

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES  
JOHNSON MUNICIPAL BUILDING  
MONDAY, FEBRUARY 6, 2017

**Present:**

Trustees: Gordon Smith, Walter Pomroy, Scott Meyer, Bob Sweetser, David Goddette

Others: Meredith Birkett, Rosemary Audibert, Troy Dolan, Tom Elwood

**Note: All votes taken are unanimous unless otherwise noted.**

**1. Call to Order**

Gordy called the meeting to order at 6:10.

**2. Proposed Changes/Additions to the Agenda**

Scott said he wanted to add discussion related to the Vermont Technical College's biogas plant, which is working and is awesome. It uses waste to generate electricity. He would like the village to look at that option.

Meredith said she talked to Ken Nolan of VPPSA about the best way to move forward on options like solar, small hydro, etc. Should we do a study first to get an idea of what technology to pursue, then go out to bid? Or should we go out to bid first and ask people to give us ideas? Ken Nolan's recommendation was to let experts come to us with their ideas. He recommended working with Renewable Energy Vermont, an association of renewable energy companies, to get bids out. He is interested in helping us create the RFP. We need to highlight our interest in renewable energy standards and our desire for financial benefit to the village.

Gordy added an executive session for wage discussion.

**3. Route 15 West Sewer Extension Update**

Meredith said bid materials went out at the end of last week for the sewer extension project. There will be a mandatory pre-bid meeting on Friday for those interested in bidding. Bids are due back February 24. We advertised in the Times-Argus and the News & Citizen and on the Works in Progress website.

Gordy suggested that after the sewer bond is paid off we could put \$8-10K each year into the CIG fund. He hates to see us drain it. Walter said he thinks that is part of a bigger discussion when we talk about projects like the River Road pump station. We probably will do some big borrowing and could pay off the CIG loan with what we borrow.

**4. Marketing Budget Allocation**

Meredith said Brian Story has been working on a USDA Rural Development grant application. The town hopes to include a 50% local match. They estimate the total match would be \$10K, split between the town and village. He wants to put in the application that the village has committed to this. She put \$5K for our share of the match in the draft budget, splitting it among departments at Rosemary's suggestion.

Scott asked, if village taxpayers ask why they are paying for this twice, what is the reply? Walter said his response is that what we are trying to do is bring in more customers for the water, sewer and electric departments, which may not cut rates but will slow down rate increases. That is the way he looks at economic development in the village. It leads to more customers paying in to cover

the fixed costs. Scott asked if we have any data to back up that comment. Gordy said Sterling Market is an example. We got more water, sewer, and electric use as a result of Sterling Market opening. Meredith said the marketing work will include a new website design which will include specific pages for the electric, water, and sewer departments, so she thinks it is appropriate for the village to contribute funding. Walter said economic development will hopefully happen in the village, which will lead to more paid in village taxes and we will get the 10 cents on the Grand List for it, so we will get paid twice.

Gordy said he feels someone should sit at the table to represent the village and he feels that the village should have the option of backing out if the town decides they need to spend more. Meredith said this is a planning grant. It doesn't include any implementation. It doesn't commit us to future work. If we want to implement the plans we will have to come up with more money but we are not saying that we definitely will

**Walter moved that the village commit to providing \$5000 as a local match for the USA Rural Development marketing grant application, seconded by Dave.**

Scott said we have had studies done before for the village and town but nothing really happened with them. How do we know this won't be another document that ends up on a shelf with no movement behind it? Meredith said she thinks that is always a risk with a plan. It will be up to us to keep the ball rolling. As part of the commitment of \$5K she thinks we also need to say we are committing to follow through with the plan. Scott said asked about implementation of plans that have been developed in the past. Walter said the first plan was developed about 15 years ago. He feels a large chunk of it was implemented. The next plan came out of the community visit. A large piece of that was the Main Street project, which was done. He thinks these plans get everyone focused in the right direction. Scott said there has been no monthly or annual summary of what we have accomplished from any previous plans. He is for this effort as long as there is some kind of follow-up agenda item.

Gordy said the village has been pushing for marketing and development. Then the selectboard started a similar effort. Doing it together brings the boards together, which is what the community wants. Having two separate plans does not make sense.

