

Town of Proctor Selectboard Special Meeting
July 20, 2010
1:00 – 4:45 P.M.

Board Members Present

Rick Anderson, Chair
Bill Dritschilo
Susan Feenick
Dick Norris

Other Guests Present

Eric Blatt, State Water Supply Division
James Gray
Warren McCullough
Tim Raymond, State Water Supply Division
Gary Schultz, State Water Supply Division
Kevin Smith, Marble Valley Engineering

Employees Present

Todd Blow, Chief Operator
Steffanie Bourque, Town Administrator
Vincent Gatti, PVFD Chief Operator

Agenda Items

I. Call to Order – Pledge of Allegiance

The meeting was called to order at 1:00 p.m. and began with the pledge of allegiance to the flag.

[All motions are noted as passed by majority because the full board was not present at the meeting. All members present voted affirmatively, unless otherwise noted.]

II. Adopt FY2011 Municipal Tax Rate

Dick Norris made the motion to adopt the municipal tax rate of 0.8246 for the 2010-2011 fiscal year. The motion was seconded by Susan Feenick and approved by a majority.

III. Board of Water Commissioners

Bill Dritschilo made the motion at 1:10 p.m. to adjourn the Selectboard meeting and convene the Board of Water Commissioners. The motion was seconded by Susan Feenick and approved by a majority.

- Finalize Water System Capital Improvements Scope, Costs, and Estimated Funding/User Rates: The Board reviewed two optimal projects for completing the necessary capital improvements – options with estimated total project cost of \$5,786,246 (the lowest cost optimal option) and \$7,776,062 (the maximum cost optimal option). The Board discussed in great detail all relevant aspects of the proposed project – the estimated target user rate, equivalent units used to determine revenue potential, the current and future operation and maintenance budget, the current and future water department loan debt, the estimated loan amount based on the project cost, and the loan terms.

A summary of the relevant assumptions relied upon to make a final decision is provided here:

Target User Rate: The project options as proposed were intended to meet the goal of a user rate equal to 1% of median household income according to the 2000 census. The target user rates through the Rural Development loan program and the State loan program are \$400 and \$540 per year, respectively. The estimated user rates for the two optimal projects were approximately \$460 and \$520 per year. It was noted these rates do not include funding for the reserve fund.

Equivalent Units: The number of equivalent units for financing purposes was 896. This total assumes an actual demand of 15 gpm for the Vermont Marble Power Division and a reduced service area that does not include the outer district. The billing units are assumed to be 870, so a small discrepancy remains between equivalent units and billing units.

Susan Feenick requested the minutes reflect the fact that she wanted a commitment from CVPS regarding their intentions for continued use of Proctor municipal water before making a decision on the extent of capital improvements.

Operation and Maintenance: The future operation and maintenance budget is expected to be reduced by approximately \$32,000 once the transition to groundwater is complete. The future budget also assumes that labor costs associated with capital construction performed by the municipal staff are paid for out of the reserve fund and not the operating budget.

Debt: Future debt will be reduced to approximately \$71,000 per year as two current bonds will mature before 2013 when the first payment on the debt for this project is due.

Loan Amount Based on Project Cost: The Board reviewed the project elements for each option to better understand what will be constructed for the bonded amount. Upon reviewing the two options presented, the Board agreed to develop a third option that included the following changes to the lowest cost optimal project: 1. an additional \$50,000 for abandonment of the surface water infrastructure (if needed); 2. an additional \$32,000 to increase the size of the new east side storage tank from 600,000 to 680,000 gallons; 3. an additional \$10,000 to include safety devices on the west side storage tank modifications; 4. an additional \$292,500 to include the Wright B pipe improvements; and 5. an additional \$36,000 to improve the SCADA system. These construction cost estimates were translated into project cost estimates to yield an estimated total project cost of \$6,414,777. The final project scope included:

- Some level of surface water infrastructure abandonment, if needed;
- Replacement 680,000 gallon water storage tank on the east side of the distribution system;
- Modifications to the west side tank control vault, overflow and inlet/outlet piping, altitude valve, and provision of safety devices to access the tank dome;
- New 33,000 gallon water storage tank to serve the Bluff Street neighborhood, with a foundation allowing for height increase to 83 feet;
- New distribution system isolation valve vault to control flow between the east and west sides of the distribution system;
- Replacement well, emergency generator, and modifications to existing well to retrofit as emergency back-up;
- Distribution system pipe improvements along Tower Road, Olympus Road, Grove Street, lower Park Street, and Holden Road (Wright A, Parts 1 & 2) and upper Park Street, Larson and Chatterton Park (Wright B);
- Utility meters and backflow preventers;
- New control and coordination systems (SCADA); and
- \$250,000 to assist with developing alternate source(s) of supply for the outer district customers.

Assuming the project is funded through the Rural Development program and we receive a 45% grant and the \$250,000 allocation for the outer district is not financed through the bond, the resulting loan amount for the \$6,414,777 project is estimated to be \$3,452,275. This would result in an estimated user rate of approximately \$480 per year per unit assuming loan terms of 40 years at 3.25% interest.

Dick Norris made the motion to approve the scope for the \$6,414,777 project. The motion was seconded by Bill Dritschilo and approved by a majority with Susan Feenick opposing.

- Bond Documents – Resolution, Warning, Ballot: Bill Dritschilo made the motion to adopt the resolution regarding the comprehensive public water system improvements given the decisions made regarding estimated project costs. The motion was seconded by Dick Norris and approved by a majority with Susan Feenick opposing.

Dick Norris made the motion to schedule the informational meetings for the purpose of explaining the proposed improvements and the financing thereof on Thursday, August 5, 2010 at 7:00 p.m. and the Proctor Junior-Senior High School and on Monday, August 23, 2010 at 5:00 p.m. at the Proctor Town Offices. The motion was seconded by Bill Dritschilo and approved by a majority with Susan Feenick opposing.

Bill Dritschilo made the motion to adopt the warning given the decisions made regarding estimated project costs and dates for the informational meetings. The motion was seconded by Dick Norris and approved by a majority with Susan Feenick opposing.

Bill Dritschilo made the motion to approve the official ballot for the bond vote. The motion was seconded by Dick Norris and approved by a majority with Susan Feenick opposing.

- Controls for the Field Street Well: Discussion of this matter was postponed until the July 26, 2010 regular meeting.
- Other Capital Project-related Matters: The Board requested an informational brochure be disseminated by July 30, 2010 describing the proposed project. A draft of the informational brochure will be presented at the July 26, 2010 regular meeting. The Board also scheduled a special meeting on Monday, August 2, 2010 at 2:00 p.m. at the Town Office to finalize the presentation for the informational meetings. Paul Kulig and representatives from the State Water Supply Division will be invited to attend the informational meetings.

The Board agreed to authorize Rick Anderson, Steffanie Bourque, Kevin Smith, and Paul Kulig to attend a meeting with representatives of the Rural Development Program on July 26, 2010 to discuss the project funding.

IV. Adjourn

Bill Dritschilo made the motion to adjourn the July 20, 2010 special meeting. The motion was seconded by Dick Norris and approved by a majority.