

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES  
JOHNSON MUNICIPAL BUILDING  
FRIDAY, FEBRUARY 25, 2022

**Present:**

Trustees: Steve Hatfield, Diane Lehouiller, Will Jennison, BJ Putvain, Ken Tourangeau

Others attending in person: Rosemary Audibert, Kyle Nuse

Others attending via Zoom: Meredith Dolan, Troy Dolan, Marla Emery, Susan Tinker, Lydia Putvain

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

**1. Call to Order**

Will called the meeting to order at 6:00.

**2. Review of Agenda and Any Adjustments, Changes, Additions**

Will added approval of the warning for the village annual meeting and an opportunity for Troy to address the board as he has requested.

**3. Approve JA McDonald Invoice – River Road Pump Station Materials**

Meredith said construction on the River Road pump station won't start until April, but JA McDonald, who won the contract for the work, ordered materials for the project in November and they have started receiving them. They asked if we can pay an invoice for almost \$38K for costs they have incurred for materials they have at their shop. The state is on board with us doing this. If the board approves payment, we will be able to apply for reimbursement from the grant for this project. **BJ moved to approve payment of \$37,861.78 to JA McDonald for materials for the River Road pump station project, Steve seconded and the motion was passed.**

**4. Review Draft 2022 General Department and Electric Department Budgets**

Meredith reviewed the draft general department budget. For 2022 she is proposing essentially the same tax revenue as in 2021. The grand list doesn't appear likely to change dramatically. She updated the 10 cents on the grand list figure, a small decrease from last year. She is proposing budgeting \$55K for PILOT payments, which is what we got this year. We had budgeted \$50K this year. A big difference in the 2022 budget is that we won't have the sidewalk project grant revenue or expenses. In 2021 we budgeted to pull \$52,550 from the sidewalk reserve fund, but she thinks \$41,500 is all we actually need to take from that fund. She is not proposing pulling anything from the reserve fund for 2022.

The fire department budget is within the general department budget. The fire department budget increased by 4.75%. Meredith budgeted a little more for legal expenses this year. There potentially could be more expensive with the merger discussion and we have had some expenses already. The general department budget includes 10% of the cost of the engineer for the village garage. The general department share is \$3,400. We have seen a decrease in property insurance cost from last year. Meredith kept \$2K in this budget for events and celebrations. None of it is earmarked for anything specific at this point.

Diane asked if something could be added for beautification. Meredith said she would add \$500 for now, which is what we budgeted last year.

The 2021 actuals include back wages paid as a result of arbitration in miscellaneous expense. Postage last year was higher than anticipated. We had a special bond vote for the River Road pump station and we send out Australian ballots for the annual meeting. For 2022 Meredith budgeted a slight decrease from 2021. Rosemary said the cost will depend on whether the board wants to mail ballots to everyone. Will said the town sent out notices telling people how they could request ballots. He doesn't think we need to mail ballots to everyone. Other board members agreed with that. Rosemary asked if the board wants to send out postcards. The cost is 40 cents per card and we would need to send them to about 800 people. She noted that she thinks the \$3K Meredith budgeted for postage is higher than needed. Will suggested sending out postcards. Rosemary suggested reducing this item to \$1500. Meredith said she will put in \$2K to give us a buffer.

Rosemary asked if the amount budgeted for computer support accounts for the increase in the cost of NEMRC support. Meredith said she would increase the amount.

Meredith budgeted more for street, sidewalk and storm drain maintenance, which is primarily for the cost of storm drain cleaning. The cost this year was more than anticipated and the cost of all services is increasing. She thinks she budgeted 25% over 2021 actuals.

Kyle asked if this item reflects any plan to address the storm drains on Railroad Street, which are so sunken below the road that there are massive dips that make it difficult for those riding bikes or even driving. Meredith said this line item does not include enough to do any sort of major reconstruction. It is primarily for cleaning storm drains twice a year and doing small fixes here and there. We definitely know that the Railroad Street storm drain system is not in good condition at all. Last year we completed a stormwater master plan and we worked with LCPC to get USDA funding for Dufresne to do a preliminary engineering report for upgrading the stormwater system. That is the first step toward getting funding to do the work.

