up into two half days so I can get a better view of the process at the wastewater treatment system. I look forward to working with you until Allen gets his license. If any questions come up, feel free to reach out. Josh and all of the guys at the wastewater treatment facility have my information. You can also go to the Simon Operation Services website where you'll find my contact information. I live in Montpelier. I cover a lot of territory in the Central Vermont area. I've had my fair share of sewer and water main breaks, so nothing fazes me too much anymore.

Sander: Thank you and if you have any questions as the meeting goes along, please feel free to speak up. We want to hear from you and look forward to working with you.

Discussion of sewer line break on Cochran Rd.

Cote, S: I have a piece of the material and you can observe what happened. The forced main that goes towards the end of the last 12 houses on Cochran Rd was bedded in really nice sand, with one exception of a stone, right beside the pipe. This stuff is really brittle. We ended up taking a five-foot section out because it just kept breaking. EJP said that stuff was around in the 70s, done away with in the 90s most places. Apparently, Richmond put it in in the 90s. It's a very brittle, tight, PVC. We replaced the piece that we took out with PVC. It might be something that we should discuss if we're digging the road at the same time for the water. The problem is, we're not sure how far the water and wastewater are apart on Cochran Rd because of the ledge. This was on the far side of the road. I assume they put the water line over there, but we don't really know. It says on the pipe, bigger piece, it will withstand 200 PSI. The leak was noticed by somebody walking by. It was coming out of the ground about a foot high.

Sander: I want to say get estimates on what estimates would cost.

Arneson: We can get Tyler because he can get up an engineer scope of work, go out to bid, do the process.

Sander: I wasn't aware of PVC having that short of service life. What are the chances that since this was disturbed, we're going to see a future failure near that break?

Cote, S: I hope not because it really was bedded well in sand. When the excavator got down to where the pipe was, there was a rock right here on the backside of it. It looked like a good bed that had been done right it just happened to get one stupid rock up against the pipe. It was about five feet down below the grade, it was on the opposite side of the ledge. We lined the whole area that was affected. We posted for 48 hours above and below any access points to the river.

Consideration of recommending that the Selectboard approve the Drinking Water State Revolving Fund planning application for water service line inventory

Arneson: We talked a few meetings ago that MSK Engineers would help us do this service line inventory which is being required by the State to be completed by next fall. They've given us a proposal for \$43,300 that will be fully covered by funds from the DWSRF. They essentially give us a loan, which is 100% forgiven. We've asked the Commission to make a recommendation to the Selectboard that they approve that loan.

Sander: This isn't an optional thing, the State is mandating that this inventory be done. This board doesn't have the authority to borrow money. We would ask the Selectboard to do that.

Furr: The State is basically trying to get ahead of the problem of how much lead is down there.

Cote, S: This comes down from the EPA.

Arneson: This is actually a funded mandate.

Wolaver: This is just inventory. The next step is replacement.

Arneson: These are all private lines. It's the private service line, especially from the curb stop to the house.

Wolaver moved to recommend that the Selectboard approve the Drinking Water State Revolving Loan Fund application in the amount of \$43,300. Farr seconded.

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

Consideration of approval of water allocation for 22 Depot St.

Sander: The engineers for the project at 22 Depot St. incorrectly calculated the amount of water allocation that they needed when they came before the Commission in March. They need an additional 280 gallons per day. A letter and a request form are included in the packet.

Wolaver moved to approve a water allocation of 280 gallons per day for 22 Depot St. This is in addition to the 960 gallons per day that was approved at the February 28 Water and Sewer Commission meeting. Farr seconded.

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

Review of list of water and wastewater items to be repaired or replaced

Arneson: The updated list is in the packet.

(https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/04/3e_Water_and_Wastewater_Items_to_be_Repaired_or_Replaced_4-26-23.pdf)

Staff have addressed the critical needs and continue to work on the whole list. I continue to meet with the full staff at least once a week to go through this list and other items. We haven't crossed a lot of things off the list. There's a lot of items that have third parties that need to come in. Some of them just take longer, the backwash pump is not fully completed yet. We have incremental progress every week.

