

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
TUESDAY, DECEMBER 13, 2016

Present:

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

Others: Meredith Birkett (Manager), Rosemary Audibert (Clerk), Troy Dolan, Tom Elwood, Roger Demar, Arjay West, Mike Darling, Sam Carlson (Green Lantern Group), Katie Orost, Michael Lewandowski, Richard Westman, Matt Hill, Dan Noyes

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 6:02.

2. Changes, Additions to Proposed Agenda

Walter asked to add discussion of the mill house.

Scott asked if the issue brought up at the last meeting had been resolved – that people said they had been told the Green Lantern project was not happening. Meredith said she sent people contact information for the Public Service Board but she doesn't know if anyone reached out to the Public Service Board.

3. Review and Approve Minutes from November 14, 2016

Walter moved to approve the minutes of November 14, 2016, Scott seconded and the motion was passed.

4. Treasurer's Report & Review and Approve Bills and Warrants

Rosemary said JSC paid their installment this week for the fire department for 2015. The state PILOT money we received was more than we budgeted.

Tom said water usage is up at JSC. There may be a disparity between the flat rate we charge them for use of water and the sewer rate they are charged. Walter said he thinks we should re-examine their rates.

David noted that lab supplies for the wastewater plant are over budget. Tom said he needs to look at the breakout. Something may not be right about the way those expenses are shown.

Walter moved to authorize Gordy to sign the discharge of loan for Jennifer Burton's loan from the CIG fund and the motion was seconded and passed.

Walter moved to authorize Rosemary to issue holiday bonus checks of \$100 per employee and the motion was seconded and passed.

5. WWTF Chief Operator Report and Action Items

Tom said all water samples continue to meet standards. We were able to give Sugarbush WWTF 7,000 gallons of sludge for seed, allowing us to get rid of it for free. They take some sludge once or twice a year.

There were no callouts for the collection system in the past month. Highland Heights lift station pumps were pulled and cleaned. Water & Light provided a digger truck.

We received a notice that we had a failure to monitor Stage 2 Disinfection Byproducts in August 2016. It was an error on Tom's part. There is nothing we can do to fix it other than public notification. Meredith said she and Tom came up with a plan that has more checks and balances, so instead of having only one person responsible for knowing about deadlines Tom will share them and she and Steve will also get calendar reminders.

There was a call out for a frozen water meter at 420 Wescom Rd. The customer's heat trace stopped working. The meter froze and broke the meter head. It should be under warranty because the frost plate did not break.. Does the board want to charge the customer? The board agreed there should be no charge.

Manchester Lumber wants to shut down their sprinkler system. There is no heat in their building. They relied on machinery running to keep it warm and the owner is concerned that the system will freeze without the machines running. There is no way to shut off the water to the sprinkler system without shutting off all of River Road East because when the new water line was installed in 2006 the 1-inch service that feeds the rest of River Road East was tapped on the wrong side of the isolation valve. The fix is to excavate and install an isolation valve for Manchester Lumber's service.

Dave said he feels there is still a fire hazard at the building even if machines are not running. Scott said he would be reluctant for the village to shut off the sprinkler system without the blessing of Manchester's insurance company and the state fire marshal. Meredith said the plan was to have him put in writing that he had requested that the water be shut off.

There was discussion about the mistake in the way the line was installed. The work was done by Percy in 2006. Tom said the work was inspected at the time by our engineer, Otter Creek. Walter said he thinks at this point there is nothing we can do. He thinks we have no choice but to install the new isolation valve.

Tom said we will need an excavator with a dig box. Troy said the timing isn't good for the village crew to do the work, because of snow removal.

Dave said he wants the state fire marshal to sign off that it is okay to remove fire suppression. Walter said he doesn't think we have the power to force the owner to keep the sprinkler system on. But he wants to make sure we have him sign something. Gordy said he thinks we need a letter from him that his insurance company has been notified. Meredith said she is not sure we can require him to give a letter from his insurance company. She can investigate what we can legally require from him and call the state fire marshal.

The board agreed Tom should go ahead and find someone to do the excavation work necessary to install a new isolation valve, if Meredith does the checking that was discussed.

6. Roger Demar – Sewer Backup on French Hill – Request for Reimbursement

Roger Demar said for the second time his sewer line backed up and he had to pay to get it cleaned out. He thinks the village should pay. The backup had nothing to do with his mobile home.

Tom said he got called out about the backup. He spent an hour to an hour and a half trying to clear the backup but was unable to do it and recommended calling Hartigan. Tom did not agree to pay for Hartigan but told Roger he could request reimbursement from the board. The sewer line is a shared line that serves 4 houses. The ultimate cure for the situation is to extend the main to a manhole and have the different houses Y in, similar to the Valley Ridge project.

Walter asked, none of the neighbors are willing to contribute? Roger said no. He paid \$325 to get the line cleaned out this time and he would like to get some of that back.

Walter said the line is a lateral. We are not responsible for it. The 4 landowners are all responsible. Scott said the way he looks at it, Roger took care of a potential public health issue for the village. Walter said it wouldn't have been a public health issue; it would just have been an issue for the owners. It is a private line.

David asked if there are any similar situations we have history on. Tom said the issue Ken Phelps had recently was similar. He had a backup and Tom used our camera to find the break in order to be a good neighbor. He tried to provide similar help for Roger.

Bob asked, in the future can we not have multiple properties on a line that is not big enough? Walter said he is not sure the problem is that the line isn't big enough. Many homeowner systems are outdated.

Gordy asked how many shared lines like this we have. Tom said the number is probably in the 10's or 20's. He doesn't know that we have an ordinance against it.

