

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, MARCH 1, 2023

Present:

Trustees: Steve Hatfield, Lynda Hill, Diane Lehouiller, BJ Putvain, Ken Tourangeau

Others: Erik Bailey, Rosemary Audibert, Rob Moore, Victoria Hellwig, GiGi Beach

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Steve called the meeting to order at 6:00.

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

No changes to the agenda were needed.

3. Executive Session to Evaluate Village Manager at End of Probationary Period

Ken moved to enter executive session for evaluation of an employee as allowed under 1 VSA 313(a)(3), Diane seconded and the motion was passed at 6:02. Rosemary was invited to remain if she wished. The board came out of executive session at 6:52.

4. Remove Village Manager from Probationary Status as per Contract

Ken moved to remove the village manager from probationary status and bring his pay to the amount agreed upon in the contract, effective March 1, 2023, BJ seconded and the motion was passed.

5. Discuss Garage Project and ARPA Funding

Rob Moore of the Lamoille County Planning Commission introduced his colleague Victoria Hellwig, who is new to the LCPC staff. He said part of her job is doing research on the Buildings and General Services grant opportunity he will discuss. LCPC has been communicating with the Vermont Department of Buildings and General Services on details of the program.

Rob said Erik reached out to LCPC to get the ball rolling on the village garage project. Rob has been working with Erik, discussing the BGS opportunity and other opportunities. The village has direct access to ARPA funding that has already been allocated to the village. The village can spend that money essentially on whatever it chooses. Often federal grant money cannot be used as a local match for another federal grant, but ARPA money can be used as a match. There are other federal grant opportunities. The USDA has some. He feels it would be reasonable for the village to use its ARPA funds toward the effort of the village garage renovations. That is an idea that should be considered.

Ken said his understanding is that the trustee board has full control of the ARPA funds and doesn't need approval from the taxpayers to spend the money. Rob agreed that is the case. Ken said we have already had discussions about using some of the ARPA money for this project.

Erik said for a lot of the other priorities we have discussed as possible uses of ARPA money, there are other funding sources. There are few sources for village and town garages.

BJ asked if Erik and Rob have found any potential money for this garage. Ken said there was a USDA grant Meredith was exploring. Steve said there was a deadline we missed. Rob said those grants come around every so often. That is at the top of their list of possibilities. LCPC has gotten good at working with multiple funding sources and combining multiple grants toward one goal.

Rob said for things like sidewalks, beautification or community and economic development there are other viable grant sources, so he is suggesting that the village might want to use as much ARPA money as possible to get the ball rolling on the garage project. He suggests setting aside an amount in the range of \$70-100K for hiring an engineering and architecture team that would investigate site considerations and identify budget parameters and regulatory and permitting requirements. LCPC can manage the hiring process. He can't say now how long it would take or how much it would cost. He sees the need to hire a team of experts and rely on their expertise to steer the direction of the design and identify regulatory requirements. He would hope it could be done for \$70K but with inflation the cost might be as much as \$100K. In addition, he would suggest setting aside more than we would hope would be needed – \$20-30K – to continue to engage that consultant for permitting and regulatory needs. If not all that money is spent then what is left over can be used for construction. He suggests using as much ARPA money as possible for construction but he thinks that would still not be enough to pay for the project.

Ken asked, there are no grants for engineering? Rob said there are grants for engineering and architects but the question is when the next round of grants will be. His goal is to advance the project as quickly as possible.

Steve asked if the study that has been done is any use to us. Rob said it is very useful. Erik said that study does not show what should be put on that site, just what is there now. The study had general recommendations.

Rob suggested the trustees could set aside \$125K but tell Erik and Rob to spend no more than \$80K initially and come back to the board before spending more than that.

Ken asked if the village has a procurement policy. Rosemary said she believes so. Ken said in that case before we spend any money we have to get two quotes. Rob said LCPC can assist Erik in following the procurement process and soliciting estimates.

