

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, JANUARY 23, 2017

Present:

Trustees: Gordon Smith, Walter Pomroy, Scott Meyer (arrived about 7:15), David Goddette, Bob Sweetser (by phone)

Others: Meredith Birkett, Troy Dolan, Greg Stefanski, Kyle Nuse

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 6:07.

2. Proposed Changes, Additions to Agenda

Meredith suggested the board could add discussion of how to pay for development of the bid package for the sewer extension project – roll it into the project cost or pay it out of sewer department funds? Gordy said we will see if we have time to discuss it tonight.

3. Johnson Works Request for Public WiFi Funding

Kyle said she is now president of Johnson Works and Greg is the vice-president. The group is setting goals for the year. One is to continue to provide free wifi in the downtown district. They think it is vital for businesses and for tourists coming into town. They are asking again for funding from the village to allow the wifi to continue. The town has agreed to contribute \$750, the amount they usually donate for the Jubilee, which didn't happen this year. That leaves Johnson Works needing \$291.84 to pay for a 1-year Comcast contract. She thinks the town was hoping for a match from the village, but what Johnson Works absolutely needs is \$291.84. They see a lot of value in keeping wifi up and running. In addition to the reports they get that show numbers using our wifi, studies have been done nationally that provide evidence that wifi encourages people to come into shops and cafes and to stay there longer, which leads to more spending. Johnson Works would appreciate it if the village could contribute this small amount that could make a big impact on businesses.

Walter asked what the long term thinking is on this. Kyle said the short term thinking is that Johnson Works will continue with a 1-year contract and continue to gauge usage. They feel usage will only go up with rail trail activity. They are going to advertise the wifi more and rehouse the hardware. After one year, we could sign on for a longer period. The longer we commit for, the cheaper it is. But for now, they want to commit to just one year with the new hardware configuration and keep track of the usage numbers.

Greg said the public wifi is the gateway to the Johnson Connect website. If someone comes into town and connects to wifi they are taken to that website, which has information about businesses in town.

Dave asked if the wifi is currently operating. Greg said yes. Dave said he tried to access it recently but it only worked for about 30 seconds. The grant paid for design and implementation of the system but then it was left to Johnson Works to deal with. It seemed like it wasn't being maintained. Walter said no one is maintaining the content.

Dave said a lot of people have data plans on their phones and don't need wifi. He is wondering what the long term plan is and how much it will cost next year. Are we purchasing new equipment with the amount being spent this year? Greg said Johnson Works will just be maintaining the equipment they have now, but moving where it is located. Bobbi Rooney was able to make contact with someone who gave specific reasons why the system was not working and figure out better locations for the hardware. Kyle said one problem is that people stream movies and eat all the bandwidth. Walter said that gets down to who is maintaining the system. We have the ability to kick those people off. Greg said Johnson Works wants to get the system in place first and then they can work on it. They feel the public wifi ties in with Johnson Works, board and community priorities. They don't want to take a step backwards. There may be an opportunity to get a better system with grant funding.

Dave asked if there is a security risk with the wifi. Is there any type of disclaimer saying people use it at their own risk, so if someone gets hacked on our system they can't come back and say our system wasn't secure? If that happens or if someone using our system hacks something, does that open us up to any liability?

Kyle said there hasn't been any problem they know of so far. Greg said people in Morrisville say public wifi has been a boost to their community and they have had no issues. He thinks security issues are worth looking into. Meredith said Brian believes the software has regular updates, which hopefully include some virus and malware protection. She asked VLCT about our liability insurance. It is not clear whether it would cover the kind of thing Dave is talking about. They said it depends on the case presented.

Walter asked who is hosting Johnson Connect. Meredith said it is separate web hosting from the town website. Walter said then if someone hacks into Johnson Connect they can't get to the town website. Anyone getting on an open wifi system must be aware of the possibility of getting hacked. Dave said we can never assume that. It has to be clear to people using the service that it is not secure. He wants to make sure we are not opening ourselves up to liability.

