

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
WEDNESDAY, OCTOBER 15, 2014

Present:

Trustees: Gordon Smith, Ellis O’Hear, David Goddette, Walter Pomroy

Others: Duncan Hastings (Manager), Rosemary Audibert (Clerk), Steve Towne, Steve Fitzhugh

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 6:34.

2. Adjustments/Changes to Agenda

Consideration of tanker bid acceptance was added to the agenda

3. Meet with Steve Fitzhugh re: Northfield Electric Department experience with contract services, merger issues, AMI status, and any other issues/discussion topics

Duncan introduced Steve Fitzhugh, Director of the Engineering School at Norwich University, VPPSA director, and past interim manager of the Village of Northfield.

Gordy said we can’t compete with neighboring utilities for linemen. With Steve Towne leaving January 1, he would like to see a temporary solution in place before Steve leaves. Decisions about the long term will probably have to come after January 1.

Steve Fitzhugh said Duncan had told him that Johnson is facing many things Northfield has already faced. He was in the power industry for 25 years and he has volunteered to help Northfield with some of the technical aspects related to power now that Green Mountain Power is doing their electrical work. Steve Towne asked if Steve F. does line design. He said he doesn’t, but he specifies what he wants. GMP does the construction. Northfield no longer has a line crew. That work is done by GMP. Northfield has someone who reads electric and water meters and someone who handles customer service. If there is an outage or request for a change of service, Northfield contacts GMP. Outside of Northfield office hours, trouble calls go to GMP. GMP installs meters; all Northfield does is read them. GMP handles construction, maintenance, trouble calls, and some engineering.

Steve F. passed out a sheet showing how much Northfield pays GMP (total, for special projects, and excluding special projects.) They pay around \$70-125K per year. They have about 1800 residential customers and about 100 non-residential. They have about 35 miles of distribution. Steve F. said our cost would drop if GMP took over our work, though there would be a spike to do conversion work. Steve T. said we would take out a bond to pay for that. GMP is a long way from here, but we have other options.

David asked about disadvantages of the town not having its own crew. Steve F. said the response time may be a little longer because the crew has to travel farther. Other than that, he can’t say he sees a lot of disadvantage. Walter said he is thinking of the ice storms we had this past winter. One advantage of being a small compact village with its own crew is that our problems get fixed fast. If we contract out, we become part of a bigger number of customers. Steve F. said we would need to

address the issue of storm related outages and determine what our priority will be. The contractor should allocate a certain amount of crew to our work.

Walter said another advantage of having our own crew is that they drive by our equipment regularly and can see problems before they become serious. Steve F. said Northfield has a superintendent who drives around for water and sewer and may see electric problems. Walter asked if GMP comes down to Northfield regularly to inspect. Steve F. said they would only do that if Northfield asked them. Northfield contracts for tree trimming and pole testing. Walter said someone has to be keeping track of when to do pole inspections, etc. Steve F. said yes, the superintendent oversees tree trimming and works with Steve F., who is a technical advisor. Steve T. asked if the superintendent has enough knowledge to convey to contractors the information required by OSHA. Steve F. said that is a good question; he is not sure.

Steve T. said after a big windstorm, he will ask his crews to check all the lines. Does GMP do that or does the Northfield superintendent? Steve F. said it is generally done by the superintendent or other Northfield employees. GMP could provide even more services to Northfield than it does now. Another possibility is smart meters, but he is not convinced the business case shows smart meters are worth doing. GMP has provided a price estimate for smart meters in Northfield. With smart meters, GMP could do Northfield's billing. And the information from the meters would go right to the outage management system. It would probably cost Northfield \$500K (based on an estimate from GMP) to implement smart meters, with ongoing costs of around \$20K. Duncan asked if Northfield could get the initial cost down by working with a private contractor to deploy smart meters. Steve F. said probably. He said we have to be ready for smart meters if the Public Service Board says everyone has to get them.

Walter said Northfield has the advantage of having Steve F. so there is someone with his eye on the ball. We are losing all the knowledge that can do the big thinking. Who will do that long term? Do we have to hire or contract with someone? How do other municipalities do it? Duncan said there is a wide range of approaches. David said we could hire an engineering firm.

Steve T. said if we contracted with VEC to do the bucket work, they also have engineers and meter service techs. Walter said he doesn't know what to ask them to contract to do. Duncan said we would still need someone like Steve T. or Duncan. Steve F. said Johnson will need a manager who is somewhat well versed in running a municipal utility. Duncan said we could just set up a schedule for a lot of things, like tree trimming. Steve T. said if we own the utility and contract out work, someone in the utility has to have the knowledge to convey the necessary information about system issues to contractors. Gordy said it depends on who we hire. Steve F. said there are other municipal utilities that could help. Steve T. said he feels we need someone with Duncan's abilities.