Lynda asked who would write the grant applications for future construction. Rob said LCPC provides that service at no cost. Lynda asked, LCPC would find the grants and apply for them? Rob said yes.

Steve said it was his understanding that we let the December deadline for the USDA grant slide because we didn't want to get wrapped up in excessive paperwork over the fact that it is a brownfield site. But it sounds like we may have to go for grants where we have to deal with that. Rob said it may or may not be an issue, depending on the grant source for construction. Steve asked, so USDA could still be a viable source of part of the funding? Rob said yes. They do have requirements about a variety of things, including brownfield issues. There was

an area-wide assessment but he believes it was for the whole 100+ acres of property. It provided a general overview of what situations are likely, not a prescription on how to deal with them. It does not conform to EPA regulations for assessing and mitigating brownfields.

Rob said the Buildings and General Services grant opportunity is an important part of the package. BGS is offering to have someone come to the building and do a free energy audit of the existing conditions. They would send a consultant the state has already hired to do an assessment and write a report. That will give the engineering and architect team more information about what the goals should be for that building. New construction is technically eligible for grant funds but they are more interested in providing energy efficiency investments for remodeling and renovation, which is what this project is. He is hoping to get the Village of Johnson first or near first in line for one of these assessments. He and Erik have also interacted with Vermont Technical College students doing a project. The village and the BGS assessor may get useful information out of that. The BGS assessment will identify things that are not efficient in the current building and when we go to remodel we will be in a better position to ask for grant funds for more efficient things because their own report will say they are needed. There is \$500K available from BGS. He is fairly confident the village will be able to intermingle that money with other funds, for example from USDA. We know we can intermingle with ARPA funds.

Ken said the start of the process will be to get two price estimates. That will take 3 or 4 weeks. Then Erik will have to tell the board what the estimates are. He suggested authorizing expenditure of only \$25K now. He doesn't see the board making any large decision until after the election when a new board is formed.

Diane asked how much ARPA money we have left. Rosemary said \$450K. Diane asked if we are going to use any ARPA funds to cover our budget shortage. Rosemary said that is up to the board. Diane asked how much the shortage is. Rosemary said right now it is probably \$75K. She said the water and sewer departments don't need any ARPA money. The electric department probably could use some. Erik said it probably would be good to have \$125K available for the electric department if it is needed.

Erik said when he and Rob talked, Rob said he felt it would be very good for this project to be able to secure all or most of the ARPA funds we have as seed money towards other grants. Garages don't qualify for many other pots of money like some of the other projects we have looked at. Using ARPA funds for this project would be a very good use.

BJ asked if Rob would be okay waiting a month for approval to spend the amount of money he recommended. He agrees with Ken that the next board probably won't have an issue with the expenditure but that we should wait to let them make the decision. Rob said yes. His thought is to move forward with a BGS assessment. That could be done without any ARPA funding. His work on putting out an RFP to hire an architect and engineer doesn't require ARPA funding. The pace at which we move forward is up to the board. He can start moving forward tomorrow or wait until next month. BJ said he would like him to start moving forward tomorrow. Ken said he has no problem with that.

BJ moved to ask LCPC to start moving forward with the process of pursuing grant funding opportunities and engineering and architecture services for the village garage project, with the expectation that the trustee board will vote at its next meeting on dedicating ARPA funds to the project, Ken seconded and the motion was passed.

Rob said he can work with Erik to follow the village procurement policy to solicit proposals for architecture and engineering services. He potentially can report to the trustees on proposals at the next meeting, definitely by the meeting after that.

Steve asked if the village can also work with LCPC on some other projects, like sidewalks. Rob said yes. He is very familiar with VTrans grant programs that will fund sidewalk projects. There is money from VTrans to study or scope new sidewalks and also to actually build them.

Lynda asked what happens with easements. Rob said whoever the village hires with grant money will handle the easements. He can come back another time and talk about sidewalk grant funding opportunities.