Walter said he feels it is the homeowners' responsibility. That is consistent with what we have done for the last few people who came in with similar requests. We have to stay consistent. Others agreed. Walter said he thinks we should help as best we can, but paying the Hartigan bill is where our help stops.

Dave said he thinks we need to look at this as a future infrastructure issue. Gordy said when the bond is paid off we will be looking at laterals with multiple connections.

Tom asked if there is any way our ordinance would allow levying the other homeowners to share the cost. Meredith said she would have to research that. She thinks we probably can't mandate that they share costs if it is not our infrastructure. If we are going to do a project there, maybe a condition should be getting the property owners to agree on responsibility. Tom said property owners on private roads are required to have an agreement. Why can't we require the same for shared sewer lines? Dave said he thinks the solution is to rebuild the infrastructure on Upper French Hill.

Scott asked if Tom could provide a list of all the shared lines he knows about. Tom said yes.

Gordy said there is no charge to Roger for any work Tom did, but that is as far as the board is willing to go. But Roger's line will be on a list with others to possibly be addressed in the future. When the sewer bond is paid off next year that will free up money to rebuild infrastructure.

Meredith said Roger has requested a change in allocation for a property from single family to two units. The cost for the wastewater permit is \$445. On the water side, the property is going from 3 to 2 bedrooms, so there is a decrease of allocation, creating a credit of \$328. Have we ever taken the credit from a decrease on one and applied it to the other, reducing the cost for a permit update? Gordy said he doesn't think that has ever been done before. Usually there is not a decrease. Roger said he doesn't care about getting money back. He wrote a check for \$445.

7. *Representative from Green Lantern Group – Solar Array at 555 Gould Hill Road*

Sam Carlson from Green Lantern said he wanted to give an update on what is going on with the solar array to be built on Gould Hill on Katie Orost's property. He wasn't able to attend the last meeting because he was at another meeting. There may have been misunderstandings because he wasn't here. Troy and Meredith have been great to work with. After last month's meeting, at which they heard some residents' concerns, they sat down with him. He asked them to come up with an estimate for using existing easements and lines and Green Lantern wrote a check for the new amount. There is a revised interconnection agreement that calls for using existing easements and lines. No new easements from any landowners are needed.

After consultation with Meredith, Sam sent a letter to all residents on Gould Hill explaining that Green Lantern would just use existing easements and that he would be here tonight to answer any questions. He explained in the letter that the permitting process was followed to the letter. There were questions at the last meeting about the public hearing about the project. There never was a public hearing. No one ever asked for one. The Public Service Board doesn't hold a hearing unless someone asks for one and states what their interest is. No one missed going to a hearing. The village didn't request a hearing, and neither did the utility, any adjacent residents or any state agency.

Sam said a revised generator interconnection agreement between the village and Green Lantern has been signed. The full amount has been paid by Green Lantern. The remaining question is the timing of the work to be done. The ball is in Troy's court. He will contact outside contractors who need to be brought in. Green Lantern will start doing some tree clearing on the Orost property.

Gordy asked if as far as the village is concerned we are all set. Meredith said she thinks so. The next big hurdle is scheduling. We have to find a contractor who is available. The village crew has to work around other work and we have to communicate with property owners even though the lines will be in existing right of ways. And there will be some outages. We have to consider when to do those and make sure it doesn't happen on a very cold day. Troy said outages will affect most of the homeowners on that road. Sam asked the village to consult with Green Lantern about timing. Troy said summer, not winter, is the best time to build power lines.

A resident of Gould Hill Road asked if there will be any line clearing that can alleviate issues with outages due to falling limbs. Troy said there will be some right of way maintenance clearing that will happen at the same time as the work needed to connect the solar array.

A resident of Gould Hill Road asked why some of the utility poles will be replaced. Why not use ones that are already there? That would save Green Lantern money. Troy said the existing poles fit our needs currently but the load will change due to the solar array. In order to accept the solar array we need to upgrade poles and wires.

A resident of Gould Hill Road said one pole to be replaced is at the corner of his property. Will it be replaced in the same spot or just in the same general area? The wires from the meters on the pole won't reach if the pole is moved. Troy said the new pole would probably be put behind the current pole and the existing service will be replaced.

A resident of Gould Hill Road asked how long the power outages will be. Troy said a rough estimate would be about 3 hours.

A resident of Gould Hill Road said the changes made to the plans for connecting the array seem like a big improvement.

Gordy asked if this will be a winter project. Troy said yes, as time permits. Gordy asked, a contractor will set poles and we will run our own line? Troy said yes. Gordy asked if we will be able to call for help from other Lamoille County utilities. Troy said yes.

8. *Lamoille County State Delegation*

Matt Hill (representative-elect for Lamoille 2), Dan Noyes (representative-elect for Lamoille 2), and Rich Westman (senator) introduced themselves and board members introduced themselves.

Meredith said while they were waiting she had handed out to them a sheet listing some topics the village is concerned about. The first topic is multiple sources of rate pressure. Meredith said she thinks the new net-metering rules coming into effect in January will help but there are still big unknowns. Net-metering projects are very time consuming for our small staff. The Renewable Energy Standard Act will lead to work and costs for the village. Failure to meet the targets will result in utilities paying an "alternative compliance payment" (ACP.) Johnson's estimated ACP costs in 2017 are about \$2600 and will likely reach over \$30,000 in 2021.

Gordy asked Meredith to talk about what the Green Lantern project will cost us. Meredith said the payment rate to net-metering customers is substantially more than our current contract costs. We pay net-metering customers 19 cents per kWh.

