

Regular Meeting held in the Champlain Water District Conference Room at Noon.

Present

Commissioners: Karen Richard, Colchester chaired the meeting; Bob Shand, Jericho; Jonathan Stockbridge, Winooski; Liz Royer, Williston; Roger Hunt, Milton; Dennis Lutz, South Burlington: Employees: Jim Fay, Joe Duncan, Christine Rongo, and Tracy Bessette; Guests: Lisa Lavoie, and Chris Goulette, A.M. Peisch

Absent

Aaron Martin, Essex
Peter Gadue, Shelburne

Karen Richard called the meeting called to order at 12:00 p.m.

Citizens to Be Heard

There were no citizens present.

Approval of Regular Meeting Minutes of November 13, 2018

Karen Richard asked for a motion to approve the Regular Meeting minutes of October 9, 2018. Roger Hunt made a motion to approve the October 9, 2018 minutes, seconded by Liz Royer with all Board members in favor.

Presentation of Fiscal Year 2017-2018 Annual Audit by A.M. Peisch

Lisa Lavoie offered the following audit summary:

Ms. Lavoie began the audit presentation stating that this is an unqualified opinion again this year, with no Management Letter recommendations for improving CWD accounting procedures.

- Pages 4 thru 13 are the Management Discussion & Analysis prepared by Christine Rongo, noting there is not much change from last year.
- Page 14 shows the changes in the balance sheet which resulted from the two tank projects. The restricted cash went down due to bond anticipation note proceeds that were received before the end of the year and were spent during FY 2018.
- On Page 15 Current Liabilities, the line item for bond anticipation notes amount of \$1,950,000 is gone this year due to refinancing which increased the bonds payable. Total net position is up also due these new bonds.
- Page 16 Statement of Revenues & Net Position shows a slight increase in water sales revenue. Operating expenses increased due to Williston East Tank demolition, Phase I of the Pipe Integrity Program, and donation of the antennae tower at the South Burlington East Tank.
- On Page 24 of the footnotes there is a new note for Short Term Debt summarizing the short term debt activities for the year.
- There are multiple pages (beginning on page 30) of required VMERS pension liability disclosures.
- Page 37 - Note #9 shows a prior period adjustment to last year which was not significant and related to the PAC system for the LaPlatte River lampricide addition by Fish and Wildlife.
- Page 38 summarizes how the pension plan is performing at the State level. There are currently five years of the required ten listed. Dennis Lutz asked Ms. Lavoie if there is some level the percentage of performance becomes unacceptable. Ms. Lavoie said not really as there are many variables that come into play, including the rate of return.

- Page 41 on the Retail side shows a small unrestricted deficit.
- On Pages 45 salaries for the Wholesale side ended lower than budgeted.
- Page 46 is a reconciliation of what is reported for GAAP purposes, and what is reported for budgetary purposes.

Mr. Fay referred to the financial ratios stating that there is some additional detail included by the Auditors that provide some industry comparisons. Ms. Lavoie stated they also added a new ratio this year that indicates the measure of the District's overall financial strength. The District's current score is at 2.15, primarily due to the District's new debt. There was discussion regarding debt service and Mr. Goulette said that the District's current score is above the industry average and is where he would expect it to be with new current debt. Following discussion led by Jon Stockbridge and Dennis Lutz, Mr. Fay said that staff would recalculate ratios going forward under the proposed future debt scenarios in the financial model.

Ms. Lavoie continued discussion on the required Single Audit:

- The Additional Required Report for the single audit was required due to federal loans over \$750,000 for the two tank projects.
- The CWD Governance Letter summarizes what occurred during the audit process. There were no difficulties.

Karen Richard asked if there were any other questions or comments for the Auditors. Hearing none she thanked the auditors for their presentation. Karen Richard then asked for a motion to accept the audit as presented. Bob Shand made a motion, seconded by Roger Hunt, with all Board members in favor.

Financial/Operations Report

Mr. Fay said that water sales for the month of October were 9.30 mgd, bringing year to date to 10.39 mgd as compared to last year at this time of 10.06 mgd. Global Foundries averaged 3.37 mgd bringing year to date to 3.55 mgd versus last year at this time of 3.54 mgd. For the first four months of the fiscal year total average water sales are up 0.33 mgd (3.3%) compared to last fiscal year, with Global up 0.01 mgd over last year. October cost per million gallons was \$1,801.78 bringing year to date to \$1,737.22, as compared to last year at this time of \$1,822.91/MG. The Retail contract budget and the Colchester Town/Mallets Bay Water Company budget are both off to solid starts for this fiscal year.

Capital Projects Update.

Joe Duncan summarized the following projects:

Twin Filtered Water Tank/Wet Well Expansion – This project has been completed and we have received as-builts from SDI which closes this project out with the exception of a couple of warranty items. We are now working with our site landscaping firm to get the updated City approved landscape plan completed ASAP but unfortunately tree deliveries are pushing the plantings to the spring. The overall project will be completed +/- \$26,000 under the revised budget given the outstanding landscaping expenses.

