

**Joint Meeting of the Water & Sewer Commission
And the Electric Utility Commission
Meeting Minutes, April 4, 2022**

Roll Call: Steve Fitzhugh, Dennis Donahue, John Stevens, Charlie Morse. Others present: Town Manager Jeff Schulz, Utility Superintendent Patrick Demasi.

The meeting started at 6:30 PM.

Minutes from Previous Meeting

Motion by Charlie Morse, seconded by Dennis Donahue, to approve the minutes of the February 7, 2022 meeting. **Motion passed 4-0.**

Meeting of the Electric Commission

Northfield Electric Upcoming Projects Battery

Steve Fitzhugh noted that the Bone Hill Solar project is anticipated to go online on April 15 and the permit to operate allows the project to operate at 20%. GMP will be installing the meter, the controls, and the recloser for the project.

Steve also stated that he is meeting with VELCO to discuss the installation of dark fiber from the Nantanna Mill to King Street sub-station.

Charlie Morse noted that TDS is adding 174 miles of fiber in Northfield and will be the sole provider for these new areas. Charlie questioned what the cost to the customer will be due to a lack of competition with this new service. He suggested the need for improved communications with TDS.

Next, Steve stated that the VT Legislature has approved for inclusion in the State Budget eight million in funding for smart meters for municipal and cooperative power utilities. As a result, Northfield is expected to get nearly 50% of the needed funds for the installation of smart meters.

Also, Steve noted that DeLoran Power Systems as part of its plan to install battery storage near the King Street Sub-station has decided to bid out the system analysis versus having GMP complete the analysis.

Water Sewer Commission

FY 22/23 Water Sewer Budgets

Jeff Schulz stated that the proposed water /sewer budgets include a combined residential rate increase of 4.96%; of which there is a .5% water rate increase and an 8.54% sewer rate increase. The sewer rate is higher due in part to a lack sewer surplus and higher sewer revenue losses.

Jeff added that it was a challenge to achieve the combine rate of 4.96%, versus a considerably higher rate, due to past revenues losses and that future nonresidential usage is unlikely to fully recovery to pre COVID levels. The water revenue losses during the past two years were \$77,306 and the sewer losses were \$114,826. These losses also are resulting in the reduction in the ERU allowance calculation for several larger non-residential customers such as Norwich, Darn Tough and several others, which will lower their water and sewer bills (see last page of budgets). The Town is unlikely to see Cabot's water/sewer usage fully recovery as they installed significant changes in their sock cleaning process.

We achieved the 4.96% rate increase through the use of surplus funds, American Recovery Plan Act Funds (ARPA) and a lowering of some capital spending. The operations costs are difficult to reduce because a portion of the wages and benefits are set by union contracts and most expenditures are essential elements to run the operations. The wages for union employees are increasing 7% due to inflation. The proposed budgets include the use of \$125,000 surplus for the water budget and no surplus for the sewer budget. Currently, there is approximately \$190,000 of water surplus funds and approximately \$39,000 sewer. Also, the proposed budgets include the use of ARPA funds with \$70,000 for the water budget and \$78,000 for the sewer budget. Northfield is receiving a total of \$1.92 million in ARPA funds. The final ARPA rules clearly state that municipalities can use ARPA funds to offset revenue losses during the past two year. Accordingly, the use of the ARPA funds to support the water and sewer budgets at this time is appropriate and strongly recommended.

The operations portion of the water budget, despite the 4.3% increase in personnel costs, is nearly level fund at \$3,160 less than FY 21-23 due mostly to lower interest payments on the bonds. The debt payment portion of the budget is increasing by \$11,020. However, the good news for future water budgets is that in two years debt payments will drop by approximately \$160,000 with the final payments on two loans, which should stabilize the budget and put revenues more in line with expenditures. The CIP as proposed is reduced by \$44,420 due mostly to decreased funding for water line replacement. The Water Department has done a very good job replacing water lines over the past five to 8 years averaging 1000 feet of pipe per year. In addition, the Water Department has recently purchased pipe

using current budget funds to replace another 1000 feet of pipe this year. However, due to short term budget concerns and to stabilize the rates, we have reduced the funds for pipe to take one year off from installing new pipe.

The operations portion of the sewer budget is proposed for increase by \$15,800 (1.7%) due to a \$9,620 increase in personnel costs and \$15,000 in sludge management costs. Reductions in bond interest payments are easing some of the operations costs. Debt payments are increasing by \$4,950. The CIP expenditures are increasing by \$20,850 mostly due to costs related to the stormwater improvements on Slate Ave and some CSO engineering costs. The Slate Ave. expenditures were completed prior to the \$2 million stormwater and CSO grant award and unfortunately are not reimbursable.

The Commission discussed the use of ARPA funds to stabilize the water and sewer budgets/rates and a majority of the Commissioners agreed that it is appropriate to use the ARPA funds because the utilities did experience revenue losses and the ARPA funding program was established in part to offset revenue losses.

Dennis Donahue noted that the budgets are well prepared and that he supports approving the budgets as presented.

Motion by Charlie Morse, seconded by Dennis Donahue, to approved the FY 22/23 Water/Sewer Budgets as presented. **Motion passed 3-1-0.**

Motion by Charlie Morse, second by Steve Fitzhugh to adjourn the Joint Meeting of the Electric and the Water/Sewer Commission. **Motion passed 4-0.**

Jeff Schulz, Town Manager