Northfield still does its own billing. The same Northfield employee reads both electric meters and water meters. Gordy said it would free up a lot of Duncan's, Rosemary's, and Susan's time if we contracted out billing. Steve F. said Northfield probably won't outsource billing to GMP because it would be more expensive. If they got electric smart meters they would need a smart meter system for water, too. Steve T. said when our employees go out to read meters they also look at lines. Steve F. said an advantage of a person going around to read meters is that they can spot problems like a leak in a house where the owners are out of town. Duncan said smart meters will send back information showing there is a leak. Steve T. said if we had smart meters we would know the

power was out without a customer having to call. Steve F. said he is not convinced smart metering is worth \$500K. Steve T. said he is not convinced it costs \$500K.

Walter asked if Northfield maintains equipment like bucket trucks. Steve F. said no. The telephone company hangs banners for them. Walter asked who handles disconnects. Steve F. said GMP is called to come and yank the meter.

Steve F. said Johnson probably would save a lot of money by contracting out electric work. Northfield spends significantly less than Johnson. David said he would like to see a comparison on paper. Steve F. noted that Northfield has some costs for operating its system besides what they pay GMP.

Walter asked if Northfield customers get good response times. Steve F. said the turnaround time is pretty good.

In answer to Gordy's question, Steve F. said Northfield still purchases power like other utilities. They buy through VPPSA.

Gordy said when Steve T. leaves we won't have a superintendent as a contact person for the electrical department. Steve T. said we have to have someone here with electrical knowledge. Or someone willing to learn, said Steve F. The utility superintendent in Northfield didn't have electrical experience but Steve F. was able to answer questions for him. He could do the same thing for Johnson. Steve T. said he has offered his services back to the village from his new employer.

Walter said we have employees that do water and sewer work as well as line work. If we get rid of just the electric department work, then we would have excess capacity and might want to reduce the number of employees, but then we would have fewer people available to respond to, say, an emergency sewer line break. Steve F. said Northfield has 4 employees who take care of the sewer plant, well, and tanks, as well as a superintendent. They probably have 1000 water customers and 800 sewer customers. Duncan said that is more than twice the number of customers we have. Steve F. said the Northfield highway department does snow plowing, including sidewalks. When they have a big storm, a water crew employee helps out.

Northfield has merged its town and village. Duncan asked if the town and village are in separate silos financially. Steve F. said yes. Electric, sewer, and water are each enterprise funds. They pay the highway department to use their backhoe.

Gordy said we need to meet with other utilities and decide if we want to contract out electric work, then decide what to do with the linemen we have. Steve T. said we have to consider snow plowing. We could contract that out. Ellis said we have some equipment we could sell and make money on. We could tailor more to our need for snow plowing and other work. Walter said it might be harder to justify the rent we collect from the electric department if we contracted out electric work. Steve T. said we would still have water and sewer. Walter said there are budget implications all over.

Walter asked if the selectboard is in charge of all Northfield's enterprise funds. Steve F. said the selectboard has ultimate fiduciary responsibility but they established an electric board and a water/sewer board. In retrospect, he wishes they had just established a utility board. They are both

3-member boards. They propose budgets and send them to the selectboard. The enterprise fund budgets do not go before the voters.

Walter asked why Northfield hasn't sold its electric utility. Steve F. said because they have almost the lowest rate in Vermont. Walter said VEC might be interested in buying our utility. Duncan said GMP wouldn't be interested in buying it. Steve T. said VEC is close and wraps around us. Walter said Johnson, Hyde Park and Morrisville could merge and become one utility. Steve F. said if GMP bought Northfield's utility their costs for electricity would go up so their water and sewer rates would go up. He is not interested in selling to them.

Duncan said the Town of Johnson has very little debt; the village pretty much has all the debt. Did Northfield have a similar situation? Steve F. said yes. Duncan asked if the town was reticent to assume the village's debt. Steve F. said the debt is mostly in the enterprise funds and the rate payers pay for it. Properties within the old boundaries of the village are responsible for surety on the old debt and new debt is the entire town's responsibility. The town owns the fire department. No one in Northfield seems dissatisfied with the merge. Before the merger the town and village highway departments were already merged and electric, water, and sewer were all enterprise funds. Gordy asked if the merger saved a lot of time in house. David asked if merging would save the taxpayers money. Steve F. said Johnson should not merge with the expectation that it will save money initially. Walter asked what happened with Northfield's tax rates. Steve F. said they stayed about the same. Before the merger, their village residents paid the same tax as other town residents, unlike Johnson where the village raises additional taxes.