Walter said right now there is a possibility for us to enter into a hydropower contract at 5.5 cents per kWh. The Green Lantern project is costing us \$30K. That is one percent of our revenue. He understands the renewable energy mandates but they will have a significant impact on our ratepayers. He is in favor of renewable energy but we have to move to it in a slow, measured step-by-step process. We don't even have rules yet for the latest changes. He doesn't want to see more new changes for a while. Mandates are coming too fast and affecting ratepayers' bottom lines. Now we can absorb the higher cost of net-metering projects because other power costs are low, but we won't be able to absorb it forever.

Meredith said the additional annual cost of the 150 kW Green Lantern array is about \$30K. There are two additional solar projects in the works.

Rich Westman said a Green Lantern project is going on his family's farm. VEC just developed a one-megawatt project in Alburgh for 12 cents. VEC is making money on that and selling panels to members of the coop. Walter said those buying into it are making money too.

Scott said what is frustrating is that the money from green energy projects is leaving the community and our ratepayers are picking up the cost. We have to maintain the lines and the people building the arrays are getting a free ride on our service lines. Meredith said the new rules going into effect in January create non-bypassable costs. We will be able to identify fixed costs all customers have to pay. Right now customers can cancel out their whole bill and still get power to their house. Scott said people in the community are eager to get solar farms but they forget that the community is losing money from them. The money is not staying in town. For him, part of the green energy movement was supposed to be keeping things local.

Dave said developing and building solar panels is just as dirty as natural gas or nuclear power. He is frustrated that the state is requiring us to buy more expensive power when cheaper power is available. He wants the state to allow us to buy power at the cheapest rate no matter what the source is. Walter said eventually solar power will be the cheapest.

Rich said people wanted to open up the market and get the solar industry going, but the price paid to net-metering customers hasn't dropped even though the price of development has dropped. He understands the frustration about being able to buy other energy at a cheaper price. He thinks it is appropriate at this point for the state to question why the rate for net-metering customers should stay the same when the cost of development is dropping.

Scott said at the last meeting the board heard that a resident of Gould Hill Road who wanted to make changes to his business was being restricted through Act 250 due to concerns about a deer yard in the area. The resident asked why the same concerns weren't being considered by the PSB. Act 250 put the brakes on a person trying to start a better business, which is what we want in Vermont, but his neighbor can develop a large solar array and the PSB approves it. Why is that?

Meredith said the CPG did limit ability to work on that site during the deer wintering season. But they got permission from ANR to do it.

Rich said he can't answer the question without being political. In the rush to try to create an industry the move was to make siting of renewable energy projects an Act 248 process under the PSB, not an Act 250 process. District commissions do not understand the grid and the PSB does. But the PSB is a quasi-judicial group. The PSB was never intended to have a hearing process. The Act 248 process is totally different from the Act 250 process. It is more about the grid and interconnections and there are no hearings. There have been some objections and the legislature has had to begin to accommodate some things he thinks should have been accommodated in the beginning by making changes to the law.

Scott said he hopes legislators will discuss these things when they go back to Montpelier. A business owner is being held up due to deer habitat but his neighbor can do whatever they want because the solar project is under a different act. It is the same herd of deer and the same chunk of land. Habitat protection was rolled into the permit for the Lowell wind turbines because of the scale of the project and the resistance to it, but the same things are not being considered for smaller projects. The rules should be for everyone, not just for larger projects.

Walter said based on the meeting he attended last night, he doesn't think Act 174 will be the answer. He doesn't think it will give towns the control they want. What he is taking from last

night's meeting is that to control siting of renewable energy projects we almost have to be completely restrictive on a piece of land to the point no development happens.

Rich said to him the problem lies in the initial decision to plan a process at the PSB, which was never meant to hold a hearing. Act 250 has always included hearings and listening to the community since its inception. Now the legislature is trying to put bandaids on the system to give people a voice.

Tom asked if the solar project will have to apply for a stormwater runoff permit. There are a lot of impervious surfaces in a solar array. Meredith said she thinks the state is still figuring out how impervious surfaces are defined. The cost to us of TMDL stormwater regulations is still a big unknown.

Walter said there is a reluctance to restrict farming practices. The EPA will eventually be forced to act. Where can they mandate changes? At wastewater plants. They will ask us to spend millions of dollars for a small reduction in pollutants.

Dan said the most expensive fix is to upgrade wastewater plants. He thinks they will look for other ways to try to implement the TMDL regulations. He thinks the state will look at municipal roads and farms before sewer treatment plants because retrofitting sewer treatment plants is the most expensive fix. He thinks the state will focus on municipal roads. Tom said he thinks the rules related to roads will be expensive for us.

Dan said according to Jim Ryan, Johnson is ahead of the curve compared to other towns because of its road foreman. As Johnson's foreman does upgrades on roads around town he is going to make sure the work is done correctly.

Matt said so far there have been no recommendations on retrofitting any wastewater treatment plants because it is too expensive.

Rich said the major source of money was the surcharge on the property transfer tax. That will sunset in the next 2 years. The legislature will be forced to discuss whether to maintain that or go someplace else for money. The state treasurer is head of a panel that is doing a report on where money might come from to combat this issue. We are desperate to avoid the feds coming in. If they do, they would first tell us to go to sewage treatment plants. He can't see any new source of money that isn't a huge fight. He would vote to maintain the surcharge on the property transfer tax.

Walter said common sense needs to be brought to this. When we were doing the Main Street project, their calculations showed us creating more impervious surfaces even though we were removing more than we were adding. They wouldn't take into account what we were removing.

Matt encouraged the board to call legislators for help with things like that. He said the towns upstream will have to slow down the water going into the river. That will be beneficial to Johnson.

Dave said Johnson State College is the largest employer in the whole county. It will probably grow with the coming merger. They are a huge utility customer, though less so since they put in a solar array. They are a huge part of our community and he wants the board to work closely with them.

He and Meredith had a conversation with the JSC president. Meredith said the main focus was how we can work together.

