

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, FEBRUARY 1, 2016

Present:

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

Others: Sandy Miller (Interim Manager), Rosemary Audibert (Clerk), Troy Dolan, Tom Elwood

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 6:03.

2. Changes/Additions to Proposed Agenda

Sandy added 3 items: master license agreement for the Lamoille Valley Rail Trail, loan closeout agreement, and a contract matter to be discussed in executive session. Rosemary added the engagement letter for the audit. *(David arrived at 6:05.)*

3. Review/Approve Meeting Minutes

Walter moved to approve the minutes of January 6 and January 11, 2016 and the motion was seconded. Sandy noted that the date on the January 11 minutes needs to be corrected. **The motion to approve the minutes with that correction was passed.**

4. Treasurer's Report/Review and Approve Bills and Warrants/Budget Status Report/Action Items

The board discussed how much from the sewer department to put into capital reserve. Walter said we are showing close to a \$40K profit right now. He suggests putting \$20K into capital reserve. Rosemary said we currently have a small reserve with about \$40K in it. **Walter moved to put \$20,000 into the capital reserve fund for the sewer department, David seconded and the motion was passed.**

Next the board discussed how much from the water department should be put into capital reserve. Walter noted that the water department had about an \$8K profit. David asked if we have a separate reserve for water. Rosemary said yes; it has about \$12K in it. **Walter moved to allocate \$5,000 to the water capital reserve fund, David seconded, and the motion was passed.**

Rosemary said the board had previously voted to pay half the cost of the new Bobcat from the general fund and half from electric. Troy said the total cost was about \$22,900. Walter said the electric department will end up with a surplus. He suggested waiting until after we see the budget to decide how much of the surplus should be applied to the budget. The board agreed.

Rosemary said she has the engagement letter for the 2015 audit. The auditors will try to come next week to start work on it. The cost is \$9K. Last year we spend \$8500. Walter said he wants to wait until we see the 2014 audit before signing the engagement letter. Others agreed. Rosemary said she has a draft of the 2014 audit.

5. ***WWTF Chief Operator Report and Action Items***

Tom said last month he neglected to tell the board about a problem at the water tower that occurred during a power outage. Due to a brownout, we lost a programming logic controller that costs about \$1500. We submitted a claim to our insurance. We had to run the pumps manually for about 4 days. He suggests getting a mechanical pressure transducer to use as a backup in case something similar happens in the future.

David asked what caused the power failure. Tom said there was a pole fire in Morrisville. He believes GMP de-energized the line and that caused a brownout. David asked if that could have been mitigated or if it was an act of God. Troy said it would be considered an act of God. The day before that there was a big wind storm. He assumes a limb or tree may have fallen on the line that caught fire.

Tom said he replaced the electronic controller but he is also going to look into a mechanical pressure transducer. The electronic one is more accurate and more efficient. Walter asked if we should have an extra electronic one on hand. Tom said we have two identical controllers, one at the booster station and one at the tower. We have replaced both of them. He doesn't know if it is worth spending \$1500 to have one on hand. Sandy said maybe not if we have a mechanical backup. Walter said the water project is 8 years old and we have already gone through 2 of them. Tom said based on that it seems evident we will need another one at some point. Walter asked, if we need one in a few years will we be able to get one, or would we need to do a major upgrade to change over to a different one? Tom said he doesn't see us having to do that. Walter said it sounds like we will have the expense to get another one at some point anyway. If we have one on hand, then we won't have to worry about it becoming obsolescent. If we find we can't get the part anymore, we won't have to reconfigure on a rush basis. Tom said if it turns obsolete, then it is a major upgrade to put in a different one. Walter asked if we can rely on the mechanical one for several weeks if the electronic one goes out and we find we need to upgrade. Tom said he needs to look into it and find out if he can even get a mechanical one to hook up to the electronics. Gordy suggested that Tom do some research and come back next month with a recommendation about whether to spend \$1500 to get a backup electronic controller. The board agreed he should go ahead and get a mechanical one.