SUEZ/Utility Service Group (USG) Tank Maintenance – Suez has finished their work for the season and we will begin scheduling for the 2019 season in February.

Update on High Service (HS) Electrical Emergency Tie Breaker – The site visit and associated facility "slow down" on October 11th for required measurements went smoothly. We were just notified that the breaker delivery time will be closer to 8 weeks rather than the previously quoted 16 weeks. We are now planning for a two-day replacement to occur the week prior to Christmas as Jim Welch decided to do two 10-hour days rather than a one day marathon. Jim and his crew have done a great job on this project.

High Service Close-in Cross-tie – The pressure test for the entire line passed on October 25th. Due to additional stormwater infrastructure related work, Tatro plans to complete disinfection, flushing, and bacteriological testing by the end of November allowing us to place the water main into service shortly after that.

Williston High Service Tank – The paving of the apron for tank's access driveway off Mountain View Road was completed under the Town of Williston's paving contract on October 17th. Final invoicing and SRF reimbursement will occur to close out this project next month.

Williston East Tank Demolition – We continue to work with the Town on this issue. There appears to be two possible development options for this parcel, which are being reviewed by the appraiser. We hope to have a final appraisal shortly.

Long Term Contract for Filter (DF) and Adsorption Clarifier (AC) Rebuilds – The plan developed by staff with Suez and underdrain manufacturer Xylem Leopold worked well to flush and remove the media from the underdrains without the need and cost of a full underdrain replacement saving us \$50,000. We anticipate the filter being placed back into service in the week of November 19th.

Pipe Integrity Program (PIP) – Courtland Construction Corp completed excavation at five locations along our High Service #1 transmission line on September 25th and 26th as part of our annual pipe assessment program. The assessment locations were based on pipe anomalies that were noted during the SmartBall deployment completed last year. Corrosion Probe Inc. assisted us with the assessment of the transmission line during the digs. We are pleased to report the pipe was in good shape at all five locations which is reassuring. Discussion followed regarding the SmartBall Technology and why they pulled back on the pipe wall thickness analysis.

Transmission System Valve Rebuilds – Over the past couple of weeks the Wholesale Department successfully rebuilt two transmission valves in the Town of Essex and Williston as part of our annual valve maintenance program. A blowoff repair is planned for later this month east of the Woodside Correctional Facility.

Winooski I-89 Pipeline Tunnel Status – We are working with our structural engineer and VTrans on a concept and costs to remedy this issue.

Essex West Tank Pump Station – We are currently finalizing a revised transmission main route that meets CWD's project goals and has future benefits for the Town. We hope to determine a preferred alignment in time for survey work to be completed this fall, which will allow for landowner easement discussions to begin this winter.

Manager's Report

Annual Audit

Mr. Fay noted that this was the third year in a row with no Audit Management Letter with associated recommendations, and thanked Chris Rongo and CWD staff for their hard work during this audit process.

America's Water Infrastructure Act of 2018

Mr. Fay said that this new act was signed in October of 2018 and it requires a new risk and resiliency assessment as well as an update to all emergency response plans (ERPs). This law basically replaces the Vulnerability Assessments which were required after 911. This new law requires drinking water systems serving more than 3,300 people to conduct risk and resiliency assessments and revise emergency response plans (ERPs) on a schedule based on system size. For the eight CWD supplied systems serving 3,300 to 50,000, the law requires submittal of an initial certification to EPA that they have completed an expanded risk and resiliency assessment by June 30, 2021. Within six months, by December 31, 2021, a certification that they have completed updates to emergency response plans that address how the system would respond to the threats identified in the initial assessment is also due. Mr. Fay sent a summary of the law to all CWD served systems. Mr. Fay said he hopes EPA will put out some guidance shortly. As a wholesaler, CWD serves 75,000 people, and is therefore triggered on December 31, 2020 for the assessment, with the ERP update due by June 30, 2021. Discussion followed on how communication would be provided to CWD served systems once EPA provided guidance on this issue.

FY 2019-2020 Budget Process

Mr. Fay reported that staff has completed a balanced budget on the Wholesale side. Mr. Fay confirmed the dates for the Special Meetings on December 4th and December 18th, as well as the Regular Meeting on December 11th. Mr. Fay provided the Board with an updated copy of the financial model that the Board can review prior to the meeting on December 4th. There are still two projects on the financial model that are not Board approved, the Essex West Pump Station, and investment for the maintenance garage facility/administration building. Mr. Fay said in the future the existing plant admin space will need to be freed up for treatment purposes.

Office Moves and Related Renovations

Mr. Fay said that there are five employees relocating as part of trying to further optimize space both in the front office area as well as within the back filter and clarifier area. The conference room will be opened back up to its original size to accommodate staff meetings, safety webinars, and training sessions.