Walter said the message that keeps getting lost in Montpelier is that a college is not only an education institution; it is also an economic engine. The state doesn't have money for education but doles out money for economic development. JSC is an economic engine. There are many small businesses run by JSC graduates.

Matt said he has always been concerned about the merger. He doesn't think it is a good idea. He thinks there is more money to be saved elsewhere.

Rich said the president talks about bringing in more out of state students but we can't bring them in if course offerings are shrunk. He doesn't see how they can maintain the same course offerings with fewer people. He doesn't think the state does enough for higher education. All of the new money in the general budget goes to fund Medicaid. A lot of people think of Medicaid as funding single moms with kids. They are cheap to insure. But the bulk of the money goes to people who are old. Many are people in nursing homes toward the end of their lives. Two-thirds of all healthcare dollars are spent in the last 6 months of life. He doesn't want to say no to those people but we can't put all our eggs in that basket and not pay attention to things like higher education.

Walter asked the legislators to fully fund PILOT. Rich said the major source of money for PILOT is now the local option tax. The unintended consequence of relying on that is that 2/3 of that money goes to the communities that have a local option tax – places like Williston. He is not a fan of local option taxes. They go to communities with big bases. He supports PILOT. When it's all based on local option taxes he doesn't want to see local option taxes go away.

Scott said our forest industry is falling apart and no one is giving out any tax incentives to support it. Mills are closing. We need to start paying attention to rural jobs.

Rich said we have created Tax Increment Financing Districts in all of the larger communities, which allows them to use taxes from new growth for infrastructure. We have tax deals for businesses like Walmart and communities that have those big bases can have rooms and meals taxes and sales taxes and keep a portion of the revenue for themselves. Small rural communities are dying.

Matt said many legislators are from Chittenden County. Vermont isn't looking to the future. We are backpedaling on things like rural technology development

Scott said SUNY schools in New York work with state employers like the Department of Environmental Conservation. Students studying forestry, etc. use state forms and state equipment. When they graduate they are easy hires for the state. They are keeping their resources. It would be nice if schools like Johnson State and Lyndon State could provide opportunities to intern with state government.

Rich said he doesn't think we do a good enough job matching students up with internships. He thinks we should mimic Champlain College. Fifty percent of their graduates have a job in

Chittenden County the day they graduate. They have a great internship program. Something like 97% of their graduates get jobs in Vermont.

Gordy said the state owns a lot of property in Johnson and PILOT payments offset the lack of taxes. Rich said he is all for PILOT but there are unintended consequences of using the local option tax to fund it. Only wealthier towns can have a local option tax. Dave asked how Rich would pay for it. Rich said we have no ability to raise sales tax because larger communities that have a local option tax won't support it. He would have preferred to raise the sales tax 1% across the board rather than having the majority go to wealthier towns and a piece of it go to the PILOT towns. *(Rich, Dan, and Matt left.)*

9. Village Manager Report and Action Items

Arjay West presented the proposed fire department budget for 2017. The goals are to keep the village contribution near a zero percent increase, maintain less than a 1.8% increase for the three contract towns, and maintain planned contributions to the small tools and truck capital funds.

The proposed budget increases training to \$1,500 due to growth in participation in county training. It increases low angle/water rescue to \$1,400 in order to bring in an outside instructor for training, earmarking \$1,000 for this.

For the last couple of years Arjay has talked about the concept of giving officers a stipend to recognize extra effort put in. With the reduction in payroll in this budget he proposes budgeting \$1,500 to be divided among the Chief, Assistant Chief and 2nd Assistant Chief to compensate them for obligations outside of fire calls – after-hours meetings, trips with personal vehicles, etc.

Walter said labor cost was way down this year. Is that change going to continue? The minimum wage is going up again. Arjay said in the last 2 years labor has been below projections. The number of calls is down. Calls were down 20-25% this year. He thinks it is all right to reduce the amount budgeted for labor. Walter said he is thinking it could be a problem if the budget is too conservative and we lose the \$6,000 college contribution. Arjay said the overall budget increase is 0.6%. He took the reduction in labor and put it into other projects. His biggest fear is the unknown of the college contribution. He doesn't know how to make up \$6,000 in revenue.

Arjay said he is trying to be conservative about projections for income from billable calls. Last year a few incidents were billed, but nothing has come in for them. He said a small group is working on fire department social media and public relations. He thinks next year there may be a line item for media/public relations.

Scott asked how that would look. Arjay said currently the fire department has no kind of social media presence. There is probably a benefit to trying to create and present the department's image. There has been discussion about maybe having some kind of public statement or release about some of the more serious calls. They could put out fire prevention information. He thinks they will probably start with some kind of Facebook-style page or website. He has some concerns about defining boundaries – how to appropriately put material out there. He also has concerns about making sure the framework is sustainable. He would rather do nothing than start and not be able to keep up with it. There would probably be a 2-3 person team working under Arjay who would be responsible for posting information. It would not necessarily be Arjay posting information. Walter

suggested the fire department could start by passing on information to be posted on the Johnson Works Facebook page. Arjay said that may be all they do this winter.

Scott said the village has been working on logos, business cards, etc. Some selectboard members thought the town and village should be working together, instead of the village working on its own identity. That could be an issue for the fire department. Meredith said she thinks there is acknowledgement that the different groups will have different identities but all will work together.

Scott said having the ability to stop hateful comments is something to think about. Meredith said that can be very time consuming. Arjay said he was up front with the fire department group about that concern.

Scott asked if other fire departments are doing this. Arjay and Dave listed some others that are.

Arjay said the board can consider whether to offer a 50-cent raise to firefighters. We have tried to keep the pay rate 50 cents above minimum wage. Minimum wage will be increasing to \$10/hr, which is what firefighters make now. He thinks there is room in the budget for a 50-cent raise.