David said he thinks we need to focus on the electric department before we even consider merging. Steve F. said he thinks we can separate out utilities and keep them as enterprise funds after a merger, dealing with the merger issue separately. The number one issue is how to replace Steve T.'s functionality.

Ellis said Steve T. is a lineman. If we contracted out line work, we wouldn't need a superintendent who was a lineman. We would need someone who knows about water and sewer and a little about electric. Steve said we already have people who know about water and sewer. Steve F. said if Johnson still wants to have a line crew then there should be a foreman or superintendent who has line experience. If Johnson wants to migrate contracting out line work so the employees will just do water and sewer work there needs to be a transition plan. Duncan said we would still need a general foreman or superintendent, but not necessarily with Steve T.'s background. Steve T. said Tim will take another job at his first opportunity. We had better have someone to replace him. Walter said we have Duncan, Tom, and Steve. We could tell the town to do the sidewalks and storm drains. We would just need to worry about who would dig a water main break, but we could also work with the town for that. Steve T. and David said we could call Steve Smith or contract out. Walter said then we don't need a superintendent. Steve F. said Johnson could have a working foreman. Steve T. said snow plowing is contractable. Duncan said in most towns the town deals with sidewalks. If our town were to do that, they would need more employees, but it would be advantageous to them to have extra manpower.

Steve T. said he thinks we need to talk to Morrisville and VEC about providing a contract crew. Walter suggested possibly Stowe also, but Ellis and Steve T. disagreed. Walter said if we are going to keep our electric department employees we need someone to oversee them. And we need to be

planning to have someone be our contractor for electric work starting January 1. David about the lead time necessary to start with a contractor. Steve T. said they could start tomorrow.

David said he would like better cost figures for what it costs us to do electric work in house. He would like electric department cost figures that separate out power purchases. Duncan said he can break down costs into buckets.

Walter asked Steve F. if he has an opinion about contracting out Johnson's electric work. Steve F. said he doesn't have the numbers, but he doesn't think we could pay for everything we need for \$100K a year. Gordy said our linemen make less than the state average. Duncan said they make more than just a public works employee would get. Steve F. said Johnson has to consider whether we can find someone with the qualifications and experience to replace Steve T. and keep that person for a long time or whether it would be better to contract out the services. Duncan said we not only have to replace Steve, we potentially have to replace 3 linemen. Steve F. said he thinks Johnson is being forced to go with an outside contractor, at least for now. He thinks one reason Northfield's costs are low is because they contract out. We could contract out to upgrade our system so it would be recognized by the contractor coming in. Steve said someone who knows how to build a line would need to oversee that work. Duncan said we could hire someone to do it.

David said Duncan and Rosemary should put together how much we are spending on the electric department and Duncan should contact VEC and Morrisville and ask them to come and make presentations. Walter said we need to know about man-hours and what will happen with water and sewer. Steve F. said we will have to do a transition plan. Gordy said there is the question of how water and sewer will survive financially without the electric department. Walter said his priority is having conversations with those who will be our contractors. The numbers are important but he doesn't think they will affect who we pick. We could do a short term contract. Steve F. said he thinks we might want to have a 6-month contract.

Duncan agreed to meet with Morrisville and VEC and ask them to prepare proposals. There was discussion about whether to advertise for Steve T.'s position. Walter and David suggested putting out an RFP for plowing. Walter suggested also advertising for part time employees. It was agreed to advertise for Steve's position and to tell any potential candidates that the board has not yet set a salary. (*Steve F. left at 9:04.*) Duncan said he is concerned about putting out an RFP for plowing, sanding and maintenance of sidewalks because there is potential liability for the village if it is not done well. It was agreed to advertise for part-time winter help for the village and to see if the selectboard is open to have the town highway department handle sidewalk plowing and possible short or long term supervision of village employees.

4. *Consideration of Tanker Bid Acceptance*

David said he had gotten a message from Arjay that he is comfortable that Bourne's is planning to buy the truck, so there is no need to consider other bids.

5. *Adjourn*

Ellis moved and Walter seconded to adjourn at 9:24 and the motion was passed.

Minutes submitted by Donna Griffiths