

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

Present

Commissioners: Bob Shand, Jericho chaired the meeting; Via Go To Meeting: Ron Hubert, Milton; Liz Royer, Williston; Dennis Lutz, South Burlington; Jonathan Stockbridge, Winooski; Aaron Martin, Essex; Alternates: Aaron Frank, Colchester; Guests: Lisa Lavoie, and Chris Goulette, A.M. Peisch; Employees: Joe Duncan, Tracy Bessette, Nate Pion, Melissa Hood & Chris Rongo

Absent

Peter Gadue, Shelburne
Karen Richard, Colchester

Bob Shand called the meeting to order at 12:03 PM.

Citizens to Be Heard

No citizens to be heard.

Approval of Regular Meeting Minutes of October 19, 2021

Bob Shand asked for a motion to approve the Regular Meeting Minutes of October 19, 2021. Ron Hubert made a motion to approve, seconded by Aaron Martin, with all Board members in favor.

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

Mr. Duncan stated that the Audit Subcommittee met with the auditors to review the draft audit and were favor of accepting it. 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. She then highlighted the following:

- CFD#1 Merger – According to accounting principles mergers are required to be recorded as of the beginning of the recording period in the period the merger occurred. The agreement was signed effective January 1, 2021, but it needed to be recorded on the books as of July 1, 2020. A balance sheet was brought over as of July 1, 2020 as noted on page 28, note 7 of the audit.
- Increase in Net Pension Liability – The table on page 37 of the audit shows a change in net position as a percentage of the total pension liability decreased from 80% to 74%. This was a big change this year and the State Statute requires that every five years that they do an experience study to look at assumptions and make any necessary changes. This was done in 2020 and did change some assumptions. Based on the study the actuaries lowered the interest rate from 7.5% to 7% which was the biggest factor. There were also some demographic changes taken into account.
- Ratios – Stayed very consistent from prior years.
- Single Audit – Ms. Lavoie reviewed this single audit that was required because of federal expenditures over \$750,000. Ms. Lavoie noted there was a clean opinion on this audit as well.

Ms. Lavoie answered a question regarding the retirement liability and on ratios. Bob Shand asked for a motion to accept the audit as presented. Motion was made by Ron Hubert, seconded by Aaron Martin with all Board members in favor.

Acceptance of Internal Financial Controls Checklist for Municipalities – Cities and Towns

Mr. Duncan referred to the checklist that was required by the Vermont Municipal Bond Bank (VMBB) when preparing the application for the \$1,090,607 bond article. Staff have identified that completing this Internal Financial Controls Checklist annually at the same time as the audit is a good practice and we are recommending that the Board accept the

attached checklist. Bob Shand asked for a motion to approve the Internal Financial Controls Checklist. Motion was made by Ron Hubert, seconded by Dennis Lutz with all Board members in favor.

Mr. Duncan thanked Ms. Lavoie and Mr. Goulette for their presentation and they left the meeting at this time. Mr. Duncan also thanked Chris Rongo for her great work on this year's audit.

Quarterly Financial/Operations Report

Mr. Duncan reported that water sales for the month of October were 9.45 mgd, bringing year to date to 10.06 mgd as compared to last year at this time of 10.32 mgd. For the month of October Global Foundries averaged 3.27 mgd, bringing year to date to 3.41 mgd versus last year at this time of 3.52 mgd. Total average fiscal year sales are down 0.26 mgd, as compared to last fiscal year, with Global Foundries down 0.11 mgd from last year. October cost per million gallons was \$2,095.22, bringing year to date to \$1,986.36 versus last year of \$2,029.25/MG.

Capital Projects Update – Nate Pion summarized the following projects:

Essex West Pump Station (EWPS) – Construction is ongoing. The 12" DI water main from the new booster pump station to the Town of Essex High Distribution System has been constructed, tested, and placed into service. A 16" butterfly valve on the Essex West Tank feed/draw line was also replaced this past month. Munson has been installing new underground conduit from the pump station up to the Essex West Tank for controls, monitoring, and the new tank mixer. The building frame has been erected and carpentry work will continue over the next month along with electrical and HVAC. The Essex West Pump Station will likely not be operational until the spring of 2022 due to supply chain delays associated with the interior process piping.

Chemical Building Addition RFP – CWD executed a contract with Stantec to provide engineering consulting services for the preliminary design of the new Chemical Building Addition. The preliminary engineering will identify recommended improvements to address our existing and future chemical storage and pumping needs, as well as evaluations of our zebra mussel chemical treatment and redundant parallel raw water main from the Lake Water Tanks to the clarifiers. CWD will hold a kickoff meeting with Stantec on December 9th to begin the evaluation process. The final deliverables will include a preliminary site plan and 3D rendering of the proposed Chemical Building Addition.

South Filtered Water Tank (SFWT) Rehabilitation – CWD filled and disinfected the SFWT on October 27th. During the fill, numerous leaks were encountered at the bottom of the tank "starter" panel. The belief is that there is a failure with the interior coating. Suez was notified and the tank was drained. Suez has been on-site for the past week and a half repairing the interior coating along the two bottom panels. The cure period is 14 days so on November 30th we will do a test fill above where the coating was applied and let it sit for 24 hours to make sure the repair resolved the issue.