BJ asked if the village got the grant for the project near the covered bridge. Diane said LCPC is waiting to hear back on that. Once they do, they will get in touch with Erik. The Spark grant she got last year is with LCPC and available for us to use.

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

Rosemary reviewed the 8 articles on the warning for the annual village meeting. **BJ moved to approve the annual village meeting warning as presented, Ken seconded and the motion was passed.**

7. Members of the Public

GiGi Beach said she would like to offer an apology to the trustees because she posted on Front Porch Forum about painting the old mill house before she brought it up with the trustees. She did talk to the selectboard and they raised some concerns. She is trying to get some answers by the time the selectboard and trustees schedule a joint meeting. She got the impression that the selectboard would be working on scheduling a joint meeting. She will present what she is proposing to both groups because she understands that the building is jointly owned. She has just been elected treasurer of Johnson Works. Johnson Works is thinking that because of rail trail development that building could be potentially be used by other community groups.

Lynda asked what GiGi found out about lead paint issues. GiGi said it is not an issue as long as it is not scraped. Painting the surface of the building will not involve digging, so brownfields should not be an issue. She wants to get all that in writing by the joint meeting.

8. Village Manager's Update and Action Items

Erik said NVU got an award letter for a \$20K energy efficiency upgrade project. They think lighting upgrades will be the best use.

Nate and Erik have been managing the sidewalk and parking lot plowing schedule successfully, minimizing overtime while maintaining a high standard.

It may be possible to incorporate a flashing pedestrian crossing sign on Main Street into the upcoming AOT project at no expense to the village. And the process for getting an additional crosswalk may be easier than in the past. The AOT project has been delayed. Bid opening will be no later than August. The trustees discussed locations where an additional crosswalk would be desirable.

9. *Act on Draft 2023 Water and Wastewater Budgets and Proposed Rates*

Erik said the rest of the board wanted to see if Ken had any questions about the water and sewer budgets that were presented to the rest of the board at the last meeting. Ken asked if we should start considering work on the cupola again. Erik said he and Dan are looking at the possibility of doing something in-house this summer – putting louvers in the windows. Steve said he thought there was some rotten framing. Erik said it is a very robust structure.

BJ moved to approve a water department budget of \$313,335 for 2023, Diane seconded and the motion was passed.

BJ moved to approve a wastewater department budget of \$496,580 for 2023, Lynda seconded and the motion was passed.

Erik said the proposed 9.8% increase in water and wastewater rates would lead to a \$5-10 increase per month for ratepayers, for water and sewer combined. Ken said he will abstain from the vote on this since he doesn't use village water or sewer, but he thinks it is fair.

BJ moved to approve 9.8% increases in water and wastewater rates, starting with the May billing and the motion was seconded. Steve said we can send out a notice in the next bills. Ken said we probably should put notices on Front Porch Forum and Facebook too. **The motion was passed with Ken abstaining.**

10. *Presentation of 2023 Electric & General Department Draft Budgets*

Erik reviewed the draft electric department budget. He noted that the electric department had a lot of merchandising and jobbing revenue last year. He did not assume it would be as high this year. He increased dividend income. We bought more shares of Transco. Miscellaneous income went up because of the \$10K refund we will be getting from Lion. We are getting mutual aid revenue from Hyde Park. We are billing them for mutual aid because they currently have no capacity to give us aid in return. Commercial sales is up a little. It looks like it will go up even more because Percy's gravel pit will most likely move from diesel to electric. But we don't know when that will happen.

Diane asked what is happening with metering at NVU. Erik said the new meter is still being worked on. Steve said we haven't purchased it yet, let alone installed it. Ken asked if the cost of the meter is included in the 2023 budget. Other said it was in the previous budget.

Steve asked if the international workers from Smugglers' Notch using the dorms at NVU helped our income. Erik said it is hard to say. They were only there for about 2 months of last year. Diane asked if they are going to do that again. BJ said yes, until they can figure out another solution. That seems like the most viable solution for now.