Tom said he had to rewrite the Revised Total Coliform Rule Plan. That has been submitted to the state. The Source Water Protection update we submitted in the fall has been approved. The plant is running well.

Walter said he spoke to a citizen recently who had some questions and concerns. Are all our pipes plastic now? Tom said there are a few metal ones. There is no lead in our pipes. The only lead is on about 3 hydrant nozzles. They pose no danger to drinking water because no one drinks out of the hydrants. We test for lead and copper every 3 years.

David said we have talked about the pump that needs to be replaced. Are there other capital improvement needs we should take into consideration? Tom said the VFD drive that controls the well pump has a cooling fan that is starting to go. That is a big ticket item we should plan on replacing. David asked if we should have a water and sewer capital equipment plan. Troy

said he thinks that is a good idea. Tom said he can do that. David asked if he can have it by the time the board starts working on the budget. Tom said he can have a rough list with rough amounts by budget time but fine tuning the amounts will be difficult. Walter said he thinks once the sewer bond is paid off, that is when we would start paying for some of these things. So he thinks there is no rush to develop the priority plan. The bond will be paid off in two more years. Rosemary said \$91K per year is going toward paying that off. Walter said that means in 2 years we will have \$91K extra. Sandy said we will need to borrow for some big ticket items. Walter agreed we will probably need new debt, but the amount will be lower. *(Tom left 33 min.)*

6. Foreman Report and Action Items

Troy said there was a power outage on January 19. There was a high wind event and some wires slapped together. A phase wire broke. About 20 customers were affected for about an hour and a half.

Troy would like to keep progressing with talks about hiring another line worker. He would like to come to an agreement about pay. Sandy said we talked last month about how we are about \$3 per hour behind Hyde Park and also have lower on call pay. If we advertise for a new worker at the going rate we would need to increase everyone else's pay. The trustees will need to provide guidance.

Troy said up until the last few days sidewalk maintenance has been pretty normal compared to a normal winter. The crew was able to pick up snow on Railroad St. in the afternoon recently, which saved time in the morning and allowed them to finish earlier. Gordy noted that his written report mentioned that the new snow blower is bigger, but it is saving time and is cost effective. Troy said yes, it can pick up more snow so they can load the trucks more quickly.

There was a NEPPA safety meeting on risks related to green power (alternate energy sources.) Troy made arrangements for Jeff Parsons to attend an electrical metering class so he can get certified to install and remove meters.

Troy worked with Sandy to complete the annual report that was sent to the Public Service Board.

Troy said at the safety meeting a company came in and gave an informative presentation on general principles of solar generation and how the units are installed and maintained. They seemed like a very reputable company and we might want to keep them in mind for our solar project.

Sandy said the annual report Troy referred to was the SAIFI/CAIDI report, not the annual report to the Department of Public Service.

7. Manager's Report and Action Items

Sandy said we have been discussing with the selectboard the idea of Troy and Brian working together to develop cost estimates and figure out how to put in a crosswalk to the library. As the last selectboard meeting they talked about applying for a grant for a sidewalk to the library. Duncan pointed out that that would need to be addressed with the trustees because

the village maintains the sidewalks. If someone is going to put in a sidewalk, the trustees should know about it and decide whether to approve it.

That raises another issue. There was a situation where someone made a curb cut for their driveway and took out some of our sidewalk. There is no separate sidewalk curb cut policy. When there was a single town and village manager, he used to coordinate if he knew there would be a curb cut. Now it seems to Sandy that the village needs its own policy. He and Troy recommend that the trustees ask them to develop an application form and policy similar to the one for curb cuts on town roads but for sidewalks.

David asked, so if he wanted to make an improvement to his driveway, he would need a permit to cut the sidewalk back? Sandy said he would need a permit to modify it in any way. And our policy would tell how to replace the sidewalk to our standards. Troy said we don't have an in-house spec now for what we recommend or want for a sidewalk.