**The motion was passed.**

**5. *GLC/Gould Hill Solar Update***

Troy said we have a contractor coming in to set poles. We will assist and frame poles as they are set. That work is starting next Monday. We will cut what we need to on the right of way. Meredith said letters went out to all nearby property owners, including those bordering the 3 additional poles we are going to replace. Green Lantern's CPG limited when they could do work during the deer wintering season. Sam Carlson said they were going to try to get permission to start work in winter but Katie Orost told Meredith she didn't think they got that permission.

**6. *WWTF Asset Management Update***

Meredith said she and Tom spoke with the engineering firm that has grant funds for asset management planning. They selected us as one of the 13 facilities to participate. They will start with a site visit in late spring/early summer. The 5 steps they will go through with us are asset inventory, level of service review, ranking of critical assets, life cycle costing and capital improvement project plan.

Gordy asked how or why we were approved. Tom said he thinks they want to offer us a capital improvement plan. It's a way for them to try to get their foot in the door. Their work will only be for the wastewater plant but it is expandable to the collection and distribution systems and the water plant. A 20-year efficiency evaluation of the plant is generally required for loans. Tom is looking into whether this plan will count toward that. When it is done it should be an in-depth capital plan that the board could adopt. Then the board will need to budget for each item in the plan. This will be a 2-year effort, with most of the work being done in the first year. Meredith said the plan may not be in final form by the time we start budgeting next year but it should be sketched out enough to go by.

Tom said there may be funds available from the DEC revolving fund for assessing condition of the collection system.

Bob asked, are we going to do something with the building over the tanks or let it fall down? Tom said he had someone look at it last week. He is seeing if we can get funding to put solar panels on top and get the roof ripped off at the same time. He is moving forward with getting estimates. Meredith said there is \$20K in the draft sewer budget for cupola removal. That is just a placeholder. We don't know yet how much it will cost.

**7. *Route 100C Water Runoff Complaint***

Meredith said Brian Story heard from a property owner on 100C who says water has been running downhill onto her property and her neighbor's property. Meredith, Brian, Tom and Steve visited the site. There was clearly some pretty severe damage to her foundation. She said she had talked to Duncan in past years about it. Tom said the main line going from the reservoir is on the big hill behind her home. A berm was built across that hill that appears to have failed slightly. Bob said that problem has always been there. Tom said the property owner mentioned an old cistern and pipe in the area. He doesn't believe they are ours. He feels water may be traveling along the pipe bed. We need to go back in spring and look at it again. He would like to talk to Duncan about it. Meredith said the property owner said the problem pre-existed our line going in in 2006, so it might not have anything to do with us. It will cost some money for us to do some research to try and figure out the cause. Tom said it was not clear if the runoff causing the problem is surface water or ground water runoff. Dave asked if there could be a spring there. Tom said he thinks there probably is. The property owner mentioned a cistern and a pipe. Tom said he thinks we need a discussion with Peter DeGraff to see what he remembers about the construction and design and he also needs to talk to Duncan. Then he can report back to the board. Meredith said the property owner said she got a letter from the state saying they would take care of the damage and then it never happened. Walter said anyone who lives along a steep hillside tends to have similar issues. He thinks the problem would likely exist even if we didn't have a pipe there.

**8. *Review and Discuss Draft 2017 Electric Department Budget***

The board reviewed the draft budget.

Dave asked if we could contract out our services to other municipalities. Troy said in past we have just provided mutual aid. He is not sure of the legalities. Meredith said Morrisville has done work here. Troy said he is not sure if that was paid or trade. Rosemary said we paid them. Troy said if we were going to considering contracting out we might want to have an attorney look into it to make sure it was done properly.

Meredith budgeted \$25K for a system study, but she is not sure that is a good number. She needs to talk to other utilities that have done it to get a better idea how much to budget. If we are looking to cut, she thinks we could probably consider doing this next year instead.

This budget has a deficit of around \$90K. The electric department finished last year with a surplus of \$130K, which gives us some flexibility. Walter said the number is negative because of the capital projects included in the budget. If they need to be done, they need to be done. To him, this is not a bad budget number. Dave said if we take the surplus from 2016 and use it to make up the shortfall in 2017 that still leaves \$30K of the surplus. But he feels we need to be more conservative in the future. The price of power may not continue to be low. Our power sales are down. Walter said normally a business would not be able to buy \$200K of new equipment with cash. Dave said by doing that we will be saving interest.