Suez Filter & Clarifier Maintenance Program - Over the past month Suez assessed the condition of Filter 4, 5, and 8. The walls on Filter 5 were also chemically cleaned and media was added to adjust for media loss during backwashes over time. While on-site Suez also coated the walls of Filter 2 from the media up. Due to a leaking inlet valve, CWD was unable to coat the gullet for Filter 2. We are making plans to replace this inlet valve next year and coat the gullet in 2022 in combination with the renovation of Filter 1.

Valve & Actuator Replacement Program

CWD contracted Mountain Air to assist in the replacement of four (4) actuated valves which control the operation of Clarifier 2. We had originally intended to complete this work in July while Clarifier 2 was offline for renovation. However, supply chain delays impacted the original schedule. The valves and actuators are in as of November 15th and CWD's Electrical Department will be making the connections to the actuators and we hope to have everything back online next week. CWD has noticed that many of the actuated valves associated with the filters and clarifiers are aging and do not operate reliably. These actuated valves are starting to experience some age-related wear and tear due to the fact that they are operated on a daily basis. CWD is prioritizing the replacement of valve and actuators in advance of future filter and clarifier renovations. Mr. Pion answered questions from Bob Shand regarding quotes for this piping work and any additional work that may be done in the future, stating that it would be good to seek quotes from other contractors. Mr. Pion said that they certainly can look at that for future work.

Infrastructure Investment and Jobs Act

President Biden signed the bill the on November 15th. The act reauthorizes a number of existing drinking water programs, appropriates expanded funding, and commits funding to additional initiatives. Items relevant to CWD include:

- \$14.65 billion authorized for the Drinking Water State Revolving Fund (DWSRF) through 2026; 49 percent to be in the form of grants or loans with principal forgiveness
- \$250 million for the mid-size and large drinking water system resilience and sustainability program
- \$75 million for technical assistance and grants for emergencies affecting public water systems, including natural hazards and cybersecurity
- \$50 million for a study assessing emerging technologies that could address cybersecurity and water monitoring issues and a grant program to deploy technologies
- \$4 billion to be channeled through the DWSRF for emerging contaminants, all in the form of grants or principal forgiveness

As previously mentioned, we have been advancing planning for projects that could be funded under this Act. These include larger projects requiring bonding that will be identified in the Financial Model being updated as part of the FY22-23 budget process. The following projects have been identified: Lake Water Pump Station Upgrades and Parallel Transmission Main, Chemical Building Addition, SCADA Replacement System, and Vault Improvements. We will also be working with ANR to identify opportunities to utilize the funding related to resilience and sustainability, cybersecurity, emerging contaminants, and electric vehicles.

Manager's Report**Essex Junction Succession Vote**

Mr. Duncan said on November 2nd the Village of Essex Junction voted in favor of a plan to secede from the Town of Essex and establish a new, standalone city. The creation of a new city will need to be approved by the Vermont Legislature and the governor before it could become a reality. If Essex Junction were to become a separately chartered City, then CWD would need to incorporate the Junction as a separate member community, which would include adding another Commissioner to our Board. Mr. Duncan stated that the CWD Charter has provisions for all of this, and he is waiting to hear back from Paul Giuliani on this matter.

FY22-23 Financial Planning

Mr. Duncan said staff is moving through the budget process and the intent it to bring forward the draft budgets to the Board at the Regular Meeting on December 7th. Mr. Duncan reviewed last year's Financial Model stating that we have been around the 3.75% rate increase, (approximately \$6.00/year for the average family). Mr. Duncan said that currently what we are experiencing for increases in chemicals, power, contracted service, etc. are in the 5% to 6% range. The budget is not yet finalized but it is looking like a 4.25% increase will be necessary to keep up with those increases, and is most likely what will be presented to the Board at the December 7th meeting. One of the other factors used in the budget is what we use for average day water sales. In the 2021-2022 budget, and for many years, have been at 9.4 mgd, and Mr. Duncan said he is hesitant to go beyond that projection for the 2022-2023 budget. Mr. Duncan said he would like a consensus from the Board on where they are at with that projection. Following discussion, Board consensus was to remain conservative and maintain the 9.4 mgd projection.

General Manager Annual Review

Mr. Duncan noted that an annual review of his position with the CWD Board of Commissioners is part of his existing employment contract. Mr. Duncan said that since the upcoming meetings will be devoted to budgets, he is recommending this gets table until the February-March timeframe.

System Acquisition

Mr. Duncan stated that he and Jay Nadeau have been reviewing financials, including the recent FY20-21 audit, and to date have not identified any issues. Mr. Duncan said he would keep the Board informed as we move forward.

Sign Warrant #1021

Bob Shand asked for a motion to approve the warrants in the amount of \$1,702,409.64. Motion was made by Ron Hubert, seconded by Aaron Martin, with all Board members in favor.

Upcoming Meetings

The next regular meeting is December 7th and a special meeting is scheduled for December 14th.

Executive Session – System Acquisition, Legal Matter, and Labor Relations Items

There was no executive session.

Any Other Business

At 1:12 p.m. Bob Shand asked if there was any other business. Hearing none Ron Hubert made a motion to adjourn, seconded by Aaron Martin with all Board members in favor.

Clerk

DRAFT