

West Windsor Utility Advisory Committee  
Draft Minutes  
January 21, 2019

Committee members present (in person): Bob Norris, Jim Bonney, Tom Marsh, Ken Moore, Jeff Nelson

Committee members present (by phone): David Leavitt, Gina Halstead

Others present (in person): Win Johnson (Selectboard Chair), Martha Harrison (Town Administrator), Mike Dudley (Planning Commission member), Jason Booth (Aldrich + Elliott), Jeff Lewis (Aldrich + Elliott), Jeff Epstein (Eagle Times)

- 1) Call to Order – Advisory Committee Chair Bob Norris opened the meeting at 4:00 PM.
- 2) Changes or Additions to the Agenda – None
- 3) Announcements/Public Comment – None
- 4) Approve minutes of last meeting – **Jim Bonney moved to approve the minutes. The motion passed unanimously.**
- 5) Utility Advisory Committee Clerk – Bob proposed assigning Clerk responsibilities on a rotating basis alphabetically by the name of the group, starting with Brownsville Village. **David moved to approve Bob’s proposal. The motion passed unanimously.**
- 6) Confirm new alternate committee member – **Tom Marsh moved to approve Ken Moore as an alternate committee member representing Orange Lake/Holiday Inn Club. The motion passed unanimously.**
- 7) Review financial statements (2018 actual & 2019 budget) – Win noted that the 2018 information has not been audited yet. Win explained the negative O&M expense in the 2018 financial statements for the water system: a hydrant that was initially located in the middle of a ski slope was moved closer to the parking lot and the associated costs were expensed rather than capitalized. Reversing that entry the following year resulted in a negative expense number. Tom and Win noted an invoicing error with the processing fees, which has since been corrected, but which resulted in slightly lower than expected processing fees in 2018. Win also noted that West Windsor puts 75% of Windsor’s fee toward processing and 25% toward O&M. Win said it should really be one line item so he’s going to try to change that. **Jim moved to approve the unaudited financial statements as presented. The motion passed unanimously.** Win said the utility budgets for 2019 assume no changes in the rates.
- 8) Review Preliminary Engineering Reports with Aldrich + Elliott – Water System Project: Win provided a brief history, noting that there were three things that were not accomplished within the scope of the 2016-17 water project: there’s no emergency generator for the well; there are two old, weak, inaccessible water lines under the ski bridge; and the well house needs to be replaced. David asked if the town is still considering drilling another well. Jason said that’s not under consideration right now. The existing well has a very high yield and the quality is very good so, at this point, the state is not pushing the town to look for an alternate or redundant source. Win noted that the existing reservoirs are pretty much maxed out so if the town wanted to expand the system in the future, we would have to expand the storage capacity. Jason agreed that the storage capacity is the limiting factor for the water system. Jason said the projected total cost to address the problems noted by Win is \$425,000. A+E is recommending that the town hold a bond vote at Town Meeting in March to get voter approval for this project with funding provided by the Drinking Water State Revolving Fund

(DWSRF) program, as with the last water project. Win noted that the Selectboard has already approved the bond documents. The next step is to hold an informational meeting prior to the bond vote. That meeting will take place on Monday, February 25, at 6:30 PM at the Town Hall. Jason said the debt service for the project is \$28,567. Jason said with 268 equivalent users on the system, the debt service cost per user is \$107; however, Jason said, there is some net revenue in the budget and there are some capital reserves that could be used to offset some of that cost. Win noted that the debt service costs would not hit the operating budget for two more years. Jason agreed that the first payment would not be due until a year after the project is completed. Win said the terms of the DWSRF loan are fixed for 20 years at 3%, but we have time to talk about how we're going to cover those costs. Win noted some additional O&M costs in the operating budget going forward and said he thinks it's likely that there will need to be an increase in water rates of at least 10% in the next year or two. Jason agreed that the increase would probably be in the range of \$50 (10%) to \$107 (22%), with the latter being an unlikely worst case scenario. Bob said he thinks part-time residents with one bedroom/one bathroom units will want justification for paying the same amount as the store or Ascutney Outdoors. Bob said we don't have enough meters to charge people based on usage, and there's so much overhead that we can really only look at it in terms of "equivalent users," but we'll have to have an in-depth conversation about overhead costs and variable costs. Win said Ascutney Outdoors pays for multiple EUs. Bob asked about the Butcher & Pantry. Win said that's a different situation; according to the documentation that he has seen, Summit Ventures was required to provide the store with an alternate source of equal or better quality and quantity than what they had. Bob asked what the store's well had been producing at the time. Win said that's what we need to try to find out; the town is subject to the prior agreement but the capacity of the store's old well is an important question and the town will look into it. David asked how long it would take to pay off the bond. Win said 20 years. David said, in that case, the rate increase would essentially be permanent. David asked what other projects are anticipated over the next five to ten years since the system is at capacity, and whether or not more people can be added to the system so the costs can be spread among more users. Jason said the recently completed asset management plan identifies the system's storage volume as the limiting factor. Jason said a new master water meter was installed as part of the last project and the town has been using it to monitor usage. Since the entire system is not metered, the state makes assumptions about usage based on the number of users and it's up to the town to prove that they are using less than that amount. If the town can do that, the town can show that there is more capacity available than indicated by the state's calculations, which would allow for small increases, but proposals for large increases in usage would require a significant review of the system's available storage. Win asked when we can approach the state with our data. Martha said the state is going to issue the town a new Permit to Operate, which will recognize some additional reserve capacity. Jason said adding a new single-family house to the system would not be a huge issue for the system, but adding 20 users may be a problem. Bob said if someone wanted to build a 20-unit development, the developer would have to pay for the additional storage. David asked if we would increase the size of the existing storage tanks, or add additional tanks to the system. Jason said the town could do either, but his suggestion would probably be to replace the two 30,000 gallon tanks, although they're not in bad shape right now. David asked about state regulations with regard to replacing a tank with a bigger tank. Jason said the town would want to look at growth factors and fire flow. Win asked about above ground storage tanks.