Sandy said Duncan advised the selectboard to discuss it with the trustees if they want to apply for a grant to put in a sidewalk. He isn't sure if that affects the plan to put in a crosswalk. David said he thought it was decided that a crosswalk would solve the issue. What changed? Why is this coming up again? Sandy said he doesn't know. He thought there was agreement between the boards on how to proceed. Walter said there was no discussion about who would pay how much. The town is saying now that if they are going to have to pay for it perhaps they should consider a grant. Sandy said we did say at that meeting that we expected the town to pay for it.

Scott asked if the crosswalk will be paint or some other material. Walter said it will be paint. The cost will come from putting in ADA-compliant ramps on either side. Scott asked, the painting will be our responsibility? Sandy said yes. He said no one from the town has come to talk to him about it yet.

Walter questioned whether we would want to apply for a grant for a new sidewalk and also apply for a grant for Pearl St. We have said Pearl St. is our priority. He would still consider the crosswalk, as it is a safety concern. *(Troy left.)*

The Town of Johnson signed the fire contract. Arjay told Sandy that Belvidere misplaced the contract and asked to have it resent.

Sandy said our village center designation is going to be 10 years old soon. The state requires a renewal application. If the designation lapses we have to reapply and be reapproved. The renewal application is due July 2016.

Walter said he would like Lea to present to us on that. He would like to look at the map and consider whether we want to change it to expand the designated area. Sandy asked if the board would like to authorize Lea to begin work on the renewal application and also ask her to come to the March meeting to talk about the map. Walter said yes.

Scott said he would like a date when the final draft will be done. He would like to review it and have a good grasp of it before Lea speaks to the board in March. Sandy said he is not sure the board will get a final draft by March, especially if the board is asking to look at the boundaries. Gordy asked if we can have what is existing. Scott said that would be helpful.

Walter said there are designated downtown areas and designated village areas. When we applied, we told the state where we wanted to encourage denser business development. It allows the businesses in that area to take advantage of various state programs.

Sandy will ask Lea to come in March to discuss the boundaries and review the current program. Scott said it would be nice to have a timeline. How many hours are needed to do the renewal? How many hours for modification of the village district? Sandy said he will pass that request along to Lea.

David moved to authorize Lea to move forward on the village center designation renewal application process and the motion was seconded and passed.

David Lamell registered for a solar installation at a private residence on Wescom Road.

Edelweiss Bakery requested an electric rate change to the residential rate. The bakery business has been discontinued but the owner, Ralph Labelle, still has a dog biscuit business, which he claims is a small percentage of his house. Sandy told him he would look into it and consult the trustees. Our tariff gives us limited guidance. It says the residential rate is for "any commercial business." It doesn't give guidance to distinguish between someone living where they do business and someone doing a little business where they live. Labelle complained to the state Department of Public Service Consumer Advocacy Division, saying we had said we would not change the rate, which is not accurate. He was satisfied when Sandy explained we were beginning a process to look at the issue and come to a resolution. We don't have any list of other businesses people are operating out of their homes.

Gordy said what we do will set a precedent, but how many other businesses are there that we don't know about? Walter said there are a lot of people who have little home businesses that are small and incidental and there are those who have large commercial businesses within their residences. But in our tariff there is no distinction. Any rule we apply has to be in our tariff. Other small businesses operated out of residences probably have residential sewer and water capacity. Labelle doesn't want to give up his commercial capacity for sewer and water. Gordy said he thinks the whole thing has to be either commercial or residential. Sandy said our electric tariff doesn't say that the electric rate is tied in any way to sewer and water. Walter said the commercial sewer and water capacity is evidence it is not completely residential. Sandy said unfortunately the tariff is rigid. It says "any commercial use." Walter said his feeling is that if there is any commercial activity he is to be charged a commercial rate. Gordy said if he wants to stay on commercial sewer and water he is declaring he is a commercial business. Walter said his business has a website and a Facebook page. David said asking for revision to the electric rate but not water and sewer is a red flag to him. Walter said he would tell Labelle that, based on the information available to us, he is a

commercial operation. The other board members agreed. Walter said he could put in a separate meter for the commercial part of his building.

