

West Windsor Utility Advisory Committee  
Draft Minutes  
June 3, 2019

Committee members present (in person): Bob Norris, Jim Bonney, Tom Marsh, Tom Kenyon  
Committee members present (by phone): David Leavitt, Gina Halstead  
Others present (in person): Win Johnson (Selectboard Chair), Martha Harrison (Town Administrator), Jason Booth (Aldrich + Elliott), Dick Beatty, Peter Varkonyi, Jeffrey Hermanson

- 1) Call to Order – Advisory Committee Chair Bob Norris opened the meeting at 4:05 PM.
- 2) Changes or Additions to the Agenda – None
- 3) Announcements/Public Comment – None
- 4) Approve minutes of last meeting – **Tom Marsh moved to approve the minutes of January 21, 2019. Jim Bonney seconded the motion, which passed unanimously.**
- 5) Review 2018 audited financial statements – Win noted that, as of 12/31/18, the Water Fund had an unrestricted balance of just under \$185,000 and the Sewer Fund had an unrestricted balance of just under \$423,000. Win also noted that the Water System added \$26,000 to reserves and the Sewer System had a loss of \$12,000. Win went on to clarify that the statements are not prepared on a cash basis so they include depreciation of \$54,000 for water and almost \$93,000 for sewer; if you take out depreciation (a non-cash expense) and add in repayment of principal, then on a cash-basis water was positive by \$34,633 and sewer was positive by \$59,150. The question in the short-run is: how much of our unrestricted reserves can we apply to the upcoming sewer and water projects? Win said he is going to ask the town's auditor for advice. The more reserve funds we use, the less debt there will be. At this point, Win summarized, both utilities are adding cash to their respective reserves. There was brief discussion about the possibility of using depreciation as a funding source. **Tom Kenyon moved to approve the financial statements. Tom Marsh seconded the motion, which passed unanimously.**
- 6) Project updates - Water System Improvement Project: Jason reminded the UAC about the major components of the water project and said A+E recently had the 60% progress meeting with the town and the state. Last week, A+E met with the electrical sub-consultant and completed additional survey work. Currently, they are trying to schedule a 90% progress meeting for July 1<sup>st</sup> or 2<sup>nd</sup>, at which point they will have a revised project cost estimate and will submit a permit to construct application to the state. Jason noted that the District Coordinator has determined that this project requires an Act 250 minor amendment. A+E challenged the determination but was unsuccessful. They have now approached the Coordinator with a proposal to phase the project, with Phase I being the waterline portion, which hopefully would not need an Act 250 permit, and Phase II being the generator/well house portion. Jason said they have received no response. At this point, Jason said, A+E has the Act 250 application ready to go, but an Act 250 permit will not be issued until the permit to construct is received. Win said this puts the project timeline in jeopardy. Bob asked about the timing on the permit to construct. Jason said the two state engineers at the Drinking Water Division are gone and we don't know how the Division is going to be dealing with permit applications. Jason said A+E reached out to Tim Raymond today to find out who we should be working with. Bob asked about the timing on Act 250. Jason said at a minimum there's a 30-day comment period. Win said, since it will take some time to get the generator,

we were hoping that we could at least get the new water line in this fall and then get the generator in next year. Jason said he thinks we may still be able to get the project out to bid this year, but it may not be constructed this year. Jason presented some options, including direct purchase of the generator by the town. Tom asked about the cost of the generator. Jason said A+E hasn't finished sizing it yet but, with the automatic transfer switch, it would probably be in the range of \$80,000. Bob asked if there are any bonding or funding issues if the project gets pushed into next spring. Win said he doesn't think so; he's just concerned about going through another winter with the risk of the water line breaking. Jason said the town has submitted a Step III construction loan application and once that loan is approved, the funding is committed. Jason said right now the project is eligible for a 30% subsidy; next year, the subsidy would be 25%. Jason added that vendors and manufacturers are not holding prices anymore due to concern over tariffs. Sewer System Rehabilitation Project: Jason said A+E had a 60% meeting with the town and state on the same day as the 60% meeting on the water project. Last week, they were able to look at all but one manhole, which was buried under pavement. Jason said there are no road blocks for this project – no Act 250 permit or permit to construct is needed. The 90% meeting will be held on the same day as the 90% meeting for the water project. Bob asked if having the same contractor do both projects would result in economies of scale. Jason said, in this case, the type of project, the funding sources and the timeline could make it challenging and could result in delaying the sewer project. Win said when we get to the 90% phase, we'll have revised cost information and will be able to take a hard look at the rate implications for both projects. Sewer Asset Management Project: Jason said the major infrastructure components have been inventoried and when the sewer project is done, their condition will be updated. Win said after these two projects are done, both utilities should be in good shape.