Erik said he added one line item that he still has to make sure the PUC will allow. He is a big proponent of reserves, so he added in a \$20K contribution to reserves. That puts expenses at \$20K more than last year. He decreased purchased power expense a little because natural gas prices have gone down and the futures market says they won't go back up much. Project 10 charges went up. There has been a major increase in the renewable energy standard requirement by the Vermont legislature.

There was discussion about what to budget for Village of Morrisville transmission costs. They haven't sent a bill yet for last year. It was agreed to increase that amount to \$20,000.

Erik said salaries overall are 1.4% higher than in 2021, which was the last time we had a foreman and manager. When we think about the cost of living increases, the amount effectively has gone down. Erik budgeted less for outside services because we will not be paying for Dolan contracted services and he does not foresee legal expenses will be as high. Erik said there is an 18% increase in the VPPSA bill. Almost all of that is due to the renewable energy standard. Their office only has a 6.2% increase and they had the same pressures we did due to health insurance increases, etc. Our health insurance cost went up. Unemployment is down. Retirement is up a little. Social Security is up a little bit.

Erik said we are going to be spending less on uniforms. We are stuck with our current uniform contract until the end of June. After that we will buy uniforms and the employees will wash them themselves. The initial purchase will cost \$3K and he thinks we will pay half of that every year for maintenance. BJ said we will save money in the long run.

Total expenses are \$2,599,069, which is \$14K more than last year.

Ken asked if that is enough. He said he would rather have a surplus than a deficit.

Diane asked when the electric rate study will be done. Erik said it will start in June. Other utilities' increases have been coming in at 11-15%. Under new rules we can raise rates by up to 2% without having to go through the whole rate study process so we should start doing little increases. Probably 3/4 of the year will be over before the rate study is done and rates go up.

Ken asked, with the Affordable Heating Act coming up, did we take into account the extra cost for fuel? There are predictions that the average increase for a home will be \$500. Lynda and Erik said that legislation may not happen.

Steve said we have talked about other areas of savings, like the cold storage building. Erik said the town is uneasy about turning off the heat at the cold storage building. They want to meet about it. Ken said his only concern is that eventually when we renovate our garage we will need to use that building. We will want to keep heating it for a while. Erik said the proposal is not to get rid of the heating system, just drain it or fill it with glycol and shut it off. We are not talking about getting rid of the building.

Ken asked if Rosemary is comfortable with the proposed budget. Rosemary said yes.

Ken moved and BJ seconded to approve an electric department budget of \$2,599,069 for 2023. Erik said that is about 0.5% higher than last year's approved budget. The shortfall in last year's budget right now is \$236K but some of that is depreciation. Without including depreciation, the amount is \$183K. **The motion was passed.**

Erik reviewed the draft general department budget.

Steve asked how much of Erik's salary is in the electric department budget and how much in the general department budget. Erik said 72.5% of his salary is under the electric department 8% under the general department, 10% water and 10% sewer. Anne is 70% electric and 10% each of the other departments.

Erik said he increased the budget for beautification to include the amount approved for the Tree Board. He increased parades and celebrations a bit. Total village office expense is down from what was budgeted but up from actual expenses. He increased building maintenance because some work needs to be done on the building. The tower needs to be finished. The building probably needs to be pressure washed.

The bottom line for the general department will come in just about flat compared to the previous year. Erik does not recommend a tax increase. There will be water and sewer rate increases and an electric rate increase.

Ken asked Rosemary if she thinks this budget has enough room to cover unexpected expenses that may come up. Rosemary said she thinks so.

Ken moved to approve a general department budget of \$438,683 for 2023, BJ seconded and the motion was passed.

11. Village Report Dedication

The board discussed possible dedications for the annual village report and decided on a dedication based on what the majority of the board supported.

12. Adjourn

Ken moved to adjourn, BJ seconded, the motion was passed and the meeting was adjourned at 8:37.