CWD Emergency Response Plan Tabletop Exercise

This exercise was conducted on October 18th along with Essex Junction and Essex Town and went very well.

Inquiries for Future Expansion of the Jericho Village Water System

Mr. Fay said this latest request for information relates to potentially extending a water line in the northerly direction up Route 15. CWD will work with Jericho as requested to see how this may pan out over the next several years.

New CWD Website With Civic Plus

Tony Higgins and Tracy Bessette presented the new website to the Board, stating that they are continuing with updates on a daily basis.

Telephone System Upgrade

This project is underway and should be completed by the end of November.

Colchester Town (CT) PCE Status – Pipe Test Results and Preliminary Engineering Report (PER)

Mr. Fay said that we have received the laboratory results and there is a PCE interior lining on this transite pipe installed in 1979 back when the Town of Colchester owned this CT water system. The video that was done also shows more AC pipe than what was previously mapped when we inherited the system. It appears that in order to solve this problem a potential pipe loop could be constructed from the 12" north of Well 7 in Camp Johnson to the east end of Orion Drive. This route is approximately 1100' feet of pipe and has both Wholesale and Retail benefits.

Blue/Green Algae Toxin Testing

Mr. Fay said for the last three years the State has been testing all public water systems on Lake Champlain weekly during the summer months for algal toxins. For the third year in a row all water systems continue to have no detection of toxins. Mr. Fay said that CWD has been doing this testing on our own for the last 15 years and has not detected toxins in our very extensive historical database.

New England Water Works Association (NEWWA) Update

Mr. Fay stated that NEWWA Executive Director Steve Ryan passed on October 10th due to complications from cancer. NEWWA has created an educational trust fund for his two children and are seeking donations from member utilities. Mr. Fay said that he would like the Board to approve a donation from CWD to this educational trust fund. Karen Richard asked for a motion to approve a \$500 donation to the education trust fund for the children of NEWWA Executive Director Steve Ryan. Motion was made by Roger Hunt, seconded by Dennis Lutz with all Board members in favor.

Colchester South Tank – Water Tower Hill

Joe Duncan stated that CWD met with DN Tank last (DNT) week to finalize a plan and schedule to prep and recoat the tank's exterior due to the calcification that has occurred from the tank not being sealed adequately. The long-term solution is to recoat the tank. We have tested various coatings to determine the best long term fix. We did five test spots on the tank, using multiple coatings, as well as the existing coating, and a polymer. As of now it looks like the polymer may be the best choice. We will continue to work with DNT on the right solution. Mr. Duncan said at this time we do not know what the cost of this recoat will be, but CWD's position is that the cost should be paid by DNT. Mr. Duncan said he would update the Board as this moves forward.

Jericho Bill of Sale

Mr. Fay said that the Village is retiring a local water distribution line and switching their served customers that were on this Village line to CWD's water transmission main. As this is a new precedent for CWD to have a served municipal water system retire a locally owned water distribution main to utilize a CWD transmission main as the primary distribution connection, we have agreed to a swap in ownership. The Village of Jericho will own the 12" DICL water line from Valve 238 north of the Browns River along Route 15 to Valve 244, where CWD's ownership previously terminated and connected to the Village distribution system. Mr. Fay said this Bill of Sale is for approximately a mile of 12" water transmission main.

Joe Duncan and Jim Fay answered questions and discussion led Dennis Lutz and Bob Shand regarding the precedent on this issue. Karen Richard asked the Board if there was a motion to approve the Jericho Bill of Sale. Given the time, consensus was to table this item for further discussion at the December 4th Special Meeting.

Sign Warrant

Bob Shand asked for a motion to approve the Warrants in the amount of \$964,209.20. Motion was made by Roger Hunt seconded by Bob Shand Board members in favor.

Executive Session – Personnel Relations / Contract Discussion

At 1:45 p.m. Dennis Lutz made a motion that executive session for Board members only was warranted for the discussion of personnel relations/contract discussion. Motion was seconded by Roger Hunt, with all Board members in favor. Dennis Lutz then made a motion to go in to executive session, seconded by Roger Hunt, with all Board members in favor. At 1:55 p.m. Dennis Lutz made a motion to come out of executive session, seconded by Roger Hunt, with all Board members in favor. No action was taken in executive session.

Following executive session, Dennis Lutz motioned to authorize Karen Richard to work with Jim Fay to develop an application process for the replacement of the General Manager who is retiring in June 2019. The Board was hoping to receive the job description and an advertising information package so the process could be reviewed in executive session at the December 11, 2018 Regular Meeting. Motion was seconded by Roger Hunt, with all Board members in favor.

Any Other Business

At 2:00 p.m. Karen Richard asked if there were any other business. Hearing none Dennis Lutz made a motion to adjourn, seconded by Bob Shand with all Board members in favor.



Clerk