The 2021 actual snow removal expense was quite low. Troy was working with the town on purchasing salt and he thinks perhaps we were never fully invoiced. Meredith budgeted a similar amount for 2022. But with increasing prices she thinks it would be wise for her to increase it more.

Will suggested it might be wise to increase what is budgeted for equipment fuels and oils to take into account the way gas prices are headed. Meredith said she could increase it to 40% over the 2019 actuals instead of 40% over the 2021 actuals.

Kyle asked if Meredith is anticipating something needing a big repair. Looking at actuals for outside parts and repairs it seems there is a thick pad. Maybe some money could be moved. Meredith said the smaller Bobcat is about 7 years old and is showing a lot of signs of wear. She thinks we are likely to have some pretty big expenses over the next few years for that.

Will said looking at what is budgeted for heat for the fire department, he doesn't think when Arjay was calculating it he was anticipating the significant rise in heating prices. Meredith

said she thinks there might be a little bit of buffer in the insurance number. She can talk to Arjay and see if he thinks that number should be updated.

Kyle asked, there is no cash on hand right now? Meredith said once she gets the budget finalized she will hand it off to Rosemary who will fill in the part of the spreadsheet that includes cash on hand. She doesn't have that data.

Meredith said with the changes made today, the general department budget has a deficit of about \$1400. She thinks she can review it some more and make some adjustments but it is a manageable situation. She assumed a level amount raised from property taxes.

Kyle said she heard mention of aging lamp poles. We know the stormwater drains need a massive overhaul. Is there a reserve fund where the village is actively putting in money for bigger expenses? Meredith said this budget does not include putting any money into reserve funds. In some previous years we have budgeted to add to the sidewalk reserve fund. That is not happening in this budget. If the board would like to do it we would need to make cuts elsewhere or increase revenue, most likely through taxes. When we finish the year with a positive balance we can roll that surplus into a reserve fund.

Kyle said the danger of continually level funding is that it can lead to massive jumps later on because the budget has not been gently increased to pay for bigger expenses. Meredith agreed. She said she thinks it would be wonderful if we could get to a point where we are setting aside reserve funds. That is something we should be doing. Given the local economy, we have been hesitant to put a lot of pressure on the property tax.

Diane asked if Meredith has talked to NVU. Do they have more kids coming to school? Meredith said it has been a while since she has heard an update. She can reach out and see if they have a sense of where things might be going. Kyle said she talked to Patrick Rogers, the head of admissions at NVU. He said fall numbers are up from last year. He is feeling optimistic.

Will asked if anyone is interested in raising taxes. He agrees that having a reserve fund is a good thing, but is this the year for it? We have potential electric and water and sewer rate increases coming. Do we want those and a tax increase all in the same year?

Diane asked, why not put it on the warning and have people talk about it? Will said we come up with a budget figure and the voters vote yea or nay. Steve said it would be awkward to get people to talk about it at that point. It wouldn't go anywhere. We would have every opinion from A to Z. Ken said he thinks if there is any way we can stay away from a tax increase this year we should. People are having other added expenses. Will said we will pay now or pay later but he thinks paying now will hurt the most. He thinks it is fine to let people know we should be putting money in reserves, but he doesn't think the annual meeting vote is the forum for that.

Kyle asked, could there be just a very small tax increase to start the process? Ken said he is not in favor of any tax increase this year. Will asked what one cent could raise. Rosemary

and Meredith said a one cent increase represents \$6700. Meredith said we collect about \$112K in taxes. A ten percent increase could raise \$12K. Ken said we are looking at a possible 6% electric rate increase and water and sewer will probably have similar increases. Will asked how much town taxes are going up. Rosemary said not much. Will asked, something like 3 or 4 cents? Rosemary said yes. Steve said we are all spending more wherever we shop.

Kyle asked, how in the short term can we start to create a reserve fund so in the long term it is not so painful? Will said right now with the other 2 increases we have coming, town taxes going up and costs increasing every day, he would not like to see a tax increase.

Diane asked, if the money Kyle is talking about is approved and put into a line item, can the village use it for matching funds for grants? Will said yes, it would go into a reserve fund for the general department and we could use it for whatever we want.