Sandy said Desroches has appealed Lea's determination regarding Change Orders 3 and 4. In his appeal he provided information not previously provided. Sandy doesn't know if having that information would have changed Lea's determination. Lea has asked the state how they want us to proceed in hearing this matter. We are waiting for the state liaison to speak with their legal department. We want to make sure we handle the appeal hearing according to state requirements. When we set up the hearing we will have to be sure to invite the town, as they are the ones financially affected.

Sandy said he will be back on Feb. 22. He expects he will be pretty much done with the budget by then. Walter said he thinks we need to formally adopt a sidewalk reserve fund. Maybe not this year, but we are going to have to start putting money away. Sandy said creation of a reserve fund needs to be an article on the warning. The article wording will be determined at a future meeting. It was agreed to start budget discussions on March 2. If necessary, budget discussion can continue on March 9 and March 14. The board discussed possible dedications for the annual report.

The Power Bill Summary for December 2015 was distributed.

The PSB Yearly Outage Report has been submitted. We had 13 outages in 2015 compared to 14 in 2014. Our targets for SAIFI and CAIDI are 1.0 and 2.7 respectively and our 2015 numbers were 1.2 for SAIFI and 0.7 for CAIDI. The CAIDI number is well below the target, which indicates how quickly our crew restores power. If not for the large outage on December 27 which was discussed earlier tonight, we would have had a SAIFI number of 0.2 and a CAIDI number of 1.8. Historically the village has written to the department and the Public Service Board saying we believe the targets are inappropriate for small munis. Sandy wrote a similar letter this year. He doesn't expect a response. For comparison, Barton had 40 outages. Their numbers were multiples of ours. They have a big service area. There is some benefit to us from our compact service area.

We received a notification from a permittee regarding redevelopment related to stormwater discharge during construction. There is a public comment period. Sandy doesn't think we need to comment but he wanted to make the board aware.

Regarding the Geoffrey-Porter claim, Brian Monaghan distributed the relevant documents to Paul Gillies and we are waiting to hear back.

Sandy got the Loeffler sewer connection documents. We need to send them to an engineer for review. The village has never used Ruggiano. Only the town has used them. Walter said we usually use Otter Creek, but they dropped the ball on the School St. project. Sandy suggested Trudell Consulting Engineers. The board agreed Sandy should contact them to find out if they are interested in taking on the small project of reviewing the existing engineering documents.

With budget development ongoing, Duncan and Sandy have not yet gotten together to work on the calendar, job posting, and training/evaluation policies.

The Monthly Water System Operation Report for December was completed.

Sandy said the state has taken years to close out the loan agreement on a loan we have been making payments on since 2009. The loan value is \$2,349,108. There is negative interest: \$933,718.95 for the life of the loan. Repayments to date as of June 1, 2015 are \$330,257.43. The balance to be repayed is \$1,085,131.62. There is an amortization schedule attached. They would like the village clerk and the trustee board chair to sign the agreement.

Walter moved to authorize Gordy to sign the Repayment Schedule for RF3-096-4 Village of Johnson Loan from the Drinking Water State Revolving Fund, David seconded and the motion was passed.

Sandy said the state just sent us a master license agreement for the Lamoille Valley Rail Trail. This was discussed by the board in 2014. Sandy reviewed it with Duncan, who found the letter he wrote at the time. At that time, the trustees were not comfortable with the agreement. Sandy said he told the state that we never got a response to the letter Duncan sent and that a response would be helpful in addressing the trustees' concerns. Given the concerns the trustees had, he doesn't see any reason to do anything unless they address the concerns.

Gordy and Walter talked about the public meeting on the Stowe and Hyde Park solar projects, which they recently attended. Gordy said two consultants were there – one more for financial aspects and one more for looking at sites and implementation. One thing he took away was that if we pick a consultant they will do a lot of what Lea is doing now. He is not sure how much duplication there would be. The other thing he came away with was that if we go for a solar farm it should really be through the electric department under the umbrella of the Village of Johnson. The primary goal would be to benefit the electric department. He thinks we should look at all alternative sources, not just solar. He spoke with someone from another utility who said there is a lot of discussion in Montpelier about other regulations coming. Walter said that is right. Tier 3 has not been defined yet.