Gordy asked if Johnson Works is still pursuing a grant for a mural on the Parker and Stearns building. Meredith said they heard last week that we didn't get to move forward for that grant. So the board can discuss whether to budget for another way to get a mural up there, such as having it done by a JSC art class.

Gordy asked where wifi fits into the big picture of marketing. Kyle said she thinks it would be pretty vital. Wifi and a smooth running website would be important to people coming off the rail trail and coming downtown. Greg said one thing Johnson Works hears consistently is that businesses need help getting the word out. We need to move our marketing strategies to technology people are using on a daily basis.

Walter moved to make a one-year contribution to Johnson Works of \$292 for support of wifi, seconded by Dave and the motion was passed.

Dave asked Kyle and Greg if they think it would be fitting for Johnson Works to attend trustee meetings once or twice a year. Kyle said yes, and vice versa. She thinks that is definitely the right direction for communication.

4. *Update on Wood Pellet Plant Discussions*

Meredith said LCPC is hoping to submit an application for a USDA Rural Development Grant for a feasibility study on locating a wood pellet manufacturing facility in Lamoille County. They are proposing the Manchester Lumber site as one possible location. LCPC would be looking for a letter of support from the village for the grant application. Meredith told LCPC she assumes the board would want to make sure the Manchesters were comfortable with that before providing a letter of support. Gordy suggested that Meredith and Brian work together on contacting the Manchesters.

Walter said generating electricity from wood pellets could help us meet our Tier 2 energy requirements and waste heat from burning pellets could be used to heat buildings, which would qualify for Tier 3. A wood pellet facility would also be a job producer. This also could tie in with the request from Rep. Welch for infrastructure projects. Meredith said it occurred to her that a village contribution to development of a wood pellet facility might help us meet the Tier 3 requirement. She hasn't looked into the specifics of the grant LCPC is applying for but her guess is that it wouldn't encompass all Walter is talking about. She is going to meet with Ken Nolan of VPPSA to talk about ideas for village energy generation. She can find out if he can see a reasonable tie-in between Tier 3 and this concept. The tie-in with Rep. Welch's request that she thought of would be money to extend a sewer line to the Manchester Lumber site.

Gordy said, as far as infrastructure projects, our electric system infrastructure needs a lot of reconditioning. Troy said a lot of pole replacement is also needed. Walter said sidewalks are another need we have.

Dave asked what LCPC needs from us related to the wood pellet study. Meredith said they want a sense that the village would support their application. Meredith said she assumed the board would support it but would want contact with the Manchesters first. Walter said he would support a wood pellet facility anywhere in Johnson or Lamoille County. Dave said he will support it too – even more so if it is in Johnson. He said we should connect with the Manchesters and also find out as much as we can about the premise behind this feasibility study. Who is calling for the study? Walter said this idea has been discussed by LEDC and LCPC over the years. It is not something that just popped up. Meredith said there was probably something in the grant notice from USDA that made LCPC think this would fit the funding priorities.

5. *WWTF Pump Purchase*

Meredith said a pump failed for the belt filter press which presses the sludge. Tom got a quote for \$1972 from Manosh and another quote for about \$600 less from another company. He recommended buying the pump from Manosh because they could provide an exact replacement. The one from the other company would require modification. Meredith and Tom talked to Gordy and then ordered the pump for \$1972.

