

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

Present

Commissioners: Bob Shand, Jericho chaired the meeting; Pete Gadue, Shelburne; Liz Royer, Williston; Via Zoom: Dennis Lutz, S. Burlington; John Gifford, Milton; Aaron Martin, Essex; Alternate: Aaron Frank, Colchester; Employees: Joe Duncan, Chris Rongo, Jay Nadeau, Jenn Hussey

Absent

Karen Richard, Colchester; Jonathan Stockbridge, Winooski

Bob Shand called the meeting to order at 12:00 PM.

Citizens to Be Heard

No citizens to be heard.

Approval of Regular Meeting Minutes of December 13, 2022

Bob Shand asked for a motion to approve the Regular Meeting Minutes of December 13, 2022. Dennis Lutz made a motion to approve, seconded by Peter Gadue, with all Board members in favor.

Financial/Operations Report

Mr. Duncan reported that water sales for the month of December were 8.72 mgd, which is on the low end compared to the last three years, but compared to the last ten years it's not so much out of the norm. Year to date is 9.77 mgd which is higher than last year at this time of 9.73 mgd. We had a strong summer with a quieter October, November, and December. For the month of December Global Foundries averaged 2.9 mgd, bringing year to date to 3.28 mgd versus last year at this time of 3.32 mgd. The 2.9 mgd is the lowest that they have been in a long time, which is sometime in 2012-2013 or back in the 2010's. December is usually a slow month for them and we hope that it will go back up. There is a concern with the layoffs at Global Foundries. There has been an increase in usage in other systems other than Global Foundries. When Global Foundries takes a dip in usage, and because they do represent 30% of our water usage, we will see a dip. All-in-all, financially we are doing well. December cost per million gallons was \$2,523.16, bringing year to date to \$2,066.26 which is about where we were last year at \$2,040.44/MGD. Things financially are in pretty good shape, we are trying to monitor the Global Foundries usage to see what happens. Other systems other than Essex Junction are right where we are used to seeing, or even higher.

Capital Projects Update – Mr. Duncan, in Mr. Pion's absence, summarized the following projects:

Essex East Pump Station (EEPS) – The work at the Essex East Pump Station is moving along, we took down the EEPS when we got the Essex West Pump Station (EWPS) down. Prior to having the EWPS we couldn't afford to take the EEPS offline for any length of time. Now that the EWPS is up the EEPS is being worked on, it's operational, and we just need to get the instrumentation and controls hooked up and it will be fully functional.

Tank Maintenance Program – There aren't updates to provide for the Tank Maintenance Program currently. Nate has reached out to a number of vendors to see if anyone can offer something similar to what Veolia is doing for us. Due to the holidays, it has been slow in hearing back from vendors, but we are going to continue moving our efforts forward. There are three (3) different vendors that have been contacted, we are unsure if they will be as comprehensive as Veolia however, we will do research and see what we can find out. We are also getting pricing from Veolia on what it would look like to do the two (2) tank interiors this year as well as continuing conversations about what a long-term contract looks like.

Process Controls & SCADA Upgrade

Mr. Duncan mentioned that this time of year CWD looks at what type of funding lists for the Vermont Drinking Water State Revolving Fund, especially since there is a lot of money out there for grants and subsidies. Mr. Duncan reported that we submitted a Preliminary Engineering Report for our Process Controls & SCADA Upgrade for the plant on December 19th, 2022. Therefore, we will be on the next funding list for the applications that are coming out in March-April timeframe. Mr. Duncan reminded the Board that we will be submitting on the Filtered Water Tank and the Raw Water Transmission Main as well the Chemical Building Addition. There is uncertainty whether they will have Federal Earmarks or not again this year, but we will be submitting for the Filtered Water Tank and the Raw Water Transmission Main if they do.