**9. Review and Discuss Draft 2017 Sewer Department Budget**

Walter suggested showing the bottom line first. Meredith showed that it is negative \$33K. She said we finished 2016 with a surplus of about \$21K.

Meredith had put 5% of the cost of the new digger truck in the sewer department budget. Gordy suggested putting 100% of it in the electric department budget. Tom said he is all right with having some in the sewer budget. The sewer department may use it.

Gordy asked about mowing by the filter building. Meredith said she mentioned that to Brian and hasn't yet heard back from him. Tom said he thinks it would be cheaper for the town's contractor to do that mowing and it would free him up to do more hydrant maintenance. It would also allow us to sell the tractor used for mowing. That is all we use it for. He doesn't think it would add much to the cost of the mowing contract. The board agreed that makes sense. Tom said the grass around the sewer plant is already mowed as part of the mowing contract.

The budget includes purchase of a refrigerator. Tom said he has been told he should have a refrigerated unit for effluent samples. It costs about \$3500.

Dave said if we use the \$21K surplus from 2016 that still leaves a \$12K deficit. Is there a way we can cut \$12K out of the budget? Gordy said we could move the \$3K for the share of the digger to the electric budget. Walter said \$15K of the deficit is due to capital spending increases. The operations budget is down. After the sewer bond is paid off we will have additional money to cover capital spending. We are just doing some of the work a year early. If we subtract the \$15K of capital spending the deficit is only \$18K and we have \$21K to apply toward the 2017 budget. He doesn't see a need to worry about this number, which is due to onetime capital expenses. Tom pointed out that every year recently we have projected a deficit for the sewer department and come out ahead.

Walter suggested we could budget more for revenue based on last year's actuals and the fact that the rate increase went into effect only partway through last year. Tom said the cost of the sewer pumps was absorbed as much as possible into different areas of the budget, making it look like spending in some categories last year was higher than it would otherwise have been. Walter suggested increasing what is budgeted for revenue by \$6K and also moving the \$3K for the digger truck to the electric budget. Tom thinks he will be under budget. Walter said we had talked about testing and replacing some water meters. If we do that, we will improve sewer rate collection. Tom

said we have found that taking meters out of service and sending them for testing is more expensive than just replacing them. Walter suggested getting new meters for some of the highest usage customers. We can see how much difference it makes and then decide how many more to do.

With the suggested changes the deficit is down to \$24K. Scott said \$20K of that is the cupola. Walter said the line item that includes money for the cupola is normally \$15K and we just increased it \$5K for the cupola. Dave asked if the cupola removal can wait until next year. Tom said he really feels we need to do something about it this year. He was hoping to add solar panels at the same time. He wonders if we can switch anything to capital reserve. Walter said he right now he wants to keep those funds for the unexpected.

Dave said we always budget for a deficit and come in with a surplus but he hates budgeting deficits. It is not a given that we will come in under budget. Are there things we can do to come closer to breaking even? Walter said if we went through the budget and changed many of the items to be closer to actuals, the bottom line would be close to zero. He thinks we are too conservative in our budgeting. He feels comfortable with these numbers.

The board agreed to remove the \$3K share of the digger truck from the sewer budget, increase revenue to \$486 and use the \$21K surplus from 2016 to offset 2017 costs.

**10. Biogas Plant Discussion**

Scott said he wants the board to give thought to a biogas plant. He asked if this is something we could use our compost for, in an aerobic digester. Tom said we could use an anaerobic digester, but you still have an end result of sludge and he doesn't know if it can be mixed with cow or yard waste. Scott thinks it might be worth a call to VTC to ask them about their digester. Tom said he is interested in biochar systems which use kilns to heat waste to a high temperature. They are used in Europe. The byproduct is a soil additive. The main products are synthetic gas and biodiesel. All agreed it is worth contacting VTC about their digester.

**11. Personnel Issue**

**Dave moved to enter executive session for a personnel issue, Scott seconded, the motion was passed and the board entered executive session at 8:19. Walter moved to come out of executive session at 8:50, Dave seconded and the motion was passed.**

**12. Adjourn**

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