- 7) Impact of new state regulations on design flow – Win said the state has revised its design flow tables for water and sewer and made them more consistent. Win added that the initial assessments of the town's equivalent users were done at different times by different firms, using different assumptions. To resolve these inconsistencies, the town has asked A+E to update our data. Win said the town has come to an agreement with the state on what their allocation should be under the new regulations, and now we need to apply the regulations uniformly across all users. What we don't know, Win said, is how the new regulations might impact the number of equivalent users, which would impact our contract with Windsor. Jason said, technically, the state hasn't updated the design flow tables in the Water Supply Rule yet, but they are going to be updating them to be consistent with the updated design tables in the Environmental Protection Rules so we can be comfortable using the EPR tables. Martha noted that the rate study done for the water system defined an equivalent user (EU) as using 450 gallons per day (gpd) but our Water Ordinance defines an EU as using 200 gpd. Jason said the sewer rate study and the Sewer Ordinance also define an EU as using 200 gpd. Jason said the 450 gpd definition ties back to the Water Supply Rule. Win said there are a lot of variables that we're going to try to bring in line so we can see if it makes a material difference.
- 8) Update water & sewer rate studies to resolve inconsistencies and comply with new state regulations – Jason said last week we met with Leslie at the Hotel because there have been a number of changes in their uses, but ultimately the goal is to define an EU for the town. Martha added that we need good information before we can do that and referenced the excel file she sent with the agenda showing the inconsistencies in the uses, flows and quantities

included in the water rate study and the sewer rate study. Tom Marsh said Windsor identifies EUs based on 200 gpd for both water and sewer. Tom added that about 10 years ago, they did a metering process which showed that actual use was about 100 gpd. People thought their rates were going to go down but they didn't because the fixed costs of running the plant are so high and the variable costs are minimal. Jason agreed that the cost to operate the system is not going to change and the rates have to cover those costs. Win asked Tom Marsh if Windsor makes a distinction between a one-bedroom and a five-bedroom dwelling unit. Tom said no because it's all potential; you can have a five-bedroom house with only one person living in it. You're paying for access and capacity. Win said based on the Selectboard's preference, and the lack of objection from the Utility Committee, the Selectboard contracted with A+E to move ahead with a rate study for \$2,800.

- 9) Equivalent Users – Bob said the definition of an EU and its effect on rates and budgets will be impacted by the results of the rate study so he doesn't think we can go into much depth at this point. Win agreed. Win said Peter Varkonyi can talk about the difficulty of trying to figure out the design flows for the store because they have a fish market, a bakery, and so on, and it all adds up. Peter said they recently discovered that there is an existing meter for the store so P2 Environmental did a study for the month of May. Peter said the store is allocated 1,300 gpd but, for the entire month, they did not exceed 590 gallons on any given day. Win asked if the meter has been calibrated. Peter said no, but noted that Patricia offered to calibrate it. Peter said their main objective was to determine whether or not they were “barking up the wrong tree” in questioning their actual use relative to their design flow. Tom Marsh said meters either work or they don't.
- 10) Metering non-residential users – Win said Peter's comment leads to the next item on the agenda. If we're going to meter the store, then it seems only fair to meter the other commercial enterprises, which is why we're looking at the Hotel to see if it's possible to meter their food service uses separately from their residential uses. Win said the new state regulations allow a user to appeal their design flow calculation to the ANR Secretary. Marsh said Windsor is open to hearing about the concerns of commercial users. Win asked Tom if Windsor has different deals with different commercial users. Tom said no, but they bill in arrears so the billing can fluctuate from one year to the next. For example, if it's a wet year, the golf course doesn't use as much water. Each residential dwelling is billed as one EU unless they use more than their allotted 200 gpd over the course of a year, but Tom said he has not seen that. Peter asked about increasing the store's allocation during the summer and decreasing it during the winter. Tom Marsh said Windsor bases their EU calculation on annual metered usage, rather than daily or seasonal usage. Tom said even though the golf course is closed in the winter, they still get a water bill. Bob said it sounds like residential users would still be based on EUs. Bob added that the revenue generated needs to cover expenses and debt service. Win agreed that we can't afford to meter the entire system. Bob said it wouldn't change the rates much anyway because 95% of the costs are fixed costs and would not fluctuate with usage. Win said the Hotel may not be analogous to the store in terms of use; it's the store that is the outlier. Tom Marsh said for the amount of capacity that is assigned to the Hotel, the restaurant is going to be a rounding error, but for the store it's their main business and they're not the size of the Hotel. Tom said Windsor would be open to whatever approach West Windsor feels is best. Tom Marsh said the real benefit of metering is that it helps identify leaks. Martha said for design flow purposes, we don't have that much flexibility. We have flexibility with our rates and how we define an EU, but in terms of how

much of our capacity we allocate, we have to use the tables. Peter said if you meter for a year and the town approves it, you can change your design flow. Martha agreed. Tom Marsh said West Windsor has a small, homogenous property base so it's not going to make much difference. Tom added that if you base your calculations on a state regulation or an industry standard, you're not singling anyone out and there's no way for one user to get a better deal. Martha said that's what we have to do now because we don't have meters. Martha asked if anyone is opposed to non-residential metering. No one spoke up against it. Win said the Hotel may be too difficult to meter. Martha agreed but said Ascutney Outdoors and the Fitness Center would not be complicated. Tom Kenyon said if he wanted to open a business in town, how would he figure out how much his water and sewer bills would be. Win said Tom would use the design flow tables, but they may not always be a perfect fit. Tom Marsh said it's a perfect fit if it's equitable; if every customer is using a consistent standard.

- 11) Other Business – Dick noted a rate setting workshop coming up on June 20<sup>th</sup>.
- 12) Next meeting – The next meeting was tentatively set for Monday, July 22<sup>nd</sup> at 4:00 PM.
- 13) Adjourn – **Jim Bonney moved to adjourn at 5:07 PM. Tom Kenyon seconded the motion, which passed unanimously.**

Respectfully submitted,

Martha Harrison