6. *Update on Net-Metering Tariff*

Meredith said the most recent feedback is that we have to put an actual cost figure in the tariff for the cost of a production meter for a net-metering array. Troy gave her costs for meters and they calculated the labor cost to do the installation and came up with 70.45 for a charge for a single phase meter. Other utilities have been coming up with figures in the \$120-125 range. Apparently the difference is that other utilities are installing bi-directional meters. That has prompted questions as to whether that is a direction we should be going in. Are we going to regret not installing that type of meter? She has asked VPPSA for feedback. She has heard other utilities have found it easier to integrate bi-directional meters with their billing software. They have found that the type of meter we use makes it difficult to do their calculations. She is trying to get more information to determine whether it makes sense for us to switch our practice. We have a billing system that works. Unless she gets feedback that it is really in our best interest to switch she will leave the \$70.45 figure. One concern is that VPPSA is working on developing software to help utilities bill under the new net-metering rule, which is much more complex than the past net-metering rule. We want to make sure they are not developing software that only works with bi-directional meters. If that were the case we would need to compare the cost of developing software we could use with the cost of transitioning the 8 existing customers to bi-directional meters. She should have a new tariff at the February 13 meeting.

Walter said just because we are a non-profit doesn't mean we can't make a profit. We could charge more than our cost in order to subsidize our other customers. Net-metering is driving up costs for everyone. Meredith said this tariff applies only to those who install solar arrays. The new tariff will have a cost for the production meter and a net-metering customer will have to pay that amount. So far the Public Service Board has not asked for justification for the figure but VPPSA has advised that we should have backup for the figure we use. Walter said we could change the labor number from 1 hour to 2 hours and they probably wouldn't blink an eye. Gordy said we usually have two employees there so that makes sense. Meredith said we can add in the time for a second person. Troy and Gordy agreed that would be a good idea.

7. *Electric Department Budget Kick-Off Discussion*

Gordy said he thinks if Fairpoint is paying for the 100C project we should plan for that. We also should decide whether to take out a bond in order to be more aggressive about pole replacement. Meredith said we probably want to do a system study with some cost-benefit comparison regarding voltage conversion. It would be helpful to look at cost vs. line loss savings and reliability. We would want to understand that before making a big decision about redoing our system. We wouldn't want to go out for a bond to replace what we have until we know what we would be replacing with.

8. *Electric Department Budget Kick-Off Discussion*

Meredith said Rep. Welch is looking for infrastructure projects to prepare for possible infrastructure funding. Walter said the closest things we have to shovel-ready projects are the River Road pump station, which has plans almost completely done, and the stormwater and sidewalk work at the School Street/Pearl Street intersection. All the preliminary work is done for that. The board agreed that the top three projects would be the Pearl Street/School Street intersection, electric infrastructure and the pump station. Meredith said the tough part will be putting a dollar figure on each of those. Walter said the School Street plan had numbers.

Otter Creek probably has pump station numbers. Meredith said she can probably come up with a rough electric infrastructure number based on miles and number of poles.

9. Discussion of Employee Development Opportunity

Meredith said Jeff could get into a lineman apprentice program that starts in early February. We have not budgeted for that. He could start this year or we could have him start in 2018. The board should decide whether to move forward with getting him into the program and then when he should start. Troy said Jeff is definitely interested.

Dave moved to enter executive session to discuss a personnel matter, Walter seconded and the motion was passed at 7:13. The board came out of executive session. Meredith said we will get Jeff signed up tomorrow.

10. Review of Employee Compensation Data

Meredith had distributed some information. She had comparative water/wastewater compensation information from Enosburg, Swanton, Morrisville and Stowe. Since the last meeting she added information on benefits they provide. We are pretty comparable with other towns as far as contribution to health insurance and retirement. Most of the other utilities do provide life insurance. We don't. We have more generous combined time off than most others. Overall, we are pretty even in terms of benefits.

She provided information from other electric utilities to help review lineman wages and have a conversation about on call pay rates. As part of budget development she wants to see if there is a desire to update the on call pay rate. A typical rate is 8 hours of pay per week. We pay \$140, which is about 4 hours' pay. Swanton does not have on call pay. Gordy asked Meredith to review what changes were made a few months ago to on call pay. Meredith and Troy said electric department employees in the past used to get \$70 per week and now they get \$140 every other week, so there was not really a change for them. Water and sewer employees were brought up to the same on call pay rate.