Jason said increasing tank elevation would increase pressure, which we would want to be careful about, but there are a lot of other tank options. Jim asked if Windsor's system is metered. Tom said most of the system is metered. Jim asked if West Windsor will ever be metered and added that the Village Condo residents, who only have one bedroom and one bathroom, would resist an increase in rates. Win said the town would value the advice of the committee. Jason said there are advantages and disadvantages to metering; there would have to be a base rate to cover a portion of the fixed costs, including the debt service, combined with a variable rate. In addition, Jason said, the cost of metering the whole system, which could be around \$300,000, would be financed with debt and then there would have to be another rate increase to cover that debt service. Tom said Windsor has a lot of overhead so when they transitioned from an unmetered system to a metered system, the bills didn't change very much. Jim mentioned a water system in New Jersey where commercial users pay a lot more than individual residential users. Jason said the hotel is charged as 109 equivalent users and a single-family home is charged as one equivalent user. Jim asked what that is based on. Jason said it's based on the state water supply rule. Sewer System Project: Win said the sewer system has some old collection lines that need work to get them into a safe, reliable condition. Jason said the sewer lines have been televised and the manholes have been inspected. The PER describes the deficiencies that were identified and proposes addressing the immediate and short-term deficiencies at a total cost of \$700,000. The debt service would be just under \$43,000 per year, which is based on a 2% interest rate over 20 years. With 313 users, Jason said, that equates to an increase of \$138 per user; if net revenue is factored in, the break-even increase would be \$34 per user. Win said if we use some of the reserve funds to reduce the amount borrowed and/or extend the term of the debt to thirty years rather than twenty, we could further reduce the rate increase. Jason said the town also qualifies for a 50% subsidy on engineering costs and may qualify for a subsidy on construction costs. Jeff Nelson asked about the long-term deficiencies. Jeff Lewis said there are not many long-term issues, just regular cleaning, inspections and monitoring. Win complimented Windsor's staff for their helpfulness in dealing with blockages and other issues. Jim suggested billing for water semi-annually or quarterly, rather than annually. Win agreed that the town will consider that. David pointed out that the bills are usually mailed around this time. Win said there will be no change in rates for 2019.

- 9) Discuss impact of projects on rates – See item #8 above.
- 10) Discuss Town Meeting vote on water and sewer bonds – Win said the town will probably send out a Q&A document in advance of the February 25<sup>th</sup> informational meeting. Bob asked if the town expects any push-back. Win said there are people who recall being told that the town's acquisition of the utilities would have no impact on the tax rate, and it doesn't, with one exception. Win said the voters agreed to assume the debt service for the village sewer project but some of them point to that and say they were lied to; that the utilities do affect their tax rate. As a result, Win said, some people may not believe that these two projects will not affect the tax rate. David said his family has owned property in West Windsor for thirty years and, when the resort owned the water system, they were paying their bills but not getting any information or improvements. David said the town has taken a very thoughtful approach and he appreciates it. Win thanked David for his comment. Mike Dudley asked if the water system has any reserve funds available to help pay for the water project. Win said at the beginning of 2018, the water system had reserve funds of \$117,500, so the same strategy could be used, but not to the same extent. Bob asked if the town is going to prepare a

Q&A for rate payers. Win said the town needs to get information out in advance of the February 25<sup>th</sup> meeting. Bob said the Q&A on the rates can wait until we have more information on subsidies. Jason said the town won't know about subsidies until they apply for a construction loan and, until construction is complete, we won't know the actual cost of the project. Jeff Nelson asked when the projects would go out to bid, if the bond votes are successful. Jason said August.

- 11) Other Business – Win said Cathy has collected a number of outstanding balances on the utilities from people who had to clear the liens on their property in order to sell it.
- 12) Next meeting – Bob said he will propose some dates and poll the committee.
- 13) Adjourn – **Jeff Nelson moved to adjourn at 5:08 PM. Jim Bonney seconded the motion, which passed unanimously.**

Respectfully submitted,

Martha Harrison