

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; Dennis Lutz, S. Burlington; Via Zoom: John Gifford, Milton; Aaron Martin, Essex; Karen Richard, Colchester; Jonathan Stockbridge, Winooski; Employees: Joe Duncan, Chris Rongo, Nate Pion, Jenn Hussey, Melissa Hood, Tracy Bessette; Colchester Citizen: Ralph Perkins

Bob Shand called the meeting to order at 12:01 PM.

Citizens to Be Heard

No comments.

Approval of Regular Meeting Minutes of January 17, 2023

Bob Shand asked for a motion to approve the Regular Meeting Minutes of January 17, 2023. Pete Gadue made a motion to approve, seconded by Liz Royer, with all Board members in favor.

Financial/Operations Report

Mr. Duncan reported that water sales for the month of January were 8.65 mgd, bringing year to date to 9.60 mgd, compared to last year of 9.66 mgd for this time last year. Global Foundries in January averaged 2.86 mgd, bringing them to 3.22 mgd for year to date, compared to this time last year at 3.30 mgd. The total average for this year is down 0.06 mgd, as compared to last year with Global Foundries making up 0.08 mgd of that 0.06, so we are up 0.02 in non-Global Foundries sales, but we are down 0.08 with Global Foundries sales. January cost per million gallons was \$2,255.50 bringing year to date to \$2,159.36, compared to last year of \$2,032.75/MGD. Mr. Duncan reported that Global Foundries usage has been slowly going down. December 2022 to 2021 usage was comparable, but significantly lower than previous years. They are now down to 2.86 mgd compared to 3.13 this time last year's year-to-date. The last time they were at 2.86 was back in 2011-2012 and 2008-2009 prior to that. This corresponds with the October timeframe which is the beginning of a new quarter. Our understanding is that they have shut down some tool lines for cost-saving measures which means those tools are not in service and water use is down a bit. It is possible that they are not bringing those tools back online until the middle of the year. We hope to see an upward trend again. They are down about 0.3 mgd which is about 3% of our usage which does have an impact when water is sold on a per-gallon basis. Mr. Duncan reported that we will monitor their usage, but we are financially in good shape.

Capital Projects Update –Mr. Pion summarized the following projects:

Essex East Pump Station (EEPS) – We executed the Certificate of Substantial Completion with Munson on January 25th. The Operations staff now has control and operation of the EEPS back in their hands. We are working on some small punch list items internally with the Electrical department. Things are going well at the EEPS with no issues with the startup and operation since it was brought online in January.

DWSRF Priority List Applications – We submitted five (5) applications this past month for the following projects: South Filtered Water Tank Replacement, Raw Water Parallel Transmission Main, Chemical Building Addition, Process Controls & SCADA Upgrade, and the Essex West Pump Station (continuing project). Bob Shand asked when we may expect approval on the IUP (Intended Use Plan)? Mr. Pion reported we should see a draft by end of April/early May and we will see where we land in priority ranking and also what they are offering for funding. We know it is 2% max at 20-30 years but we will see what is available for subsidy this year which is unknown. Liz Royer asked if we are submitting anything for the Congressionally Directed Spending? Mr. Pion stated that we plan to, there was a recent webinar on that topic that indicated some changes, under most circumstances the max funding for a project has a cap of \$1,000,000. Last year we put \$8.7 Million in for both the Raw Water Parallel Transmission Main and the South Filtered Water Tank Replacement. Our plan is to probably only submit on the South Filtered Water Tank Replacement given that is a higher priority project

for us, utilizing 80% grant and 20% match. Bob Shand asked if the Bond Vote that had passed in September was contingent on us receiving the funding? Mr. Pion confirmed that it was dependent on us receiving the Congressional Directed Spending. Mr. Duncan commented that the Bond Vote was loosely worded that we received funding that wouldn't increase our rates which gives us some flexibility on what funding we can receive, but we targeted the Congressional Directed Spending. Pete Gadue asked if we are receiving any funding from the ARPA Funding? Mr. Duncan stated that as a water district we do not qualify since that funding is targeted for Towns and Villages. Mr. Duncan also stated that we will be applying for another Homeland Security Grant for improvement of our security camera systems.

Exit 16 Utilities – S.D. Ireland is the contractor working for VTrans on the utilities for the Exit 16 project. SDI is currently working on the retaining walls and the waterline portion of this project will begin in the June timeframe.