Meredith provided a spreadsheet with some suggestions as a starting place, showing the budget impact of those suggestions.

Walter moved to go into executive session to discuss personnel salary issues and the motion was seconded and passed at 7:30. The board came out of executive session.

11. Review and Discuss Draft 2017 General Department Budget

Meredith showed some preliminary budget figures. The tax rate based on this budget would be 20.3 cents, compared to the current rate of 18.9 cents. She noted that there is \$2500 that is not in the fire department budget that it appears the village has contributed to the fire department in past years. Scott suggested asking Arjay about that. Rosemary told her to expect retirement contributions to go up so she built in a slight increase in the percentage we contribute. There has been an increase in insurance rates and a few employee plan changes, so the amount budgeted for insurance is increasing.

Meredith put in \$5K for a marketing consultant. The town is applying for a USDA grant to pay for a consultant. They heard that an application will be scored higher if it includes at least a 50% match. The total cost is estimated at \$20K, so the local match would be \$5K each from the town and the village. If the grant application is unsuccessful, she and Brian thought

\$10K would be enough to hire a consultant to do some work anyway. The grant would be to hire a consultant to do marketing planning work – determining logo ideas, website ideas, looking at how to market the town and village using the umbrella approach that has been discussed. It would not include implementation.

Gordy said the selectboard minutes from last week indicate that the selectboard wants the village to go in on this. Eric wants the town to administer the grant and Doug said he thinks it is only fair for the village to participate. He feels the village should sit at the table equally. Others agreed. Meredith said that is what she and Brian have talked about.

Meredith budgeted for paying the appealed Desroches bill in case we have to. If she gets word their appeal has been denied that can come out of the budget. Gordy said he thought we may have money left from the fund for the School Street project. Meredith said Rosemary thinks we might have \$20K left. If that is the case we could use some of that to cover the expense. She budgeted for the worst case scenario.

Scott asked if the budget needs to include the line items that have no data. Meredith said she doesn't think so. Gordy said he thinks each line item has to stay up for 3 years. Walter said if we want consistency leaving those items in probably allows us to scroll back to years when there were non-zero amounts budgeted for those items.

Meredith budgeted \$1K for beautification and \$1K for Johnson Works/Jubilee support. Gordy asked if the \$1K for beautification takes care of the work to this building people were talking about. Walter said he thinks we need to budget for someone to do some work. Meredith said Troy thinks there is work his staff can be scheduled to do. We just need to have a plan

The backhoe is the only piece of equipment we are still paying for. VLCT dues are going up \$35. It looks like we haven't budgeted for miscellaneous expense but have had expenses in that area the past couple of years. Meredith budgeted the same amount for safety training and professional development, thinking we may spend more of what is budgeted than we did this year. She increased the amount budgeted for computer support based on the conversation last week. She added a little for updates to the GIS system. She budgeted for records preservation. Rosemary said some books need work. She increased water/sewer a little based on actuals.

Dave said he thinks some money could come from building maintenance for building upkeep, flowers, etc. Meredith said right now she has just budgeted for repairs but she could also include money for building improvements. The amount she budgeted includes \$10K for mill house painting and \$2K for building assessment. The selectboard has talked about budgeting for carpet replacement, or at least cleaning. She feels we could discuss putting safety glass out front. It might be wise to put in a keypad for the office door so employees don't have to leave it open for convenience. Brian wasn't sure those things would be a priority for the town. She feels they may be greater priorities than carpet. She hasn't gotten any estimates yet for that type of work. She put in about \$17K, split between electric, general, water, and sewer. Walter asked how she calculated the split. She said the electric

department gets 80% of the mill house and 50% of the municipal building. The general department gets the rest of the mill house. Walter said he thinks all the cost for the mill house should be assigned to electric as they are the only department that uses the building. Scott asked who else uses that building. Others said the food shelf and the Boy Scouts. Scott asked if they pay. Other board members said no. Meredith said she didn't make the mill house expense all electric because Troy's work is not 100% for the electric department. Walter suggested she keep in mind the possibility of changing to make 100% of the cost electric.