Mr. Lutz provided input on the Federal Earmarks with concern from other states due to the Federal Earmark Funding coming from the top of the SRF funding grants, which reduces the amount of SRF funding that is available. Two (2) years ago, the Earmarks allowed for 20-25%, whereas last year they allowed for 50%, so they took all of the SRF funding available in New England, and 50% of that money was going to grants which leaves much less money for SRF funding. Mr. Lutz mentioned there are a couple of concerns: the SRF program was setup so that communities could get loans and eventually repay those loans, which would keep the SRF funding pot full. What this does is reduce the funding pot so that is one effect. The second effect is that some of the state employees who work in the water department, are dependent on having some of their salaries that is covered by some of the money that is left in the SRF Funds, so for all of those states that's going to affect the funding for some of their employees if that SRF funding goes downhill. The last one has to do with the distribution because there have been added requirements that the SRF Funding would go to priorities of disadvantaged communities, but if you take money off the stop of the SRF funding that's available, that's going to leave less money for disadvantaged communities. Mr. Lutz also mentioned that from the State and Federal perspective in New England is Congress needs to look at where they're getting their money for the Earmarks because if the current trend continues, this will destroy the SRF program within a number of years. Mr. Lutz noted that there are a lot of questionable projects that are funded through the Earmarks and this should be something to discuss in the future.

Mr. Duncan thanked Mr. Lutz for the information and stated we will keep an eye on things and discuss with our contacts in the SRF funding world.

Water Treatment Plant (WTP) Shutdown – On Wednesday, January 4th, CWD completed a full WTP shutdown to take care of some valves, piping, chemical feed locations, and electrical wiring. This was an opportunity to take care of some miscellaneous projects that we would like to take care of while the plant is shutdown. Every department had a job to complete, and the shutdown went smoothly. Bob Shand asked how long the plant was shut down for. Mr. Duncan reported that the plant was shut down for six (6) hours. If there was more storage in South Burlington, the plant could have been shut down for a longer period of time, but 6 hours was just enough to be shut down comfortably. Mr. Gifford asked for a definition of what a shut down means. Mr. Duncan stated that is we completely stop production at the plant and we rely solely on the water that is in the tanks for the period of the shutdown. Bob Shand asked if we did shutdowns more often would the plant need less downtime? Mr. Duncan stated that is correct and the other goal is to identify other areas that need to be worked on: i.e. adding more valves so we are able to isolate areas or equipment that need to be worked on without having to shutdown the plant completely, instead do a plant ramp down where we only produce a certain percent and still have some water going out, which is our ultimate goal we are working towards. Liz Royer asked if CWD saw any impacts from the December 23rd storm? Mr. Duncan reported that CWD did not have any impacts from that storm, only a minor dustup in Shelburne Bay. Mr. Duncan stated that when there is a storm where you get some snow followed by a rain storm all that snow melts and combined with the water from the rain, it begins to flush down brooks and streams along with anything from the roads as well as soils that may get turned up as it's running, which can cause flumes of sediments entering water bodies. When this occurs, we typically will ramp down our production so the plant doesn't intake as much of the high turbidity water, therefore not overloading filters and keeping to our backwashing schedule. Mr. Duncan stated that we have a USGS gauging station that we fund in the LaPlatte River, so we monitor amounts of precipitation, snow fall, water temperatures, air temperatures, wind, and we have 30 years' worth of data that we can use to assess different weather conditions and their outcomes to use in decisions on how to react to current weather conditions.

Manager's Report**FY23-24 Proposed "Retail" Budgets**

Mr. Duncan provided a separate memo for the "Retail" budgets, which is a separate budget for "Retail" Operations for Colchester Malletts Bay Water Company (MBWC), Colchester Fire District #1 (CFD#1), Colchester Fire District #3 (CFD#3), Colchester Town, and contract operations for South Burlington and Jericho. That is the "Retail" Operations and Administrative budget, there are separate budgets for the individual systems that CWD owns, which are the four Colchester systems. Colchester MBWC and Colchester Town are managed under the same budget, with CFD#1 and CFD#3 managed under their own separate budgets. Mr. Duncan stated that each have an Operations budget and a Capital Improvements Plan budget. All systems other than CFD#3 have well-defined Capital budgets because CFD#3 is our newest system. Mr. Duncan reported that Retail Operations budget, compared to last year, remains almost the same and is even slightly less because of a lot of unforeseen circumstances in the prior budget, including employee salaries and benefits due to turnover in the Distribution department. Mr. Duncan reported that budget is down slightly at \$1,311,675, compared to last year's budget. Mr. Duncan offered to discuss the budget in more detail and answer any questions on the budget, and was looking for a motion to approve the budget. Hearing no questions or comments, Bob Shand asked for a motion to approve the Retail Administration & Operations Budget, at which time it was decided between Mr. Duncan and Mr. Shand that instead of approving each budget separately, we would wait for a motion to approve all "Retail" budgets at the same time.