GMP Flexible Load Management – We executed an agreement with GMP back in November 2022 to participate in the Flexible Load Management (FLM) Pilot 2.0. The goal of this program is to reduce electrical usage during high demand periods i.e., during summer when the temperatures are very high and there is an increase in usage due to air conditioning, or during cold snaps when everyone is trying to heat homes or buildings with electric heating systems. We have been working closely with GMP over the past year and discussing how this could apply to CWD's pumping system, both at the plant with the lake water pump station, filtered water pumps, high service main service as well as the pump stations. We performed our first two demand events on February 3rd and 4th during the cold period that we had with negative temperatures. We were able to drop our loads, we ran two (2) high service pumps at their low drive speeds, dropped out all the other pump stations so they were just feeding off of their tanks, we were able to reduce our usage at the plant from about 760kW to about 490kW during a three hour window which typically occurs in the afternoon from around 4-7PM or 5-8PM. Due to our dynamic system we do need to plan and prep and we were able to work with GMP on receiving a 12-hour forgiveness period prior to the event so that we can fill tanks and not get hit with our peak billing cycle. During that forgiveness period we are being billed with our off-peak billing cycle which typically occurs from about 10PM-6AM when there isn't a lot of electrical usage which allows us to pump up our tanks at a reduced rate during a 12-hour window both prior to and after an event so we can recover.

Tank Maintenance Program – We've been working with Veolia over the past two months regarding the existing contract, haven't made much headway with them or received much of a response from their corporate office. We are still working through the details of the original contract i.e. what the language is, what the services rendered vs. services paid are. We are continuing that effort with them. We have decided for the 2023 calendar year to just do exterior renovations on some of the tanks, we won't get into interior renovations which moves into 100% solids epoxy. With the Evergreen contract we want to leave things in a stable spot for when we go into 2024. We've reached out to several tank contractors who do similar work with tank maintenance programs, we sat down with one last week as a meet and greet to see what they offer, and their strategy or philosophy is on tank maintenance programs. A lot of them have moved away from the current contract that we have where you annualize the payment over X number of years, you setup a schedule but it changes year-to-year depending on what the needs are and what the condition of the tanks are. You pay for a renovation at the time that it's needed. Almost all of them have moved away from the annualized payments because it puts you in jeopardy of what we currently are regarding who has paid what, what was really owed, etc. We are meeting with another contractor this week and we will move forward with putting out Request for Proposals.

Manager's Report

FY23-24 Proposed Budgets

Mr. Duncan stated that the FY23-24 budget was passed at our December 13th and January 17th meetings. On December 14th, 2022 the budget summary was sent out to our served systems which gave an opportunity for anyone to review and provide comments on. On February 1, 2023 we held our Public Information Meeting on the budget which gave an opportunity for anyone in our served systems to provide comments on which would be passed to the Board, to which no one attended the meeting nor provided comments. Mr. Duncan recommended the Board reaffirm the budgets in preparation of the April 4th annual meeting. Bob Shand asked for a motion to reaffirm the budget. Motion was made by Pete Gadue, seconded by Dennis Lutz, with all Board members in favor.

Approval of Warning for April 4, 2023 Annual Meeting

Mr. Duncan noted that in order to post the Annual Meeting Warning we need approval from the Board to do so. Bob Shand asked for a motion to approve the Annual Meeting Warning for April 4, 2023. Motion was made by Dennis Lutz, seconded by Pete Gadue, with all Board members in favor.

WTP Solar Lease

Mr. Duncan stated that we are moving forward with installing solar panels on the existing sludge drying bed roofs. We are looking at a 15-year lease at a rate of 5.98% through Municipal Leasing Consultants (MLC), which is guaranteed until February 27th to lock in that rate. Mr. Duncan asked for Board approval for the Solar Lease Documents, subject to our legal council's edits and revisions, as well as authorize Mr. Duncan as an authorized signer of the documents as well as Chris Rongo, Director of Finance, to be an authorized representative on the lease in order to process payments, answer any questions, and work directly with the leasing agent. Mr. Duncan provided the Board with a declaration of intent that will allow for reimbursement of project payments made 60 days prior to the approval of the declaration. Mr. Duncan asked for Board approval on the following items:

1. Approve the enclosed solar lease documents subject to revisions and final approval by CWD's legal counsel.
2. Authorize the General Manager to execute any documents required for the solar lease and include the Director of Finance as an authorized representative on the lease for handling any financial aspects of the lease.
3. Approve the enclosed Declaration of Official Intent of Champlain Water District to Reimburse Certain Expenditures from Proceeds of Indebtedness.