Diane said there are grant funds for things like the storm drains. Will said that is being worked on, right? Meredith said we are getting a preliminary engineering report. That is a necessary step to seek construction funds. Diane asked, wasn't that for the library, though? Will said it is for Railroad Street. Diane asked, all of Railroad Street? Meredith said the stormwater master plan included a 30% design for stormwater handling at the library. We are now working with the Dufresne Group to actually look at the pipes that lead up to that. Kyle asked Meredith if the grant she is looking at would need a match. Meredith said she suspects some do. There may be some that provide 100% funding. With a lot of USDA grants we would have a 25% match. Kyle said if we put a little in now to be able to get huge funds later, that is a smart move.

Will asked how others feel about increasing taxes for this year to add to reserves. Steve said he thinks we should keep taxes stable. Ken and BJ said they are not in favor of an increase. Ken said he thinks we should look into getting a reserve fund going, but not now. Kyle asked what his thinking is about how to get it going. Ken said most likely starting later and maybe being able to use some of the Biden money that is sitting around doing nothing right now. Will said the general consensus is not to increase taxes this year but he thinks we need to start next year.

Meredith said she will follow up with Rosemary, Arjay and others to answer the questions that came up tonight. The board will vote to approve final budgets at the March 14 meeting. She will try to get final drafts out the week before so board members can ask any questions.

Meredith reviewed the draft electric department budget. The merchandising and jobbing revenue line represents money paid to us for electrical jobs we do for other entities. For 2021 we budgeted \$25K. We are only showing about \$10K in actuals but she believes a check for about \$20K came in recently for the EV charging station at Jolley. That will be in the 2022 budget and the budget anticipates another \$15K. Kyle asked if people come to the village asking for those services or if the village looks for jobs. Meredith said if they are in our service territory there are parts of the work that we have to do. It is not optional; they have to come to us.

The deferred revenue line is the same amount we put in the 2021 budget. That is money left over from what came to the village for work to be done on 100C. We spent some in 2020 and this is what is left. There is more of that project to be done as time allows. This revenue is available for that project. Diane asked, is it like a reserve? Rosemary said kind of. Meredith and Rosemary said the money can be used only for that project. Rosemary said Comcast paid for this probably about 10 years ago.

Meredith said in 2021 we budgeted \$2,016,000 for sales of power to customers and we got \$2,074,000. She projected about a 7% increase for 2022. Will asked if the increase is because of usage or because of the rate increase we are looking at. Meredith said it is not based on changing rates. Disconnect and reconnect fee revenue was quite a bit lower in 2020 and 2021 because a disconnect moratorium was in place for large parts of both years, but the moratorium has been lifted. Total revenue for 2022 is projected to be about \$200K higher than 2021 actuals.

VPPSA manages our contracts for purchasing power and our participation in energy markets. They create power supply budgets for their members. For purchased power costs, Meredith budgeted their projected power supply cost for 2022 plus \$30K because we got our first 2022 power supply bill and just for the month of January it was about \$30K higher than expected. Loads were higher than expected. VPPSA had to buy power on behalf of its members and the cost was very high, in large part due to the situation in Ukraine. Meredith added that known expense on top of what we were anticipating for the rest of the year. She did not add any other additional amount but there will be a VPPSA meeting next week where this issue will be discussed and she will try to get a sense of whether it would be good idea to plan for a few more months of volatile energy markets and budget additional funds.

Steve asked if we contract for a set amount of power. Is there a minimum or maximum amount we have to buy? Meredith said it is very complicated. We have contracts for a certain amount of power and if we are going to use more than that on a certain day we can buy it from a day ahead market or a real time market. The real time market is more expensive.

The budget includes the cost of participation in the Renewable Energy Standard program. We don't have a choice about that. The costs of getting different types of energy to comply with that state requirement are going up. Every year the requirement ramps up and so does the cost. It is still much cheaper than not meeting our targets because then we would have to make a payment that would be even higher.

