

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

Present

Commissioners: Bob Shand, Jericho chaired the meeting; Peter Gadue; Via Go to Meeting: Aaron Martin, Essex; Dennis Lutz, South Burlington; Ron Hubert, Milton; Alternate: Erik Wells, Williston; Guests: Lisa Lavoie, and Chris Goulette, A. M. Peisch; Employees: Joe Duncan, Chris Rongo, and Tracy Bessette; Employees Via Go to Meeting: Nate Pion

Absent

Jonathan Stockbridge, Winooski
Liz Royer, Williston

Bob Shand called the meeting called to order at Noon.

Citizens to Be Heard

Jonathan Ebbers (S. Burlington) joined via Go To Meeting.

Approval of Regular Meeting Minutes of October 20, 2020

Bob Shand asked for a motion to approve the Regular Meeting minutes of October 20, 2020. Aaron Martin made a motion, seconded by Peter Gadue, with all Board members in favor.

Presentation of Fiscal Year 2019-2020 Annual Audit by A.M. Peisch

Chris Rongo stated that it was an interesting audit due to the fact that the auditors were not on site as is usually the case. There were no single audits which made the process easier, and overall, it went very smooth. Lisa Lavoie highlighted the following from the 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 3 thru 14 are the Management Discussion & Analysis prepared by Christine Rongo, noting there is not much change from last year. Operating cash decreased a bit, as shown on page 13, with a corresponding decrease in accounts payable shown on page 14. This was due to a large invoice from the City of South Burlington for expenses incurred last fiscal year but not paid until this fiscal year.
- Increase to Accounts Receivable Water helped by the hot dry weather during the month of June.
- Property and Equipment – There were some large projects that were being completed (Milton Meter Vault, Filtered Water Effluent Pumping System, Filter #7 Rehab, Allen Road Meter Vault). Three new vehicles and a new T-rex were purchased. Construction in progress decreased as projects were finishing completion.
- Page 14 – Liabilities showed not much change in debt. There were of proceeds of approximately \$400,000 from the Close-in-Cross Tie, and normal debt payments of \$570,000. The Net Position shows an increase in Net investment in capital assets.
- Page 15 - Statement of Revenues and Changes in Net Position are comparable to last year.
- Page 20 – Notes – There will be an implementation of new accounting principles in the future. They have been delayed due to COVID for one year. They will not have much effect on the District. There may be additional reporting for the ICMA 401(A) and 457 plans as part of the fiduciary activities reporting.
- Page 26 – Note #4 – Shows a deficit in the unrestricted net position for the Retail Department of \$124,824. This resulted from the increase in the net investment in capital assets and an increase in cash reserves.
- Page 34 (Disclosures) – Note #11 added a standard statement regarding COVID-19, and a statement regarding the acquisition of CFD#1.

- Page 39 – Change in net position for Wholesale and Retail both had a positive change.
- Page 42 – The budget to actual comparisons for Wholesale did not show a lot of variances, the largest was water sales which were higher than expected. The same for Retail.
- Ms. Lavoie reviewed the ratios which are in line with previous years.

Mr. Duncan stated it was an unusual year doing this audit virtually, and he appreciated Lisa and her crew working through it with staff, especially Chris Rongo. Mr. Duncan said that Chris “runs a very tight ship,” and CWD has had several years with good results and attribute that to Chris and the way she runs things. Bob Shand asked if there were any other questions or comments for the Auditors.

Financial/Operations Report

Mr. Duncan reported that water sales for the month of month of October were 9.27 mgd, bringing year to date to 10.32 mgd as compared to last year at this time of 10.03. For the month of October Global Foundries averaged 3.44 mgd, bringing year to date to 3.52 mgd, versus last year at this time of 3.40 mgd. Total average fiscal year sales are up 0.29 mgd, as compared to last fiscal year, with Global Foundries up 0.12 mgd from last year. October cost per million gallons was \$2,169.85, bringing year to date to \$2,029.05, versus last year of \$1,895.71/MG. Below is a summary of our FY20-21 monthly sales to date compared to our monthly water sales over 3, 5, and 10-year averages.

Mr. Duncan said that we continue to monitor water usage during COVID-19 to understand what impact the pandemic has had on water sales.

Capital Projects Update - Nate Pion summarized the following projects:

LaPlatte River Lampricide Application – The USFWS completed the lampricide treatment on October 24th. Lampricide was never detected at the CWD intake throughout the duration of the treatment. CWD exhausted three (3) bags of PAC during the application period. The remaining two (2) bags were returned to the City of Burlington WTP for storage until needed in the future.

Filter Maintenance Program – Suez was onsite last week to perform work on Filters 5 thru 8, and will have a follow-up meeting with them in the near future.

Tank Maintenance Program– Suez is currently onsite to remove the temperature string probes. With the exceptionally warm summer, the temperature probe data will provide insight into how the warm weather and lake water temperatures impacted thermal stratification within the tanks. CWD and Suez have scheduled the annual meeting for December 2nd. At the annual meeting, Suez will present the findings of their annual inspections and work with CWD to define the scope and schedule for 2021.

Pipe Integrity Program (PIP) – The results of the first satellite leak detection analysis were received and distributed to all of the participating water systems. A training session was held on November 10th to review best practices in pinpointing leaks identified by the satellite leak detection analysis. For CWD, many of our points of interest from the satellite leak detection is parallel with existing distribution mains so we will be reaching out and working with the water systems to evaluate their distribution mains first, as they have more listening points and opportunity to find leaks on their end than CWD does on the transmission main which has limited listening points (i.e. valves, curb stops). The second satellite leak detection deliverable in summer of 2020. Milton had been working with a customer on a service line that was leaking which was happening when the satellite image was being acquired and that area was identified by Utilis.