Arjay decreased billable call revenue to \$1,500 because this past year we got less than budgeted. He thinks the \$6,000 college contribution should stay in there for 2017. Until a few days ago, the college was 2 years behind on its contribution. We have closed out 2015 and had a surplus without their contribution. Walter said the surplus included the anticipated contribution even though the cash wasn't in hand. Meredith said she does think we have potential flexibility for 2016. The contribution that comes in in February could be applied to the 2017 budget instead of the 2016 budget. There will be a positive fund balance of about \$9,000 for 2016. Applying the next JSC payment to 2017 rather than 2016 might let us avoid having a hole in our income at the end of 2017.

Arjay said he reduced labor to \$33,000, then brought it back up to \$34,500 with the addition of the \$1,500 for stipends. He kept insurance the same as last year. Meredith said the amount budgeted for insurance provides a little cushion above anticipated premium costs. If there is concern about lowering the payroll figure, the cushion in insurance could address that.

Arjay said there are slight reductions for heat, building supplies, fuels and oils and vehicle maintenance. The budget includes \$54,000 for the planned truck plan contribution with the planned inflationary increase. Communications is down slightly. Water rescue is up. The small tools contribution is \$19,000.

The total budget is \$171,083.50, an increase of 0.6%. Arjay proposes a 1.75% increase for the 3 contract towns and a zero increase for the village.

Bob said he wonders if we should give more thought to the village coming in at zero while we raise the cost to the towns. Arjay said he has had the same thought. He followed the instruction the board has given for the past couple of years.

Walter passed out some calculations he did showing that someone in the Town of Johnson living in a \$150,000 house would pay \$37 for fire protection. In the village, someone with a house of the

same value would pay \$80 dollars for fire protection. People in the village are paying 117% more than people in the rest of the town for the exact same service. This problem did not get created overnight and he doesn't plan to solve it overnight. When we level fund the village at least we are taking nibbles at this unfairness.

Bob said as long as we present that information so people understand it he thinks Walter is probably right. Gordy said we own the assets. We contract to the other 3 towns. He agrees with Walter that we should shrink the extra percentage village residents are paying. He doesn't think we should increase the village's cost for 2017. Walter said the fire department budget increase is low compared to increases the sheriff's department and NEMS are requesting. It is a great budget. Arjay said he thinks the town should ask whether they are getting adequate professional coverage at a reasonable price. He thinks they are. He thinks they are getting wonderful service at a price no one else could touch.

Scott asked what shape the fire department building is in. Arjay said it is in okay shape. He has identified two maintenance needs. There is some exterior paint and trim work needed and there is a place where there is some separation of sheet rock in the second story ceiling. He needs to have that looked at to see what is causing it.

Walter asked if the proposed budget includes the stipend and the 50-cent raise. Arjay said it includes the stipend not the 50-cent raise. But he thinks there is room to include the 50-cent raise without raising the total budget amount. A 50-cent raise applied to last year's hours would be about \$1200.

Arjay wants to know the board's feeling on the \$1,500 for stipends. Gordy said there are 6 excellent officers. If only 3 get stipends, will that lead to any dissension that could affect the excellent working relationships they have? Arjay said he doesn't think so. He would like to include stipends for all 6 officers but didn't feel there was room in the budget. All 6 officers give an extended effort. He has asked the two assistant chiefs to attend more community meetings. If he could he would love to take \$2,000 and split it among all of them. Stowe gives much larger stipends than we could afford. Morrisville has 8 officers and they each get \$3,500. Cambridge has 7 officers and they each get \$3,000. Morrisville's pay rate is \$12.50/hr and Cambridge's is \$11/hr.

Walter moved and Scott seconded to approve the proposed 2017 fire department budget of \$171,083.50 and to bill the contract towns as proposed by Arjay. The motion was passed.

Walter moved that beginning January 1, 2017 the rate of pay for the fire department be increased by 50 cents across the board, Scott seconded and the motion was passed with Gordy and Dave abstaining due to conflict of interest.

Arjay said he has a cover letter template for the contract towns that he can run by Meredith.

Gordy explained that Manchester Lumber wants to shut off water to their sprinklers. He asked if Arjay has any concerns or suggestions related to that. Arjay said it puts them at a disadvantage but if something happens there the fire department will attack with the tools they have in place. He thinks Manchester Lumber needs to make the decision. He doesn't believe he can try to force them to keep the sprinkler system working.

Scott said his concern is that if having a sprinkler system is written into their permit and the fire marshal is not notified and we cut the water supply and the building burns down, he doesn't want to be liable. He would prefer to get something on letterhead from the state fire marshal. Arjay said he agrees with trying to limit our liability. He doesn't think he is in a position to try to mandate something locally, but he thinks it is appropriate to get an opinion from the fire marshal.

Gordy said Tom should let Arjay know if the water to the sprinkler system is shut off. Tom asked if we should get a letter from the fire marshal before doing anything. Board members said yes. Tom said we still have a problem with being able to shut it off. He thinks we should hire a contractor to do the necessary digging.

Arjay asked exactly what was approved with regard to stipends. Does he have the ability to extend them to the remaining officers? Walter said he has a total budget to manage as he sees fit. Others agreed.

Meredith said she has been trying to come up with ideas about how to move forward with the Valley Ridge sewer extension project. Before going out to bid we need to decide how to handle the adjacent properties. Currently project plans don't include connecting any property other than Jake Loeffler's. One option is to add service lines to neighboring properties to the project plans and require all adjacent neighbors within 500 feet of the sewer main to connect. That would guarantee additional customers, increasing revenue and spreading out the cost among more customers. And providing sewer service to properties on Route 15 could help future economic development. But people don't like being made to connect and it would increase the cost of the project. Another option is to add a cap stub at manhole #2 for future connections. Neighboring property owners could use the village contractor to complete their service lines but the village wouldn't mandate a connection.