Steve said he thinks he has heard Meredith say that people with solar panels cost us money. Meredith said it depends on when the solar panels were installed. The state has changed the rules over time about what gets paid to customers. We pay roughly 15 cents per kWh for power generated through solar panels, but as of a few years ago we could buy that power from the market for 5 cents per kWh. Steve asked, the people with solar panels don't help us meet the requirement to get a greater percentage of energy from renewable sources? Meredith said it depends on whether they are turning over their renewable energy credits to the utility. As part of the lease terms between the homeowner and the solar company, often

the company keeps the renewable energy credits and sells them for profit, and then we can't count them. Now there is the option for the customer to turn over the credits to the utility and then we can count them.

Kyle asked if Meredith anticipates the cost of complying with the Renewable Energy Standard changing direction or just getting worse and worse. Meredith said she thinks it will get worse and worse. The percentage of our load that needs to be from renewable sources increases every year and the cost increases every year. And there is talk about increasing the requirements. VPPSA is working hard to figure out ways to make it more affordable for their members.

We are part owners of the Morrisville Water & Light B22 transmission line. We pay 15% of the cost of maintaining it. GMP is doing an upgrade to the B22 line, largely at their expense but there is a portion of the work that Morrisville and Johnson would have had to do anyway and it was agreed that we would reimburse GMP for that part of it. We can pay over 5 years, interest-free. Our share is about \$30K. We thought the work would start in 2020 and then we thought it would start in 2021, but it didn't. Meredith expects we will finally have to start paying for that in 2022.

Meredith budgeted for fewer trainings with NEPPA. Our employees will do the ones that are for required certifications but they feel some of the others are not that helpful.

Kyle said the difference between 2020 actuals and 2021 actuals for Troy's salary was about an \$18K increase. Was that a raise, or dependent on his time? Meredith said there wasn't a large raise. She thinks employees all got 3%. In 2020 a lot of employees' time was put in a different line item because we wanted to track the time when they were on call from home at the height of the pandemic. Kyle asked, so the 2021 figure is more like a normal year? Meredith said yes. We wanted to track the cost of the pandemic in case we ever could get reimbursed but that didn't work out.

Meredith said distribution system maintenance is where money is budgeted for working at the substation. There are some projects that need to be done there. Historically we have budgeted \$10K and spent about \$5K. That might be an area where we can make a reduction. The budget includes money to contract with an expert in substation work for advice on work to be done there. Troy thought that might be helpful. Meredith increased the amount budgeted for line maintenance supplies because we know prices are going up. We were not able to get a contract tree trimming crew this year. They didn't have staff available. Meredith increased the budget for tree trimming labor in 2022. We expect the cost of those services to go up. People are having to raise pay rates to attract workers. The amount budgeted for buying transformers is 25% over what we spent in 2021. It includes a transformer we have to buy for the Jolley project.

Meredith mentioned that there is a large expense associated with getting customers to pay their bills. Kyle asked what makes it so expensive. Meredith said we are required to deliver notes to customers letting them know their service will be disconnected if they do not pay.

There is a time-intensive process required by the state that we have to go through before we disconnect power.

The electric department portion of administrative salaries came in under budget in 2021, probably in large part because Meredith is no longer employed with the village. The 2022 budget assumes a village manager for 6 months of the year. Meredith increased the amount budgeted for outside services. She budgeted \$15K for legal (an increase over last year); almost \$24K for the village garage engineer; \$13,500 for the management consultant; \$5K for the audit, \$6K for after hours dispatch service and about \$1K for the website. She needs to check with Brian on his thoughts on the website.

Meredith said the deficit for 2021, not including depreciation expense, was \$41,204. We estimated depreciation expenses of about \$90K. Depreciation is not an actual cash outlay. We are not paying that amount. So it doesn't seem entirely accurate for her to include it. If we back out depreciation expense, we come out with a surplus of about \$49K. If we subtract the bond payment, then the way she sees it, we finished the year about \$19K to the good. It makes sense to her to view it that way, though Rosemary may view it differently.

In 2022, including depreciation expense, the electric department budget has a deficit of about \$117K. That includes \$80K of depreciation. If we don't include that, it leaves a deficit of about \$37K. After the bond payment of \$30K, the deficit without including depreciation goes up to \$67K. So we are projecting a real cash deficit. We also projected a similar deficit last year.