Cote, S: Dan Pratt came in and took care of the all the electrical problems that we were dealing with. He's going to come back and check it out again. Tom Allen, who does all of our calibrations and all of the sensor stuff, is really overloaded. We're beginning to put feelers out to maybe bring somebody else in. The two influent pumps now have check valves on each side of them. Those can be operated without manually going down and turning the valves open. That gives Allen the ability to monitor SCADA at home and change from valve to valve or pump to pump without having to manually be at the plant. We've drained one of the clarifiers, cleaned it all out, we're going to switch over to it tomorrow. Then we'll drain the other one and completely clean it out. The fish tank is down to about a foot. The fish are still swimming. We anticipate towards the end of this week, opening the valve, draining that out and start cleaning it and assessing the valve damage, so that it can be brought back online. A mixer went down in the anoxic chamber in the headworks area. We ordered a new one, I've got confirmation that it'll be in this

country on July 17, from Sweden. We really need to get Tom Allen or somebody for control specialties on board. Next in line is cleaning out the plant as far as the grit that's accumulated. We're looking at \$40,000 with \$70,000 worth of disposal on top of that. Most of the grit would end up having to go to the Coventry landfill. Middlebury has drying beds, and they dry it. The amount that we have, there's no way that they could do that. One of the things that they talked about is that they would bring dumpsters in. We would fill the dumpsters and then they would have to stay here for a certain length of time to dry a little bit before they truck them to Coventry. It's been so long since the plant has really been cleaned. I really think we should just start with the two aerated basins that collect septage because that's where we're incurring the most. The pumps and stuff plug up almost daily. We have to spend an hour and a half every morning getting them unplugged, so we can operate for the day, just from the grit and rags. We would be taking septage with just one basin and our digester. We would be limiting how much we could take but we could still operate the plant with one of the basins at a time.

Bormann: When are we getting the meters for the haulers coming in?

Cote, S: There's a trade show on May 11. I anticipate having a lot more answers about septage receiving bay and the meter itself. Phil Laramie was going to give me some information. We'll have the ability to go to a lot of different places and get people who are in business and have the stuff that we want. I think we have the SCADA computer aspects of it. It's just a matter of getting the meters. There's got to be some major upgrades with the 20-year engineering study and an upgrade.

Cote, A: This is some observational data that I collected on Thursday, April 20, when I took a tour of the plant. Regarding the metering of our septage that our haulers are bringing in, I think that you should make that a priority for this budget. The reporting from the haulers is filling out a photocopy of a form. They're not putting all of the data required on the form. Things like the capacity of the truck, the drivers name may or may not be there, but the date and the name of the hauler are, and the capacity that was offloaded from the truck. When a driver was asked what he was doing, he reported that he had pumped five septic tanks that morning. When you look at the corresponding sheet after the driver left, he only reported discharging 2000 gallons of septage. I have no idea if you could have a hauler show up and discharge and not fill out one of those forms if the staff is at the Town Offices. That metering system should be a way for you to bill directly without involving a lot of human hands.

Furr: We found out that virtually everything our previous Superintendent had told us was not true. We did an end-to-end inspection, we all went at different times. It was really disturbing. Some of this has to be taken care of immediately and that's what that list is. Our 20-year re-evaluation of the plant is going to be an opportunity to take care of a lot of things. The air handling system is going to cost an estimate of \$210,000. Legally, we can't have people in there with air quality the way it is. Can we get through until the 20-year and get it fixed? That's kind of the juggling act we're doing.

Bormann: What that department has done in such a quick time is absolutely amazing. A real round of applause for the water and sewer department, they've gone above and beyond of any department right now.

Sander: I wholeheartedly agree with that. I think it's commendable that Steve and the staff brought this to our attention, which admittedly is not an easy conversation to begin. I'm very satisfied that they felt comfortable enough to bring this to our attention and are willing to stick with us to work through it. As a Commissioner, I feel badly that this got that far. I will say that on my visits there, the information that I was given and the things that I were told were clearly not true. For that, I feel badly. I'm more aware and less naive. I'm confident that we can learn from this and move forward.

Barnard: The 20-year study inspection, when is that date?

Arneson: They are going to schedule a site visit in May. Our \$150,000 engineering study goes through the whole plant as well as the collection system, all of that holds and everything I think it wraps up in the fall early winter timeframe. Then they come out with a full comprehensive report on every piece of machinery, evaluations of lifespan and replacement.

Barnard: Is there a way that we can say to the haulers you can dump between nine and 11 and have someone there to check?

Cote, S: For the most part, we know how much the haulers are bringing in. It is totally an honor system here in Richmond. Here in Richmond, they're only allowed 7 am to 3 pm or 4 pm if Allen is around. Other towns do allow 24-hour dumping. Most of those towns have meters and each hauler gets a like a credit card. They put it in, and it gives them a printout. When you tell them you're going to a meter that seems to get attention.