Tom said one neighboring property has a health order and a failing septic system. The state should require them to hook up.

Walter said he would like to see an economic analysis showing whether we can get our money back. He doesn't want to mandate connection but he wants to be able to tell people it would be cheaper for everyone to sign up now vs. connecting later. Eventually people are going to need to hook up.

Gordy said in the past we have not mandated connection until a system failed. Last spring a couple of trustees expressed concerns about mandating connection. He gave an example of someone who was not required to connect.

Tom said when we built the system the only way we could afford it was to require everyone to hook on, so it doesn't seem fair now to extend the system and not require people near the new line to hook on.

Scott said he thinks a lot of the people who live there may not be able to afford it. He saw the recent article in the News & Citizen about the sewer line being extended in Morrisville and how great that is for the community. Tom said there is an additional 72 acres next to the Jewett property

that may be coming on the market. The realtor has inquired whether they will be able to connect. Scott said it seems like we have the same situation they had in Morrisville. We will add more development possibility by extending the line and we need that. Lamoille County is growing fast. Morrisville has grown a lot in the last 10 years and we might be next.

Meredith said if we choose not to require connection she can talk to John Grenier about how to format the bid so there could be an option for change orders that the village is not paying for.

There was discussion about how far the new main will extend. Tom said if we extended it east it is not certain whether it could work on gravity alone. If not, homeowners in that area might end up running laterals across someone else's property with easements. But no one will share a line. There will be no more sharing lines. Bob said he thinks we should look into extending the line east. Tom said if we do that, it is an increased cost. He thinks we would want to mandate connection to recoup the cost. The estimated project cost right now is \$75,000. There is \$110,000 in the revolving loan fund.

Walter said he expects all the homeowners who connect to pay something. In the end, he hopes to get \$75,000 back. It may take 15 years but he hopes to get it all eventually. Meredith said people will have to pay for their own connection but it would be hard to make them pay for the cost of the main construction retroactively if they connect later. Walter said part of goal for this project was that the Jewett property would get developed and this would get paid for by grant funds.

Dave said he thinks this project is good for property owners and for development of infrastructure for future development. To him it is a good investment of tax dollars and rate dollars to have the main there for potential development. That will help us in the future. He would like for the cost to us to be net zero but he is willing to spend some of our capital.

Walter asked if he is saying property owners would pay for it or not. Dave said he would like them to pay to connect as usual. Walter said we only ask for a token \$400 to connect. That won't pay for it. Dave said we can't ask them to pay \$10,000 each. He is willing to spend money to make us more attractive for development.

Meredith said she is hearing there is not an appetite for mandating connection but there is a desire to build and a desire for Jake Loeffler to contribute more than other property owners. Maybe we can start negotiations with him about a reasonable share.

The board agreed to authorize Meredith to negotiate with Jake Loeffler about his financial contribution to the project and to get bids. Meredith will plan to go out to bid and will let Loeffler know that when we get bids we will want to talk to him about his cost for the project. She will talk to John Grenier about formatting the bid so it is possible to add on connections for other people.

Tom said he is interested in how the process would work if we extended the main on Upper French Hill. Would homeowners pay the bill for the project or would we? Walter said we are talking about putting in a lateral for someone. Scott said it helps economic development. People are more likely to want to buy houses with good sewer connections. Tom said we would be fixing a system that never should have been put in that way. Dave agreed. He said investment in infrastructure is important. We would be helping economic development and solving a problem people are having.

Part of the problem is a defect in the design of the lines. Tom said somewhere along the line a previous board made a mistake by allowing it. Are we going to make homeowners pay to fix it? It would be a huge infrastructure improvement. Maybe a cost share for homeowners would be appropriate. Walter said he doesn't want some ratepayers to subsidize other ratepayers. Dave said for us to grow and develop this community we need to throw something into it. Gordy suggested we can have projects ready for when grants become available. *(Tom left.)*

10. Foreman Report and Action Items

Troy said his crew has been cutting a lot of right of ways, and at homeowners' request they have been removing the wood. If we had a winch for the Kubota 4x4 tractor it would be easier to pull wood out of right of ways. It could also be used to pull over large trees and to drag bundles of brush to the chipper. It could be used to pull poles into the woods to replace existing poles as part of the new solar project. It would cost \$3600.

Scott asked, if the crew is working on danger trees with overhead potential do we need a safety cage? Troy said the tractor has an enclosed cab that could take some hit. It is a rollover cab. A lot of times trees can be blocked so they will fall away from the tractor.

Dave asked if the electric department would pay for the whole cost. Troy said he has extra money left for in-house right of way cutting and contract cutting – a total of about \$7K. The electric department could pay the whole cost.

Dave asked, do we take the cost out of this year's budget or plan for the purchase next year? He suggested that instead of buying something any time we need it it might be better to plan and budget for purchases. Meredith said the winch would be useful right away for the Green Lantern project.

Scott said we need to consider possible worker's comp claims from someone who hurts their back hauling trees around. If we did go forward with this purchase he would want anyone using the equipment to be properly trained on its use and limitations. If that happens, he supports the purchase.

Bob moved to authorize purchase of a 3-point hitch tractor-mounted winch for \$3600, Scott seconded and the motion was passed.