Will asked Meredith to talk about our rate increase case. Meredith said she hasn't been through a rate increase here. Rosemary said we haven't had one since 2010. Meredith said when you do a rate case you do an in-depth analysis of the budget to see if the rates you have in place are accurate in assigning costs where they belong. NVU has come to her multiple times saying their rate in Johnson is higher than their rate in Lyndonville. They are a much higher percentage of our load than Lyndonville's load. She tells them that it is really about how they affect the costs in our utility. A rate case will look at whether the rate we have for them is accurate. Doing an in-depth rate case would be a pretty involved process that would most likely involve VPPSA staff. If we did a simpler across the board percentage increase she thinks we could probably get through the regulatory process in around 6 months. She will ask VPPSA for more information about the timeline for doing that. That would be much faster than looking at all our rates and tariffs.

Steve asked, if the college comes back to full session in the fall, will that help this much? Meredith said if they get back to the height of what they once were it would help us. She is not expecting that. She thinks higher education has changed with regard to remote learning. She would be surprised if NVU ever gets back to their previous level of usage.

Kyle asked the outside services line item. Did Meredith say that is mostly legal expenses? Meredith said \$15K of the amount is legal. About \$24K is the electric department's share of the engineer looking at the village garage; \$13,500 is for her time, which she can look at adjusting; \$5K is for an audit; \$6K is for after hours dispatch and \$1K is for a website

update. Kyle said she would love to see that particular line divided out because so much is included in it. She asked why Meredith thought she had to double that line item for next year. Meredith said a large chunk is the \$24K one-time cost for the engineer. She bumped up the amount for legal expenses based on actuals. This line includes her time as consultant, which is offset by not having her time in administrative salaries.

**5. *Approval of Annual Meeting Warning***

The board reviewed a draft warning that did not yet contain the actual budget numbers.

Kyle said at a recent selectboard meeting she asked about their article on approving a \$40K budget item for community and economic development and they said they did not refer in the article to a position because they were waiting to see what the trustees were planning do. She doesn't see anything on this warning about approving money for community and economic development.

Will said anything we add to this will mean a rate increase. For every \$6700 we add, it will raise taxes one cent. BJ asked, if we hire someone on a per-grant basis so they are only looking for what we need, do we have to raise taxes to pay for it or can the person be paid out of the grant funds? Will said some grants allow for grant writer cost and some don't.

Diane said you really want someone to look for grants and to write them. BJ said the person the Tatros have used looks for grants, applies for them, gets them, and then gets paid.

Steve said he would like to put something on the warning for this. He thinks we would get more back than what we spend.

Ken said not all grants are fully funded. There could be match money required. We have to consider that cost. Diane said not all grants require a match. Ken said we could have them search for only grants that are fully funded, but do we have projects for those grants?

Kyle said her understanding was that anyone hired would not be a joint employee with the town but that this would be done in coordination with the town and the town might be able to offer more of the matching funds, depending on the grant. The town knew they couldn't fully fund a position so they were hoping the village would kick in some money.

BJ said he thought when we talked about this with the selectboard they said that having a joint employee didn't work out in the past and they didn't want to hire a joint person. Kyle said this would not be a joint position but there would be a coordinated effort to hire someone to bring money into the town and the village.

BJ said the question is whether we would hire someone as a permanent employee or pay per grant for them to go after specifically what we asked them to go after. Ken said Greg Tatro presented the person who worked with him with a list of what he wanted to do and asked her to find appropriate grants. Will we have a specific list or just pay someone by the hour to search for grants? Diane said they do have to do some of that but there are some grants that are really well known and they can just start applying for them. Some of them have no



match. Maybe we would start with those. Ken said we need a project for the grant. Diane said she has a list of ideas. She thinks we can find certainly find grants that we have plans for.

Ken said the consensus was that we shouldn't raise taxes and this would raise taxes. Will said if we made it a separate article the voters could vote yea or nay on it. We could put forward a dollar amount with a notation of how much it would impact taxes. BJ asked if we could give them a choice between hiring someone and raising taxes or using someone who would be paid from grant funds. Rosemary said she would suggest writing an article similar to the town's article, with a different dollar amount – not \$40K. Ken thinks if we are going to do this it should not be a shared employee. He thinks we should have an in-depth conversation about projects we could use.