Mr. Duncan moved along to the Colchester Town Water Systems & MBWC Budget to which he reported that the FY22-23 budget is up to \$352,000, compared to FY21-22 at \$330,060, bringing the water rate from \$5.669 to \$5.811, which is about 14.2 cents and a 2.50% increase. This equates to about \$10/year increase to the average user which is about \$0.80 more per month. Mr. Duncan noted that the slight increase is due to increases in materials and operations. Mr. Duncan asked if there were any questions on the Colchester Town System Budget. Hearing none, he moved along to the CFD #1 System Budget.

Mr. Duncan reported the CFD#1 system budget is up from \$203,567 (FY21-22) to \$221,861 (FY22-23), about a 9% increase. The water rate increased from \$4.720 to \$5.183, which is about a 10% increase, about \$30/year and \$2.54/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 higher enrollment and we are seeing an increase in water usage relative to the COVID period, it hasn't bounced back to where they were pre-covid. In addition, the CFD#1 has been subsidizing the budget through Capital transfers, so we have been slowly trying to increase that a bit to compensate for that. Another unfortunate factor is that Fanny Allen, the second largest user in the CFD#1 system, has dialed back some of their activities, based on our understanding and based on their water usage. Mr. Nadeau confirmed that both Fanny Allen and Saint Michael's College are the biggest users of the system. Mr. Duncan noted therefore, we are being conservative when looking at water sales revenue for that system. Mr. Duncan asked if there were any questions on the CFD#1 budget. Hearing none, he moved on to the CFD#3 system budget

Mr. Duncan report that the CFD#3 system budget, in accordance with how CFD#3 previously operated, in which the water rates are based on a 7,000 gallon base rate of \$47.00 with a water rate of \$5.80/1,000 gallons over the initial 7,000 gallons, CWD has maintained that same rate after acquisition. Mr. Duncan noted that our goal in the future is to ultimately combine the Colchester systems together with one common rate. The proposed rate increase for the first 7,000 gallons increases to \$52.00, a 10.64% increase. The proposed rate per 1,000 gallons after the initial 7,000 gallons increases to \$6.25, a 7.76% increase. This equates to an annual increase of \$36.97 and a \$3.08 monthly increase. A majority of the increase relates to an additional technician servicing CFD#3. The current budget only has one technician servicing CFD#3 and we're learning that the workload in that system requires an additional technician assigned to that system. Mr. Duncan noted that this would not be an additional technician to be hired, instead we would shift the assignment for one of our current technicians to that system. CWD will maintain having seven (7) Distribution Maintenance Technicians, with two technicians being assigned solely to CFD#3.

Bob Shand asked for a motion to approve the Retail Budgets as presented. Motion was made by John Gifford, seconded by Pete Gadue, with all Board members in favor.

Remaining Budget Process

Mr. Duncan noted that CFD#3 has \$1.5 million in cash from that system, we are waiting for the audit to be completed and when it is, we will be able to understand what we have and can take a look at what we need for cash flow and what we can use for Capital and what will stay in checking. We assume the nominal amount of roughly \$400,000 which is what they used to make a stock investment, so the thought is to use that as the starting point for Capital. Mr. Duncan noted that Mr. Nadeau reviewed what the immediate needs were for operating that system. Mr. Duncan noted that we will have longer-term needs for that system. One of the items in the Capital Project plans is a Master Plan for all the Colchester systems. Our goal is to do a Master Plan for all those systems to identify what some of the long-term needs are which we could use to provide to the Town of Colchester, so they have an idea of what the long-term plan is.

Mr. Gadue asked about the I89 Double Diamond Project having any implications to our water lines. Mr. Duncan noted that it does not affect any of the distribution lines, only a transmission main that will need to be relocated in that area which affects the Wholesale department, not Retail.

