

## **Joint Meeting of the Water & Sewer Commission And the Electric Utility Commission Meeting Minutes, April 5, 2021**

**Roll Call:** Steve Fitzhugh, Dennis Donahue, John Stevens, Charlie Morse. Others present: Town Manager Jeff Schulz, Finance Director Laurie Baroffio, Utility Superintendent Patrick Demasi. The meeting started at 6:30 PM.

### **Approval of Minutes of March 1, 2021**

Motion by Charlie Morse, seconded by Dennis Donahue, to approve the minutes of the March 1, 2020 meeting. **Motion passed as amendment 4-0.**

### **Meeting of the Electric Commission**

#### **FY 20/21 Electric Budget**

Jeff Schulz stated that a draft of FY 21/22 Electric Budget is still in process and will be completed upon receiving the revenue and other data from VPPSA. We will likely have the draft budget completed prior to the May Commission meeting. We are not anticipating any major changes in revenue or expenditures and thus no need for a rate change.

#### **Other Business**

Steve Fitzhugh noted that the Bone Hill project on Route 12 is underway with the start of the construction of the road. The conduit and vaults should be installed in May.

### **Meeting of Water and Sewer Commission**

#### **FY 21/22 Water/Sewer Budgets**

Jeff Schulz stated that based upon the actual water and sewer usage from the past year, and anticipating some permanent water and sewer usage loss for this coming year, we have factored into the budgets a 10 percent reduction in water and sewer usage. Further, we have used the FY 20/21 budget rate admin, capacity (ERU) and usage determinates for the rate analysis versus using the determinates based upon the last 12 months; which is the past practice. We did not adjust the ERU numbers to reflect the past 12 months (the COVID year) because the ERU numbers/factors are primarily applied to capacity/debt, which is an amount that needs to be charged regardless of water usage.

The draft FY 21/22 Water and Sewer Budgets as proposed, and if adopted, will result in rate increases as shown on the last page of the rate analysis. Jeff added that a rate increase is unavoidable this year due to the anticipated loss of water and sewer sales and that surplus has been used over the past several years to maintain low rates. The proposed FY 21/22 Budgets include the use of surplus with \$150,000 for water and \$50,000 for sewer.

Jeff reviewed the Water Department operating budget noting a 12% increase, however, that includes the interest payments (\$86,820) which are not in the current year's budget. If those numbers are removed from the discussion, the operating budget is increasing by \$12,340 and is due primarily to wages and health insurance. The increase in the Town's health insurance costs have been somewhat lowered through increased employee cost share in health care contributions as negotiated through a union contract.

The Water Budget CIP includes an amount of \$118,500, which is nearly double the FY 20/21 amount of \$65,500, but slightly less than a typical year. The CIP does include \$65,000 for the installation of new water lines on Vine Street which are early 1900 lines. Also, the CIP includes shifting \$5,000 from mapping to smart meters in anticipation of the implementation of AMI in the next two years. The FY 21/22 Water Budget debt includes the full debt payments in the amount of \$374,420 versus the partial payments of \$126,120 in FY 20/21.

The proposed Sewer Department operating budget is increasing \$2,200 (0.2%). The primary increases in the operating budget are due to wages/benefits, chemicals, and sampling/testing. The State of Vermont has increased the number of tests for the sewer plant and there are concerns regarding copper levels at the plant. These increases have been somewhat offset by reduced plant depreciation costs and reduced bond interest payment costs.

The FY 21/22 Sewer Budget CIP was increased from a minus \$3,500 in the FY 20/21 to \$55,200, but less than half of the scheduled amount of \$91,000. The \$55,200 amount will lower the proposed rate increase but should not significantly impact long term capital planning and budgeting. Similar to water, \$5,000 was a shifted from mapping to smart meters.

The Commissioners reviewed and discussed the rate analysis and stated that based upon the analysis, the budget as presented and the potential loss of future water and sewer revenue, that proposed rate increases appear reasonable and necessary. The Commissioner's suggested taking more time to review and consider the water and sewer budgets with a goal of approving the budgets at the regular meeting in May.

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

Jeff Schulz, Town Manager