Diane said she thinks we will find that we will change what Johnson looks like by hiring someone. Will asked what the tax rate was for the village last year. Rosemary said 18 cents. Will said we are talking about a 33% increase then. Diane said she thinks if we do this we will change Johnson quite a bit. She thinks we need to tell people at the informational meeting what we can do with grant writer and economic development person. She thinks we need to sell it to people.

**Diane moved to put in the annual village meeting warning an article with the same wording as Article 6 on the town meeting warning. Will said he would like to see the article include the amount by which this would raise taxes. Diane agreed to that as a friendly amendment. BJ seconded.**

Ken said the town budget is a lot more than the village budget. He thinks if we really want this to pass we should reduce the dollar figure. We need to have projects for the grants, and matching money and the consensus was that we didn't want to raise taxes. If the village residents are for it, that is fine, but \$40K to match what the selectboard is doing is a big jump. Steve said the motion has a better chance of passing if the amount is smaller and we would still also be able to try to get the kinds of grants where the person would be paid out of the grant funds. Ken suggested maybe we could do two smaller projects the first year so people can see how the added expense is helping us out. Diane asked what number Ken is thinking about. Ken said he has no particular number in mind. He is fine with going up to \$40K, but do we think that is going to pass? Diane she wants to make sure the trustees are all on board to sell this to the people. BJ said if the trustees were going to vote on paying for this, he would vote against it, but he will go along with whatever the taxpayers want. Ken suggested \$30K for the first time.

Kyle said there will need to be a group effort to get the article to pass. What is a number this board could rally behind? Steve suggested something just a little lower than the town. Rosemary was asked how much of an increase \$30K would be. She said 5 cents. BJ asked if the person would want to work part-time. Rosemary said we might be hiring consultants to do the work, not hiring an employee.

**Diane and BJ withdrew their motion.**

**Diane moved to put in the annual village meeting warning an article with the same wording as Article 6 on the town meeting warning, with the dollar figure changed to \$30,000 and with the addition of information on how the expenditure would affect the tax rate, BJ seconded and the motion was passed with Will opposed.**

**Ken moved to approve the warning for the village annual meeting as presented with the changes discussed at this meeting and the motion was seconded and passed.**

**6. *Troy Dolan Speaking on Behalf of Village Crew***

Troy said that while he attended Wednesday's meeting virtually, it was brought to his attention by the village employees there in person that there appeared to be some sort of document being read on site during the meeting by certain members of the public. Based on the comments made by members of the public and overheard by the village employees, the staff feels it contained potentially false or misleading information about them. For instance, the village crew overheard a member of the public say that only one member of village staff was a certified lineworker and the others were just pretending to be. That is not true. Troy and Nate are both certified first class linemen. The potential circulation of incorrect information such as this makes the village employees feel like they are being targeted for some other purpose. He is wondering if any member of the board of trustees is aware of this document or knows anything about it.

Diane said it is the arbitration award. Troy asked why that was distributed. He asked Diane if she distributed it. Diane said yes, she gave it to Kyle.

Diane asked, did Troy not read the arbitrator's award? Nobody received that document? Wouldn't the employees have gotten it? Will said Troy was asking about what document was passed at the meeting. Diane asked, did the employees get the award document? Ken said he doesn't think so.

**7. *Executive Session for Personnel Matter***

Will said the letter received from Meredith does not need a motion. It is non-negotiable.

**BJ moved to go into executive session with the trustees and Rosemary remaining pursuant to 1 VSA § 313(4), seconded by Ken.**

Kyle asked if the letter from Meredith is a public document. Will said yes. He read the letter. Meredith is giving notice of termination of her contract for consulting. Her last day of consulting service will be March 11.

**The motion was passed.**

**BJ moved to exit executive session, Ken seconded, the motion was passed and the board came out of executive session at 9:15.** No action was taken

**8. *Adjourn***

The meeting was adjourned at 9:15.

*Minutes submitted by Donna Griffiths*