Walter said a solar installation is a 25-30 year commitment. Savings estimates are based on 30 year power projections, but it is very hard to predict what will actually happen with costs. We would be locking in a power cost for 25-30 years but the market is changeable. The message he wants to leave the board with is that we will be making long term decisions based on data that we can't accurately project for more than a couple of years.

David said it is basically a big gamble we are being forced into. Sandy said we are forced into it in the sense that we have to meet this 15% number or hope VPPSA will cover it for us. If we don't meet it, then we have farther to go to get to the higher percentage numbers that will be required later. We can hope the private sector helps us meet the numbers.

Walter said we will have to figure out a mix of power sources. He doesn't think we have enough acreage to put in solar farms to meet the requirements. David asked about other options. Sandy said wind and hydro are other options. David asked, what about a methane digester? Scott said he thinks that is probably one of the better options. Walter said he thinks we will have to have mix of all these things. The main point he wants to make is that instead of looking at 3-5 year contracts for power we are going to have to start looking at 25 year contracts. Sandy said by far the easiest thing to put in place is solar. It would take at least 5 years before we could have the state permit a methane digester and have it built.

Gordy said this will be a top priority for the new village manager.

Scott said other options besides solar would require additional staff and training. Sandy said Barton recently studied creating another hydro facility and concluded they couldn't make it work. ANR has created disincentives for hydro power. Walter said dams are not an option. We have no mountains in the village. We can save on transmission costs if we put a solar installation in the village, but not if it is outside the village. If it is outside the village we have to either pay to put in a power line to it or pay someone else to bring us the power. Gordy said that was one of the criteria Hyde Park used in siting their solar farm.

Walter said more than likely we will need to make a decision on the VPPSA project in a couple of months.

Scott asked the cost of the Hyde Park project. Walter said \$4.7 million. Scott asked what would happen if we pushed this back to the people using the service and had a tax incentive for people to put solar panels on their properties. Walter said that is Tier 3. That is what everyone is waiting for. Tier 3 isn't necessarily about electric. It can be putting in heat pumps. The goal of Tier 3 is to reduce total energy. Scott asked if that can get us out of potential fines for not doing renewable energy. Walter said yes. Sandy said he thinks Walter is saying that type of discussion should be part of the mix. Scott said it would be easy. Walter said not necessarily and we would spend money that would not save the ratepayers anything. Scott said it could save us from paying penalties. Walter said if we buy a solar project at least the ratepayers who paid for it will be getting electricity. Sandy said we are not authorized by the state right now to offer tax incentives for things like that. Walter said when the Tier 3 regulations come out they will tell us what we can and can't do.

Sandy said Duncan had mentioned something he brought up with the selectboard. If people are using their personal email accounts for public business then potentially those private email accounts can be accessed if someone requests emails relating to municipal business. Sandy recommends that trustees set up separate email accounts just for municipal business or that we create Town of Johnson email addresses for each trustee, which would cost \$4 per person per month. Scott said he would like to go with the Town of Johnson addresses. He doesn't know how to set up a Gmail account. Walter said he thinks it is possible that even if he had a separate email account his whole computer might be searched for emails and he has too much confidential information in his emails to allow that to happen. He thinks he would be more protected if he used an email address on the Town of Johnson domain. The board agreed to establish Town of Johnson email accounts for each trustee.

Bob said he hasn't gotten a firm answer yet from the Osgoods about a solar installation on their property. They are going to get back to him.

Walter moved to enter executive session for personnel and contract matters, premature disclosure of which would put the Village at a substantial disadvantage, Scott seconded, the motion was passed and the board entered executive session at 8:20. Walter moved to exit executive session at 8:49, David seconded, and the motion was passed.

8. *Adjourn*

David moved and Walter seconded to adjourn at 8:50 and the motion was passed.

Minutes submitted by Donna Griffiths

UNAPPROVED