Furr: If we find something that needs to be replaced yesterday, we are not going to wait until we've got the full study to replace it. The other thing about septage is the question of how much of a profit? We don't know because we're having a hard time teasing out exactly how much it costs us to process that.

Farr: Is it feasible that when we meet on the 16th, we might have information? On the 16th, we can talk about what you've discovered.

Cote, S: I should be able to have some prices and we can decide which way we want to go. It's not been on the back burner. I asked Phil last Friday when I talked with him.

Sander: The meters that need calibration, are those equipment things that were installed recently enough?

Carpenter: Tom Allen was brought online I believe two years ago. He used to calibrate the meters for the water house and the effluent flow meter which the State requires once a year.

Cote, S: Tom is very busy so we're putting some feelers out to other people who do this work.

Sander: Okay, thank you. Any other questions or comments on the list? None. Thank you, Steve.

Review Draft FY24 Water & Wastewater Budget & Rates

Arneson: The budget in the packet remains unchanged from the last time that we looked at this two weeks ago. What are we going to replace? How much is it going to cost. (https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/04/3f7__FY23_Fund_Balance_Projections_and_Unbudgeted_Expenses_04-26-23__2_.pdf).

I will review our projections for those Unassigned funds at the end of FY23. The Unassigned funds are essentially excess money at the end of the fiscal year with previous fiscal years that's not allocated towards a Reserve account. It would be a General fund budget, but it is still earmarked by the Commission for a future project in Water or Wastewater. We looked at the revenue what we project for the year and our variance. The Bridge St reimbursement finished negative in Unassigned funds because we hadn't received this at the end of FY22, but we received that \$308,000. Salaries, administrative expenses, operational expenses come up with a total of 255,145. That will be in addition to what we budgeted for revenue or underspent expenses. That leaves us with projected Unassigned funds in FY23 of \$191,000.

The recommendation from the auditors is that we keep 15% of the budget on hand in case there's any sort of emergency or unforeseen expense. The current budget for Water is \$409,000 which leaves us with \$129,000 in Water in excess of 15%.

LaBounty: That calculated 15% of your budget should also include your Reserves. It's about having enough money for cash flow. If you have \$260,000 in Reserves that's over 15%. The Unassigned helps with the fact that you might overspend by 15%.

Arneson: When the Selectboard looks at this from the General fund point of view, they would not include money that's in a Reserve account because that's set aside for a specific cost in the future. The Commission could decide that they want to include that in the 15%, which is a fair conversation to do. The risk of including Reserves in the 15%, then if for some reason revenue falls short, then you are cutting into those Reserves. It is maybe a calculated risk that is worth taking. It's just something that needs to be discussed and calculated.

LaBounty: I'm saying watch how much you keep putting in your savings account for a future situation where you just found that you're the highest rate in the state of Vermont, and your previous Superintendent wasn't doing what he was supposed to be doing with any of the money because the plant is rundown.

Bona: There is no maximum because technically you don't have reserves in a proprietary. Years ago, the board wanted us to make sure that we had these funds to set aside. It's also the money that we are using every time there's a water line break. The one we call Capital Reserve is going to be items over \$5,000 that we need to buy, it's going to be on that wastewater side, those big items you need right now.

Farr: I liked that you're trying to be within that recommended 15% of the budget that \$61,000. The money that we currently have, it feels like we could allocate some of that to offset the rates, but we have a lot coming down the pike that we're going to need to pay

for and I think we need to focus on how much of that we can use. We're going to need to spend that because it was not spent in the past.

Cote, A: Your amount is over three times the amount of what the auditors want you to have in Reserves. There are some costs coming down the pipeline, no pun intended. You do need to have monies and as you start to get a handle on the quotes that are going to be coming in. The Unassigned funds need to be looked at more equitably.

Arneson: We are looking at a projected Unassigned fund balance year end FY23 of \$541,00. The 15% is \$145,000. We have a projected excess of \$396,000. Do you want to use Reserve funds on hand or loan or a combination of both? Wastewater Capital is at \$156,000. The last five years on the waterline system, we've used some Reserves to replace water lines. We should start replacing some sewer lines, so we do have some money put aside for that. If we don't have as many Reserves, there might be other loans out there that we can take advantage of for these projects. The water tank mixer is going to be around \$20,000, probably in the next fiscal year. The water tank cleaning is about \$9,000 also probably in the next fiscal year. We've got to clean and repair aeration tanks. The estimated total usage of Unassigned funds in this exercise that I ran was \$135,000. Plus \$43,000 which is about \$196,000, or a bit more than we currently have on hand for Water Unassigned funds. I did the same thing in Wastewater, we were going to have to use about \$39,000 in Unassigned funds. The Wastewater side, it looks like we would about \$211,000 in Unassigned funds that we could put back into offsetting the rates. We can change those buckets a little bit, this seems to be the most challenging part of our budget going forward.