Bob Shand asked for a motion to approve these three (3) items. Motion was made by Dennis Lutz, seconded by John Gifford, with all Board members in favor.

Colchester Fire District #3 Water System DWSRF Planning Loan Application

Mr. Duncan stated that we are moving forward with the Lead Service Line Inventory (LSLI) project which is part of the requirement of the Lead and Copper Rule Revision (LCRR). This requires us to identify and document what are and are not lead service lines, anything that we are unable to document is assumed to be a lead service line until proved otherwise. This process has begun for the systems that we own in Colchester: Colchester Town, Colchester MBWC, and Colchester Fire District #1. Given the size of these systems, we were able to simplify and learn from the process before moving on to a larger system, like Colchester Fire District #3. The LSLI is due by October 16, 2024. We are mostly completed with the other Colchester systems inventory with no lead service lines being found. Fortunately, we have already been in the process of upgrading meters in those systems and have been able to document the internal service line materials at the time of the meter upgrades. For many systems that have specifications references in water ordinances, that state no lead material be used, that is acceptable as documentation as well. There is significant funding for LSL replacements forthcoming from the Infrastructure Investments and Jobs Act (IIJA), reportedly \$28.3 million/yr for 5 years. The DWSRF is still working to identify exactly how they will roll out the LSL replacement funding, but we believe it will include significant grant funding. As a result, we are funding the work for the CT, MBWC, and CFD #1 through DWSRF Step I (planning) loans. We believe these DWSRF planning loans will ultimately include significant loan forgiveness. We are now ready to begin the LSL inventory for CFD #3, so we are pursuing a DWSRF Step I loan for that system. Mr. Duncan asked for the Board to approve the DWSRF Step I loan application for the Colchester Fire District #3 Water System Service Line Inventory Development project in the amount of \$228,000. Bob Shand asked for a motion for Board approval of the Colchester Fire District #3 LSLI Project DWSRF Step I loan application in the amount of \$228,000. Motion was made by Karen Richard, seconded by Pete Gadue, with all Board members in favor.

Audit

The FY21-22 audit was the last audit under our 3-year contract with A.M. Peisch. We retained A.M. Peisch in spring 2020 through an RFP process. Staff is recommending that we retain A.M. Peisch for another 3-year contract, although their price has increased. We could also put out an RFP if the Board wishes. Given that we just acquired Colchester Fire District #3 and previously Colchester Fire District #1 in 2021, we believe that continuing with A.M. Peisch would be preferred due to their understanding of the acquisition of these systems and transitions. The Board agrees and states that if we are happy with their services to continue with them. The Board is in favor of continuing with A.M. Peisch and Mr. Duncan stated he will provide the Board with the price of their contract for the next contract period.

Banking

Mr. Duncan stated that CWD currently does its banking with M&T Bank (formerly People's Bank). Our experience with M&T Bank has not been on par with our historical experience when it was People's Bank and Chittenden Bank before that. We currently work with TD Bank as part of our contract services with the City of South Burlington and our experience with them has been very good. The interest with TD Bank is 3.59%, while M&T Bank is 0.1%. Staff is in favor of transitioning CWD's banking services from M&T Bank to TD Bank. The Board is in favor and suggests moving forward with transitioning to TD Bank since our experience and relationship has been good with them.

Westbury Mobile Home Park (MHP)

Mr. Duncan provided the Board, for their review, with a letter that was sent to Heather Devine, attorney for Westbury Mobile Home Park, who was looking for more information on the Westbury MHP. The Board had no comments or questions.

Sign Warrant #0123

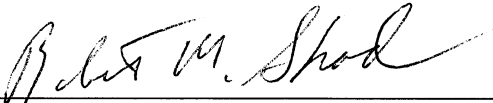
Bob Shand asked for a motion to approve the warrants in the amount of \$797,215.60. Motion was made by Pete Gadue, seconded by John Gifford, with all Board members in favor.

Executive Session

No Executive Session.

Any Other Business

At 1:16 p.m. Bob Shand asked if there was any other business. Hearing none, Pete Gadue made a motion to adjourn, seconded by Dennis Lutz, with all Board members in favor.



Clerk