Colchester South Tank Loop – Bids were opened on November 4th, and Munson Earth Moving Corp. is the apparent low bidder with a total base bid contract price of \$589,972.00. The engineer’s estimate was \$585,597.32. Aldrich + Elliott has completing their bid analysis and recommendation to award and will have a preconstruction meeting on November 19th and will award the contract to Munson. They hope to begin some of the construction this winter. With the bid price from Munson the total project cost was adjusted. The contingency was dropped from 10% to 5% for the construction and the total project cost for the Colchester South Tank Loop is \$927,672.

We received notification from the Drinking Water State Revolving Fund that the State Treasurer approved the elimination of the 1% interest rate, so the effective interest rate for this project and the Essex West Pump Station is now 2%.

WTP Penthouse Fascia – AW Farrell replaced the penthouse fascia on October 30th. This work was covered under the roof warranty with Garland. CWD will be working with Garland over the winter to define the scope and schedule for the remaining fascia replacement on the WTP building.

Garland was on-site on October 27th to complete the yearly roof inspections at the WTP Building, Chemical Building, and Lake Water Pump Station. All roof systems appear to be in good condition. Mr. Duncan said this is interesting because we have a warranty with Garland on the plant roof, which includes annual inspections and if CWD needs to make any roof penetrations they are consulted. We identified the fascia as an issue and Garland initially balked at that as a warranty item, but they were the ones that approved the design and installation. We agreed to do a test run on the penthouse area, which is a small footprint on the roof to come up with an approach that works and move forward. CWD believes this is a warranty item and the goal is to have it covered as such.

Manager's Report

Colchester South Tank Loop Project DWSRF Loan Agreement

Mr. Duncan said the original project cost was \$975,000 so that is what the loan amount is for, but when the loan closes it will be closed with a 75% forgiveness. Mr. Duncan referred to the loan repayment schedule which shows as soon as the loan is closed the 75% forgiveness is applied which is \$731,2250 (meaning the actual loan repayment amount is \$243,750). Bob Shand asked for a motion to Approve the Vermont State Revolving Fund RF3-409-3.0 Loan Agreement for the Colchester South Tank Loop project in the amount of \$975,000. Motion was made by Ron Hubert. Peter Gadue seconded the motion with all Board members in favor.

Annual Audit

Mr. Duncan thanked Chris Rongo for her efforts during this audit process.

Colchester Fire District #1 Acquisition

Mr. Duncan said CWD and CFD#1 met on October 29th at their duly warned Prudential Committee meeting. CFD#1 approved and executed the enclosed Operating Agreement and approved implementing CWD's proposed universal water usage rate of \$4.59/1,000 gallons prior to the transfer of ownership. We are working on the transition to ownership which is primarily Julie working through setting up the billing system, understanding what they have for accounts, and making sure we can incorporate that into CWD's billing system.

Mr. Duncan said one of the things that will change is that St. Michael's will no longer be reading its own meters. CWD Retail will read those meters to ensure accuracy going forward, which will also include moving to a radio read system. Jay Nadeau is working on a plan to swap out those meters within St Mike's.

Vermont COVID-19 Arrearage Assistance Program (VCAAP)

Mr. Duncan said that Liz Royer in her role with VRWA took the lead on this program which has been expanded to include overdue drinking water, wastewater, and stormwater bills. The program was established in July using \$8 million from federal CARES Act funding. Initially, only utilities regulated by the Public Utility Commission were eligible for ratepayer assistance. Beginning November 12th, residential and business customers of registered systems will be able to apply for a grant to cover eligible arrearages (for these purposes, an arrearage is an unpaid bill that is more than 60 days overdue and incurred after March 1, 2020). The funding will be paid directly to the utility to cover the eligible portion of a customer's overdue bill. CWD is administering the program for South Burlington, CFD #1, and CWD Retail (Colchester Town and Malletts Bay Water Company). Information is posted on CWD's website.

FY2021-2022 Financial Planning

Mr. Duncan said that there is a special meeting scheduled for December 8th to review the initial draft 2021-2022 wholesale budget. Mr. Duncan said he directed staff to follow the Financial Model that was set forth last year during the budget process. That Financial Model looked at a 3.75% increase over the next five years in order to build up our capital reserves. Mr. Duncan said today he is looking to the Board for a review and feedback on the concept of a continued 3.75% increase as an acceptable target. Following Board questions and discussion on large projects, cashflow, bi-weekly billing, and funding into the capital reserves Board consensus was that the 3.75% was still an acceptable target taking into consideration the discussed topics. Mr. Duncan said he would present the updated Financial Model at the December 8th meeting.

Sign Warrant #1020

Bob Shand asked for a motion to approve the warrants in the amount of \$1,498,381.29. Motion was made by Peter Gadue, seconded by Aaron Martin, with all Board members in favor.

Executive Session – Discussion on Potential System Acquisition and Labor Relations Items

No executive session was warranted.

Any Other Business

At 1:05 p.m. Bob Shand asked if there were any other business. Hearing none Peter Gadue made a motion to adjourn, seconded by Aaron Martin with all Board members in favor.

Clerk