Wolaver: How much money do we borrow? How much of that money is forgiven? It's a little bit of a challenge to figure out how much of over 15% to apply to rates.

Arneson: I think there's about \$200,000 that we could put it on the Wastewater side and still be able to have the outlay for 20-year study

Furr: I'm just worried that these estimates are going to be low. I get very skittish when you do a one-time reduced rates then turn to take a loan because we didn't keep it back. We're going to be putting a lot of money into plant stuff we know about now, stuff we don't know about now.

LaBounty: Your projected revenues might increase by installing the meters for the water users with accurate meter readings on your residential, commercial/government so you need to increase the percentage there. If you calculate a minimum 20% increase on all of your septage that's going to reduce their rates. You need to use some of the Unassigned and some of the Reserves to fix the problems that you know you have.

Barnard: What was the overall salary saving for the senior employee that's no longer with us?

Arneson: I don't know exactly how much we're saving on that one person's salary. We've also had two employees that got significant raises since then. We're also adding on Simon services for at least the interim \$3,000 a month,

Barnard: Do you hire somebody who specializes in writing the grants for all of your specialized Water and Sewer reimbursements that are available to Municipalities?

Arneson: We were looking at grants for the larger replacement items like the Water and Sewer line replacements. We manage those in-house. We usually work with the engineers.

Sander: They will help write those grants because they know exactly what we need to seek funding. We see what financing is advantageous for us to pursue.

Carpenter: You should probably budget more for the stuff like the cleaning and also the spare parts, in 10 years there might be more than what you're spending now. If you put in an advanced air system, it requires more maintenance than what you're doing now.

Cote, A: When you start automating more of the systems, it's going to relieve some of their workload to switch to other stuff.

Arneson: The service providers that we call for those fixes will change.

Fredericks: I've looked at this list that you have for your items and have gone through your budget. It seems to me that if you stick to and update your management plans, I think you'll have a much better outcome budgeting expenses going forward for, and other items we do not yet have an estimate for, nor do we know which fiscal year the expense will occur in.

Arneson: This is our range setting spreadsheet (https://www.richmondvt.gov/fileadmin/files/Water_Sewer_Commission/Meetings/2023/04/3f5_FY24_Water_and_Wastewater_Rates_DRAFT_4-12-23.xlsx) We'll start here on the percentage of our core users, Residential, Commercial/Government, and School. We account for revenue like septage receipts or sale of water that we factor out of what we need to raise by the core users. We figure out the rate structure is how much each individual category needs to raise. What percentage do they use of Water and of Wastewater? This looks at the last 12 months of usage from April 1, 2022, through the end of March 2023. The School does not pay property taxes. Everybody's property tax, there is an assessment for fire protection. We basically increase the rate of the school water to 5.13% to 10.13% for the fact that they don't pay that fire protection fee.

Sander: The Town as a whole bear that cost, not just the Water/Sewer users. So that's where this figure came from.

Arneson: Then we reduce by the same percentage, Residential gets reduced by 2.98%, Commercial by 2.02%. What we're left with is revenue that needs to be raised by the core users. Water is \$321,000, Residential pays 53.36%. That's the process to get what each category has to pay for their share of Water and Sewer. Then we get into the breakdown between fixed rate and metered rate. These ratios have been set for a number of years. For Residential, 30% of the bill is fixed and 70% of the money raised is metered. We need to raise \$51,000 in revenue, because that's 30%. If usage remains

roughly the same, a rate of \$12.65 per 1000 gallons. That's the methodology behind it. Each class pays for what they use.

Furr: We don't want to drive business out of Town by charging a whopping fixed rate if we can avoid it. We can lower that fixed rate and get more from metered usage.

Arneson: Typically, we look at 98% of the water use from the previous year. We could do this or not factor that in this year, figuring that will have higher septage rates potentially.

Bormann: I found that the School is actually paying less in 2022 last quarter than they were in 2017. I think the school rates need to be addressed.

Sander: We can adjust fixed cost, metered cost and also our projected income going on the information we talked about tonight.

Arneson: I would just want to know, what justification do we use if the school goes from 10% to 15%. Their usage in the past year was 5% of the overall water usage. I'm not trying to say everybody has a 2.5% increase. It's coincidental in some cases, it came out the same.