Troy said Meredith send out letters to all property owners who would be affected if we put a security light on St. John's St. As far as he knows, we got no objections. Does the board want him to put it in? It would be more expensive if we used a pole that matched the Main Street poles. It would be an LED light on a regular utility pole. The cost would be about \$3,200 with labor. Walter said later if want to put in a nice pole, we can. He said the conduit can also provide electricity to the nearby Whittemore property where it may be needed. He doesn't see it as a priority. It may be easier to do it in the spring. The board agreed it should be installed. Gordy asked Meredith to let Cliff know the board approved it and it will be worked in with Troy's schedule.

There was an outage on November 21 that affected 99 customers. The cause was a faulty line fuse. Currently we don't have a method of determining how many customers are fed by a specific fuse. Troy is in the process of identifying each fuse with a point number and location so dispatch can know exactly how many customers are affected by an outage.

The crew has continued ROW cutting on Clay Hill. Some line upgrades and pole replacement will be needed on that section of line. A new service was installed on Gould Hill Road.

The crew installed banners and garland and decorated trees at the Green and downtown. They have started winter sidewalk maintenance.

Troy sent in our safety training request to NEPPA for 2017. We have 3 required trainings each year and we choose the rest. NEPPA has developed some new trainings in the past year that are more in line with current needs of the industry.

Troy created a new estimate for Green Lantern that reflects the cost of upgrading the line in the existing right of way to serve the solar array. The new cost figure is about \$16K more.

Troy has ordered 2 replacement components that are needed for the transition from 2G to 4G at the substation. The transition should be done by the end of the month.

Troy is working on an invoice for Fairpoint reflecting their share of right of way cutting costs. We should get about \$7,000 if they pay.

Gordy said there are 3 poles near where the new line is being put in to the Green Lantern solar array that are old and not climbable. He suggested perhaps new poles could be set at the same time the work for the Green Lantern project is going on. Troy said those poles need to be upgraded anyway. If we have a contractor coming in to set poles, that would be a good time to have replacements for those 3 poles set. He is thinking of just having an outside contractor set poles. It depends on how pushed the village crew gets. He doesn't want to bring in a lot of outside help unless we have to. The board agreed it would make sense to set the other poles at the same time as the poles for the solar array.

11. Village Manager Report and Action Items (continued)

Meredith distributed a usage report on the public wifi system. It shows the top websites visited by usage and by active time. There are settings that make streaming difficult. At today's Johnson Works meeting business owners said they know people use the wifi but it is hard for them to identify how important it is for their businesses. They hope the town and village could provide support for public wifi for the next year to give Johnson Works time to figure out how to use that resource more effectively to drive people to businesses. The equipment still works. She doesn't think we would want to do an equipment upgrade unless we are willing to commit for several years.

Dave said it is cheap and easy for a private entity to put in its own wifi system. He doesn't see why it benefits Johnson economically to have us supply it. Businesses could set up a public wifi option. Meredith said she is not sure if there are downtown businesses that currently are using the public wifi for cost savings instead of having their own system. One difference is that the public wifi directs people to an initial page with some information about Johnson. Johnson Works is talking about whether they can do more with that.

Gordy said he would rather spend money on the mural by the rail trail, our web page, and the consultant to be hired in conjunction with the selectboard. Meredith said we applied for a 100%

funding grant for the mural. The town wants to put forward a grant application that could potentially provide 100% funding for the consultant. But it is unknown whether either grant application will be successful.

Scott said the town has agreed to pay \$750 for wifi. If the village pays the same amount, he is paying twice. When the town pays half of an expense and the village pays the other half, village residents end up paying more. There is a bigger Grand List in the town than in the village, but the village pays more.

Gordy said he never sees anyone using the public wifi. Dave said people who live in apartments downtown must be using it. He sees it as an economic development tool. Walter said if we stop paying for it we can always restart it with better equipment. He thinks the technology is almost dead. He would rather use the money to come up with a new plan. The rest of the board agreed.

Meredith said at the December VPPSA board meeting the 2017 VPPSA operating budget was approved. Johnson's VPPSA operating costs are increasing by only \$449. There is a \$2,299 increase in administrative expenses and a \$1,850 decrease in the Project 10 (Swanton Peaker) expenses.

We have gotten the draft 2017 power supply budget. It includes the loss of Manchester Lumber and the load decrease from Green Lantern and other solar systems. It does not reflect the cost to us for the Green Lantern project. VPPSA doesn't budget for that; it comes from the village. So we can add about \$30,000 onto the figure. If we add that in and compare to 2016 there is a decrease of about \$103,000 in power supply costs. We will lose about \$130,000 in revenue due to Manchester Lumber closing down. Our costs are decreasing 9% and our load is decreasing 3% but there will be lost revenue as well. That doesn't include the cost of compliance with the Renewable Energy Standard.

Walter said transmission charges will be important in the future. That is a cost that will do nothing but go up. That's when solar starts being economical because we don't have to pay transmission charges. Scott said wind and solar power are not consistent sources, which makes power distribution hard to figure out.

David said a methane digester is something to consider. It could use solids from the college and from our residents. That would be a more consistent form of renewable energy and it would be located right here. Could we put something next to our sewer plant and generate our own power? Meredith said at the time she looked into it for Burlington the economics didn't quite work. VPPSA is looking to act more as a project manager for municipal projects. They should be able to help us figure out what little renewable project makes sense for Johnson.

VPPSA is in the process of analyzing the financial impacts of selling the Highgate Converter. They should be able to give us a presentation about it in early spring. For a lot of VPPSA members it would be very financially beneficial to sell it. It would not be so financially advantageous for us but she doesn't think we would be worse off financially if it were sold. There would be some financial benefit to us. The converter is used to get energy here from Canada, but we no longer have to own a piece of it to get a Hydro-Quebec contract.

