

Special Meeting held in the Champlain Water District Conference Room at Noon and remotely.

Present

Commissioners: Bob Shand, Jericho chaired the meeting; Pete Gadue, Shelburne; Dennis Lutz, S. Burlington, John Gifford, Milton; Via Zoom: Aaron Martin, Essex; Jonathan Stockbridge, Winooski, JD Piette, Colchester Alternate; Employees: Joe Duncan, Chris Rongo, Jay Nadeau, Ruchel St. Hilaire; Via Zoom: Nate Pion, Melissa Hood; Public Citizens: Ralph Perkins

Absent

Liz Royer, Williston

Bob Shand called the meeting called to order at 12:02.

Citizens to Be Heard

No citizens to be heard.

Manager's Report

Woodside Break

On Christmas Day around 7:15 pm we had a major break on our High Service (HS) #2 transmission main near the former Woodside facility in the Town of Essex. The break was on the inlet side of the Woodside Meter Vault, which is an outgoing line from South Burlington into the Town of Essex. A 24" spool piece came apart on the bypass and we were losing water in excess of 5,000 gpm. We have had slope stability issues around the meter vault, and we believe the wet ground conditions finally led to the pipe shifting and coming apart. The break created a major draw from the City of South Burlington's water distribution system that resulted in low pressures in the Hinesburg Road, Kennedy Drive, and east end of Williston Road. The break was isolated around 11:00 pm on Christmas night. Significant fill was required to restore the slope and the break was repaired around midnight on Wednesday December 27th.

Fiscal Year 2024 – 2025 Proposed Wholesale Budget

Mr. Duncan presented a separate memo and summary for the proposed FY24-25 "Retail" budgets for review and discussion. "Retail" budgets include the proposed Retail Administration & Operations Budget, as well as the Colchester Town and Malletts Bay Water Company Water Systems Budget, the Colchester Fire District (CFD) #1 Water System Budget, and the CFD #3 Water System Budget.

Mr. Duncan reported that Retail Administration and Operations budget, compared to last year, shows a proposed increase of \$366,030 which is 27.91%. The majority of the increase in the budget is primarily the result of three items: \$87,000 increase in capital contribution for the purchase of a new fleet vehicle; \$205,530 increase for position overlap with the current Director of Distribution slated for retirement December 31, 2024; and \$17,067 for software maintenance. Dennis Lutz asked why the vehicle is coming from operating rather than capital. Mr. Duncan explained that supply chain issues have altered the way we approach purchasing vehicles, we take the expense from operating and put it into capital so that we have cash in hand when the vehicle arrives, which has recently been after the end of fiscal year. Mr. Nadeau explained that the fleet vehicle order and supply system is fragile noting that vehicles that we ordered in 2021 are just going into production. Jonathan Stockbridge asked if the vehicle expense was going to be a one-time increase or if it would be on-going. Mr. Duncan responded that the intent is to have it an on-going expense as we need to keep the inventory of fleet vehicles updated and we had previously budgeted to replace one a year but we now have 10 vehicles in the fleet. Mr. Stockbridge also inquired if the increase for the overlap in the Director position was going to be a one-time event and asked to understand the breakdown of the increase. Mr. Duncan responded that it would be a one-time event and that the increase was comprised of salary and benefits for the position and would decrease back to regular numbers in FY25-26.

Bob Shand asked for a motion to approve the Retail Administration and Operations Budget in the amount of \$1,677,705 and Capital Reserve Fund. Motion was made by John Gifford, seconded by Pete Gadue, with all Board members in favor.

Mr. Duncan reviewed the Colchester Town Water Systems Budget noting that the FY24-25 budget is proposed at \$355,380, compared to FY23-24 at \$352,000. Under this budget, the Distribution Department manages and operates the Colchester Town and Malletts Bay Water Company water systems. The water rate will increase from \$5.811 to \$6.112, which is 30.1 cents and a 5.18% increase. This equates to approximately \$19.78/year increase to the average user. Mr. Duncan noted that the increase is due to the pro-rated portion of the new fleet vehicle, the Deputy Director of Distribution positions, and the increase in the CWD wholesale water rate. Mr. Duncan asked if there were any questions on the Colchester Town System Budget. Hearing none, Bob Shand asked for a motion to approve the Colchester Town Water Systems Budget in the amount of \$355,380, resulting in a FY24-25 rate of \$6.112 per 1,000 gallons, and Capital Reserve Fund. Motion was made by John Gifford, seconded by Dennis Lutz, with all Board members in favor.

Mr. Duncan reported the CFD#1 system budget is up from \$221,861 (FY23-24) to \$233,821 (FY24-25), a 5.39% increase. The water rate increased from \$5.183 to \$5.667, which is a 9.34% increase, about \$31.80/year and \$2.65/month increase. Mr. Duncan reported the increases are similar to the Colchester Town Systems increases. In addition, Saint Michael's College is the primary user in the CFD#1 system and they are seeing a decline in enrollment and we are seeing an decrease in water usage. John Gifford inquired how much of CFD#1 is residential vs commercial. Mr. Nadeau responded that the system is 67% institutional with 33% residential. Mr. Duncan asked if there were any questions on the CFD#1 budget. Hearing none, Bob Shand asked for a motion to approve the CFD#1 Budget in the amount of \$233,821, resulting in a FY24-25 rate of \$5.667 per 1,000 gallons, and Capital Reserve Fund. Motion was made by Pete Gadue, seconded by John Gifford, with all Board members in favor.

Mr. Duncan reported that the CFD#3 system budget, proposed rate for the first 7,000 gallons increases from \$52.00 to \$55.00, a 5.77% increase. The proposed rate per 1,000 gallons after the initial 7,000 gallons increases from \$6.25 to \$6.359, a 1.74% increase. This equates to an annual increase of \$16.10 and a \$1.34 monthly increase. Mr. Duncan reported the increases are similar to the Colchester Town Systems increases plus adding a Distribution Maintenance Technician assigned specifically to CFD#3. John Gifford asked how the percentage of expenses were distributed among the systems that share them. Mr. Duncan responded that it was based on past experiences and what the historical actual time spent for each system. Mr. Duncan asked if there were any other questions on the CFD#3 budget. Hearing none, Bob Shand asked for a motion to approve the CFD#3 Budget in the amount of \$1,393,184, resulting in a FY24-25 rate of \$55.00 for the first 7,000 gallons and \$6.359 per 1,000 gallons over 7,000 gallons, and Capital Reserve Fund. Motion was made by John Gifford, seconded by Pete Gadue, with all Board members in favor.

Dennis Lutz asked if all the Colchester systems were combined into one and given back to Colchester what the rate impact would be overall to customers in those systems. He asked for management to prepare initial estimates of a combined rate over the next few months showing how close we may be to making the combination of systems a reality and bring it back to the Board. Mr. Duncan explained that the approach to merging the rates for the systems will include an overall operating budget for the combined system and individual debt service assessments to areas that follow current system boundaries. John Gifford inquired how the debt was incurred and if they could be merged. Mr. Duncan answered that the debts were incurred by each system and each system is responsible to pay back their debt. Bob Shand asked whether the merging of the systems would require approval from the legislature. Mr. Duncan responded that we would be seeking legal counsel.

Executive Session

No executive session was warranted.

Any Other Business

At 12:48 p.m. Bob Shand asked if there were any other business. Hearing none Pete Gadue made a motion to adjourn, seconded by John Gifford with all Board members in favor.

Clerk