Farr: What would happen if we raise School rates by like 1%?

Arneson: That percentage doesn't drive the dollars. The dollars raised drives the percentage. I'd have to figure out how much more revenue we need to raise from the School to make that a 1% increase.

Barnard: We're one of the highest rates in the State of Vermont. Is there a way you can break it down to look at School versus School?

Arneson: I don't know how other systems calculate their rates. It might take more than two weeks between now and the Annual Meeting.

LaBounty: You have quarterly financial reporting, is there any reason you couldn't look at it six months in?

Arneson: We did ask that question with the attorney, but I believe he said we could. It gets a bit complicated to do mid-year adjustment, but I don't think there's a statute per se. In last year and the year prior, we did use some of the Unassigned funds in both Water and Wastewater. We've been steadily increasing the amount we've expected to come in from septage. I think we have been more aggressive and putting more into the budget to offset those rates.

Bormann: The Commercial is five times as much as Residential. I just don't feel that is right to be sustainable for our business community.

Furr: Can we increase the number for the School by an arbitrary amount and lower the amount from Commercial? What if we doubled the amount to be raised for the School

just as a thought experiment. The spreadsheet is driven by the amount to be raised. Let's see how those trickle down to the formula.

Arneson: There would be a reduction of Commercial/Government by about 24% on the Water side. Whereas the School would increase by 100%.

Furr: The other topic was changing the ratio of fixed rate versus metered rate. We doubled the amount to be raised in School, we lowered Commercial by the same exact amount, and we don't touch anything else. We need to have these rates ready by the Annual Meeting?

Arneson: Not necessarily. We need to hold the Annual Meeting, discuss the budget, discuss the rates. There have been other instances where the board wanted more time and you've delayed the vote in the decision. There's some time to go through this and get it right.

Furr: I think we set aside some time to just hash this out with nothing else in the agenda.

Arneson: The Annual Meeting could be a great time to do that.

Linn: Certain businesses use more than others. Doesn't that promote conservation if we put more of the rate on the metered portion?

Sander: Yes.

Farr: That seems like a very reasonable idea, but is that going to cause your water bill to go up to \$5,000 or \$400 a quarter?

Arneson: I always had this sheet at the bottom to look at what's an average bill for Residential, Commercial and School. Individual rates will vary based on usage, but that's just assuming equal water usage by all Residential customers.

Sander: Would it make sense to continue this at another meeting?

Arneson: On May 15, we can start at 5 pm, and then we have the Annual Meeting which will start at 6 pm with nothing behind it.

Review Agenda for Annual Meeting

Arneson: We had listed:

- *Discussion of Water and Wastewater activities in the Past Year
- *Discussion of FY24 Budget & Rates
- *Discussion of Upcoming Projects and Capital Projects
- *Discussion of appointments for the Water and Sewer Commission

Farr: I think you should move the Upcoming Projects and Capital Projects to before rates.

Update on Gateway Expansion Project

Furr: The Land Trust has met and discussed the idea of altering the current easement that allows water and sewer to come down the hill to serve the Reaps. We asked them to consider altering the easement so that we could hook on and go up to the Mobile. The consensus was favorable, but they would have to hash the exact specific details out. We have nothing in writing yet. If the Reaps wanted to move forward with us on getting the bid package out there, that would be the next step. The concept of a public private partnership where that line would belong to the Town of Richmond, but it would be open to bid by the Reaps.

Cote, S: We can get Rural Water to come in with an actual camera for the forced main. Then we'll know what we're dealing with there.

Farr: That needs to be an agenda item at some point.

Discussion of “10% in Vermont” program - TABLED

Approval of Minutes, Warrants and Purchase Orders

Minutes:

*Furr moved to approve the Minutes of 4/17/23 as presented. Farr seconded.
Roll Call Vote: Farr, Furr, Sander, Wolaver in favor. Motion approved.*

Warrants:

*Farr moved to approve the warrants of 5/1/23 as presented. Wolaver seconded.
Roll Call Vote: Farr, Furr, Sander, Wolaver in favor. Motion approved.*

Purchase Orders: None

Discuss Items for Next Agenda

- *Discuss rates
- *Budget updates

Adjournment

*Furr moved to adjourn. Farr seconded.
Roll Call Vote: Farr, Furr, Sander, Wolaver in favor. Motion approved.*

Meeting adjourned at: 6:56 pm

Chat file from Zoom: None