Each distribution utility has to file an Integrated Resource Plan with the Public Service Board every 3 years. VPPSA prepares Johnson's IRP and has reliably filed the power supply portions of our IRPs over the years. However there has been a delay in filing the transmission and distribution section. VPPSA has been asked to file Johnson's T&D section by December 31. Meredith and Troy have been working with Amanda Simard of VPPSA to update and complete the T&D section. The finished product and related discussions with the Department of Public Service may suggest the need for additional T&D system analysis in the future. We may need to spend money for consultants to do analysis of our distribution system.

Meredith and Walter went to an Act 174 energy planning workshop. One big takeaway for Meredith was that there is a lack of understanding in communities of the need to coordinate with utilities. There is a municipal planning effort going on to develop comprehensive energy plans about how to get to renewable energy goals. Municipalities need to do this if they want to have substantial deference as part of the Act 248 review process. Utilities have to do their own planning. If utilities and municipalities aren't talking to each other they could come up with different ideas about moving forward that are disconnected from each other.

Gordy said the Planning Commission should know what is going on. Walter asked if the trustees want to direct the Planning Commission to move forward with the energy planning process. It is a big job and it won't be easy for them to do. It's voluntary. But if we do not do it we do not get substantial deference. If we have done the plan, our plan has weight in the review process. Otherwise we might as well not show up. The only way to get power with the PSB is to have a plan. But the plan will take a lot of work by the Planning Commission. And we don't know if it will really work. We have to amend the village and town plan. We have to set up targets and land use. The key is land use. The PSB is asking us what our targets are for the energy goals. They won't let us keep saying no to renewables if we don't have a plan to get to 90% renewable energy by 2050. We need a plan showing how we will get to that goal and then they might let us reject projects. A big part of it is land use maps. The town hasn't been favorable to zoning but the land use maps will have to be a lot more detailed than they are now.

Gordy asked if the village utility could come up with a plan and the town could come up with its own plan. Walter said the town has to come up with a plan for 90% renewable energy by 2050. Meredith said Act 174 is about municipal planning, not utility planning. Whether it applies only to the town or includes the village is not clear. Gordy asked where VEC fits in. Meredith said each town that has VEC power will do its own plan.

Meredith said there were no utilities represented at the Act 174 meeting except for ours. She plans to go to VPPSA and say she thinks it is important for utilities to be at these meetings.

Walter said the trustees need to decide whether to tell the Planning Commission it is a good idea for them to move forward with energy planning. Scott said yes. Gordy said he thinks we should be part of the solution, not left out. Walter said the idea is to give the municipality control over where projects go in. Scott he is all for anything to put a check on this. David said he doesn't think we have an option.

Meredith said LCPC is tasked with assisting municipalities with this planning. We will need to work with LCPC staff. The legislation uses the term "municipality" not "town." She wondered

whether the village could do its own plan. But there are a lot of reasons not to do that. She wants to be sure the board is supportive of working with the town on a unified plan. Board members agreed they are in support of that.

The selectboard told Brian Story that they favor hiring a consultant sooner rather than later for the development of a marketing plan. They would like to have a professional consultant to lead discussion on marketing goals rather than having a working group figure out what we want, then hire a consultant. They asked Brian to go after a grant opportunity. They are proposing to be the lead applicant. Their application would make it clear they are working with the village, Johnson Works and the school to come up with a unified marketing plan.

Scott said this has been done in the town. We have been down this road before and are still talking about it. If we get a document, are we going to do something? Meredith said there is some hope that grant funds can be used for implementation as well. But any work has to be done within 1 year.

Scott said there is a previous document about getting the town moving in the right direction from the community visit. Walter said one of the main categories in that document was Main Street. It is done.

Meredith said if the town gets the grant they would go through a bid process to hire a consultant. Dave asked how the village would have input. Meredith said through the working group that had been suggested.

Scott asked if we are sold on a step increase system for employees. Walter said he thinks we should plan for that for the 2018 budget and this time we should do what we normally do. Meredith agreed.

Meredith suggested having two special meetings to focus on budget development. The board agreed to schedule a special meeting for January 23 to start budget preparation. Meredith suggested a focus on employee compensation and the general fund. Walter said he thinks we will need to work on the whole budget at once as it is all intertwined.

Meredith said Doug Molde is looking to sell the building his law office is in. It was converted to a business from a single family dwelling in the past and he thinks it will sell as a single family house so he will need to convert it back. He suggested designating some simple permitting requests like this as administrative only and not needing to come to the full board. Walter said he thinks that is a great idea. Some things need to be brought to the board and some don't. This is purely administrative. Having Meredith sign off on it is a great idea. Other things may be different. David said he has no problem with that. Meredith said she thinks we would have to amend our ordinance. Walter agreed.

Scott said he would like the board to be made aware if there is anything out of the ordinary going on. Walter said he thinks Meredith should include permits issues in her informational report. Gordy suggested the process could be streamlined from two meetings to one, but the board could still know about it. Walter said for really simple requests he thinks Meredith could sign both the preliminary and final permits. Scott said he would like to see in the paperwork that the trustees

reserve the right to review permit requests further. Gordy said he thinks the board should see each permit request once. He suggests one preliminary meeting. Dave said he is in favor of streamlining the process by having Meredith approve simple requests. If it involves sewer or electric he thinks it should be brought to the trustees.

Meredith said the ordinance would have to be amended first. She suggested she could work on a draft amendment and come back to the board with ideas. The board agreed to that.

The Board reviewed the October Power Bill Summary from VPPSA as well as the water meter comparison from November. There were no questions.

Walter requested staff prepare a summary of all the costs the Village incurred related to the Old Mill House in 2016.

12. Adjourn

Walter moved and Dave seconded to adjourn at 11:05 and the motion was passed.

Minutes submitted by Donna Griffiths and Meredith Birkett