Meredith reviewed department allocations. She increased the general department allocation for a couple of employees based on 2016 actuals, but 2016 actuals included some School Street work so she needs to think more about whether or not 2017 will be similar to 2016. Gordy said he thinks 2015 actuals might be more realistic to base allocations on. Meredith said Tom recommended moving his sewer allocation from 85% to 80% based on reality. Troy thought the 2017 numbers she had for his staff seemed realistic, we can look at them further.

Heating expense was quite low last year due to low fuel prices and warm weather so she kept the amount budgeted closer to what was budgeted last year than to last year's actuals. She increased mowing based on actuals and decreased building supplies based on actuals. Scott said he thought we had a set contract for mowing. Why were we over budget on mowing? Meredith said she will ask about that.

Meredith said she is not sure why we spent so little in 2016 on sidewalk and storm drain maintenance. Construction was way over budget. Walter said the storm drain work done on Pearl Street could be seen as either maintenance or construction.

It was agreed that Meredith should talk to Troy about the cost of sidewalk work on Pearl Street and about sidewalk project priorities.

Meredith said Rosemary told her that Troy and Brian had an agreement that the town would use the village wood chipper and would not charge the village for salt used. She is not sure if that agreement is continuing. She may be able to decrease the amount budgeted for salt.

Meredith said Troy is going to get cost figures for replacing the 2012 truck he drives. It is having a lot of issues and he would rather replace it now for a better trade-in value. She is budgeting for a pressure washer, which could cost around \$500, and a used digger truck, which could cost around \$60K. Scott said he thought there was talk about sharing a digger truck. Walter said he feels munis should share one. We don't need it that often. David asked if we could just hire it out. Gordy said when we need one we need it right away. Walter said yes, but it could be in a garage shared by 4 utilities. Gordy said he doesn't think that would work. There are likely to be situations like storms when all will need it at the same time. He doesn't think we need a new one but he feels we need to get a used one. David asked if 100% of it can be paid for by the electric department. Meredith said she has 15% of the cost budgeted for the sewer department because it is used to pull pumps. David asked if we could lend our truck out to other utilities. Bob said he agrees we can't do without a digger truck; it

is a must. Walter asked if the machinery from the current truck could be put on a new truck. Meredith said no; the whole thing has problems.

Meredith said it was not clear to her what the miscellaneous revenue budgeted for the fire department was. On the expense side, Arjay did not have interest on loans in his budget. The amounts for those two things are similar and somewhat offset each other.

Walter said he is expecting more cash on hand this year because PILOT payments were so high. He thinks we probably could have a zero budget increase due to cash on hand. Gordy asked what the percentage increase is without the \$14K we may not need to pay. Meredith said it is 7.7%. But she doesn't see this as the final number. Walter said he thinks we will have more cash on hand than shown. Gordy said the salary numbers discussed will work against us. Meredith said she will look at department allocations. She can put all the mill house expenses under the electric department. Walter said he doesn't see anything in the budget that scares him. He would love to be able to spend more on sidewalks. David said things go up in price, so a budget increase isn't out of the question but about 2% is as high as he would be willing to go. Gordy agreed that would be a good goal.

12. Discuss 2017 Budget Priorities

Meredith shared the strategies document she had prepared. She said she went through these with Troy, Tom and Rosemary. She listed potential projects and priorities. For the general department, marketing and promotion have been discussed a lot. She needs to research safety glass. She listed asset management activities including beautification and mowing. She said Tom wondered if we could get a price on including mowing around the pump house and by the water plant in the mowing contract. Walter said he thinks it has to be cheaper to have someone else mow than to have Tom and Steve do it. Meredith suggests asset assessment for the municipal building. Walter said under general dept he thinks we need to add sidewalks as a strategic priority.