Public Budget Hearing

Mr. Duncan stated that CWD will be holding a Public Hearing for the budget presentation on Wednesday, February 1st, at 7:00 PM, which is open to the public.

Reminder on Board Terms

Mr. Duncan reminded that Bob Shand and Dennis Lutz are up for re-election for their expiring terms in March. Petitions to re-run are to be submitted by January 30th.

2023 CWD Board Meeting Schedule

Mr. Duncan noted that Tracy Bessette sent out the Board meeting schedule for 2023 and asked the Board if there were any questions or concerns on the schedule, to which there were none.

WTP Solar Array

Mr. Duncan stated that CWD has been working with our vendor, Aegis, to nail-down exactly what the project will look like and the lease options. We have received quotes from MLC (Municipal Leasing Consultants) and Saulsbury Hill, which were about equal. Mr. Duncan noted that the exact rate is not locked in until the lease contract is finalized. The good news is that with the 30% kickback combined with where we land with the project cost and lease rates, we would be looking at having a negative cashflow in year one, then a positive payback period in 7.65 years. In the end we are looking at almost accumulative cash flow at about \$600K-\$700K range for energy savings. Mr. Duncan noted that in order to move forward we need to enter into a contract with Aegis for construction of the solar array and also pursue finalizing a 15 year lease with one of the two vendors. Mr. Duncan asked the Board their thoughts on moving forward with that and if in favor, having the Board authorize Mr. Duncan to execute the contract with Aegis and also the preference on leasing options – either MLC which is local, or Saulsbury out of Denver. Mr. Duncan referred to Mr. Frank for an opinion as he has worked with both vendors in the past and if could provide insight with his experience, should there be any questions. Mr. Duncan asked the Board for any questions or if more details were desired. Hearing none, Bob Shand asked the Board for a motion to authorize Mr. Duncan to execute the contract with Aegis for construction of the WTP Solar array and pursue a 15-year lease for financing the WTP solar array. Motion was made by Pete Gadue, seconded by John Gifford, with all Board members in favor.

Mr. Duncan asked the Board if they had any preference on leasing companies between MLC and Saulsbury Hill. The Board recommended to go with whichever CWD feels more comfortable working with. Mr. Frank noted that he has worked with both companies and recommends that CWD asks both companies to submit a final proposal and make a decision based upon that and what the market presents at that time.

Westbury MHP Response Sent

Mr. Duncan first noted that he sent an email on Friday, January 13th, to Westbury Mobil Home Park in response to their question that was raised at the previous Board meeting. Mr. Duncan stated to the Board that CWD is working on drafting a policy on who the District will provide wholesale water rates to. A draft should be available for the February 21st Board meeting, with hopefully a finalized version provided at the March 21st Board meeting.

Distribution Contract Services and System Ownership

Mr. Duncan noted that he's recently had casual conversations with some of our served systems regarding distribution contract services and system ownership. Responses provided stated that CWD is not looking to take ownership of any additional systems. With CWD acquiring the Colchester Systems this has raised the question from other systems. CWD's goal with acquiring the Colchester systems has been to achieve the goal of transferring the systems to the Town of Colchester. Responses provided on contract services, like we do for South Burlington and Jericho Village, and CFD#1 prior to ownership, is a possibility with consideration and Mr. Duncan looked to the Board for their input or concerns. Mr. Shand and Mr. Gadue recommended that we do not take on any additional ownership of systems, but would consider contract operations if the Distribution department could take on more work. Mr. Gifford agreed and recommend careful consideration prior. Mr. Lutz recommended considering taking small steps when taking on contract services, taking into consideration the required equipment, staff, space, etc.

Sign Warrant #1222

Bob Shand asked for a motion to approve the warrants in the amount of \$1,262,519.48. Motion was made by Pete Gadue, seconded by Dennis Lutz, with all Board members in favor.

Any Other Business

At 12:56 p.m. Bob Shand asked if there was any other business. Hearing none, Dennis Lutz made a motion to adjourn, seconded by Pete Gadue, with all Board members in favor.

Clerk