For the electric department, one of the things listed was renewable energy opportunities. Meredith will be meeting with Ken Nolan to get recommendations about how to move the process forward. Walter said he thinks we need to start looking at what pieces of land we might be interested in so we are ready to act should an opportunity arise. There are only so many pieces of land where solar is going to work. We have to have land to meet our long range goal. Meredith said service reliability always has to be a priority. She also listed rate stability. Gordy asked about a transmission switch. Meredith said she would put that under system reliability. She reached out to GMP regarding the switching procedure and what we would be charged if we switched to them. There was some thought that they agreed to do it for free. Gordy said that was his understanding. Meredith said they are going to investigate where we left off with the agreement with them, which was never signed. Walter and Gordy both agreed their understanding was that if we switched to GMP for a short time we would not be charged.

For wastewater, Meredith included asset management. She and Tom will be talking on Wednesday with the group that has an asset management opportunity. Gordy asked, if that opportunity doesn't work out, do we need outside help to see what we need for 2017? Meredith said not necessarily for 2017, but long term. She also listed GIS update and cupola

removal. The cupola is getting worse and we might want to budget for its removal in 2017 or 2018. Tom was going to try to get the names of companies that do that sort of removal. Meredith said we could use help to figure out the best financing structure for any solar project on the sewer plant – who should own it, etc. She would like to include that in whatever assistance we get with asset management. Renewable energy opportunities are another category under wastewater. Walter said there is one chunk of land at the wastewater plant with a southern exposure. Meredith said she thinks buying land for solar projects would probably be cost prohibitive. Rate stability was one priority listed. Meredith said Tom suggested thinking about impact fees. You usually have impact fees when you have zoning, but there may be some mechanism in form based code to allow for them. Tom also said he feels the current rate structure would not serve the village well if we had a business like a brewery come in. He suggested considering rate changes as related to commercial use. Walter said we may also want to consider changing how we bill the college. The bond is now paid. They have been getting a good deal on wastewater because they gave us money up front to pay for the plant. He thinks we have met our agreement and now they can become a customer like anyone else. He thinks any rate restructure should take into account the college coming in as a full paying customer, which would mean we could lower rates.

Under water department, Meredith listed customer confidence as a priority. She thought of the issue with our hard water. She knows a study was done of using a softener. Is it worth looking at that again? Gordy said the drawback of a softener was the increased salt that would be put in the water, which would be a health concern for some people. Related to asset management, Tom indicated the meters are 10 years old and usually only have a useful life of 5-7 years. We should get an estimate of what it would cost to replace them. Gordy asked if there is any way to test a few. He thinks we should concentrate on the commercial ones. Walter agreed we should prioritize commercial meters. Meredith said Tom told her we bought the talc mill property looking for a water source but it didn't work out. The Nadeau well will eventually revert back to the Nadeaus. Tom doesn't love it as a water source. We may want to start the process of trying to find another backup water source. Board members said we need to know when the Nadeau agreement ends and whether we can renew it.

Meredith asked for feedback on the budget timeline. We could have another special meeting in two weeks and shoot for a complete draft by the week of February 27. The final budget meeting could take place the week of March 6. Gordy asked when we would want a joint meeting with the selectboard. Walter said he would like to have a discussion about the \$5K number for the economic development consultant and the expectation that we would pay half. Meredith said despite what the selectboard minutes say, in her conversation with Brian she said she would ask the trustees about the village contribution. She hopes the selectboard doesn't have the impression it is a done deal. She would prefer to wait until after the budget is done for a joint meeting. The board agreed to that. It was agreed to schedule special meetings on February 6 and 27 in addition to the regular meeting on February 13.

13. Adjourn

It was moved and seconded to adjourn at 9:43 and the motion was passed.

Minutes submitted by Donna Griffiths