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# CFD2 | Special Meeting

Monday, 01.24.2022 via Zoom 5:30-7:32pm

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## Attendees

Ian Baldwin (Board Member)

Farley Brown

Gina Campoli (President)

Nicole Civita (Board Member)

June Cook

Paula Davidson (Treasurer)

Jed Dornburg

Christina Finkelstein (Secretary)

George Hall (Board Member)

Norm Hanson (Board Member)

Susan Houston

John Kiernan (RCAP Solutions, Inc.)

Micki Martin

Nancy Milholland

Sherilyn Peterson

Jeremy Rathbun (Dubois & King)

Renee Rossi (Board Member)

Steve Smith (Systems Operator)

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## Agenda

1. Update re new source well
2. Update re existing wells and short-term remediation
3. Update re bottled water distribution plans
4. Rate increase effective January 1, 2022
5. + Subcommittee membership

## Update re New Source Well (Jeremy)

- **Current Status:** Jeremy Rathbun of Dubois & King (D&K) reported that the easement for the landowners and CFD2 has been reviewed by lawyers and is awaiting sign-off on final changes
  - Jeremy and Norm Hanson met with landowners on Friday, January 21.
  - Landowners expressed concern that the proposed location would prevent or limit their ability to use the clearing near the structure
  - Jeremy made minor tweaks to language in easement and sent to attorneys for review earlier today
- **Next Steps/Milestones:**
  - Complete easement review
  - Submit easement to the State—approximately 30 days to complete the state review
  - After state reviews, there is a 30 public-notice period for any abutting property owner who are given the opportunity to comment regarding how the project might affect their well. D&K will prepare responses
  - Obtain permit
  - Drill the well, contingent on weather [contractor already procured]
  - Confirm yield – stress system and pump water for three straight days
  - Personnel onsite for three days to monitor the wells within 2000 feet to ensure no undue influence on their yield
  - Collect battery of water samples for PFAS and other water quality testing
  - Purchase equipment (pumps and connectors)

- Install equipment [will require a 3-week bidding window to be eligible for federal reimbursement]
- **Best-case scenario: mid-July before we have WL-05 online**
- Questions/Comments
  - Q. Can you estimate the risk of this not working?
  - A. No. We won't know until we drill whether the spot will yield.
  - Q. Is there a backup site if we go through all this and it doesn't work?
  - A. There is another site that is south of the pump house on the Sterling College farm. This site was eliminated last year as a potential location because Sterling could not accept the limited number of livestock that could be within the 200' restricted radius of the well. If efforts at the current site fail, then we will need to have this conversation again.
  - Additional points were raised that Sterling is the largest user of CFD2 water and that the Sterling location would have been less expensive.
  - Nicole Civita added that if we get to the point where we are looking for a new site again, Sterling would be happy to reconsider, but that a general concern they have had is that the existing wells in that general area have consistently tested poorly for water quality

## Update re Existing Wells and Short-Term Remediation (Jeremy)

- **Current Status:** WL-01 is providing customers with non-potable water for daily use. WL-04 is yielding significantly less (<1g/min) than old hydrogeological reports indicated (6g/min). WL-04 will be hydrofracked tomorrow, January 25, to increase yield
  - When an aquifer is not pumped, fissures in the bedrock can fill-in because there is no constant stream of water
  - Hydrofracking is the fastest way and best option to increase yield given current predicament
  - Jeremy and Steve Smith (Systems Operator) have been waiting for milder weather to initiate the hydrofracking. Temperatures above 20 degrees are needed or the equipment will freeze
  - We'll know by the end of the day whether the hydrofracking was successful
  - Once hydrofracking is completed, we need to get a pump back into the well and run required "step testing"

- Jeremy confirmed with labs today that they stand ready to test the water for PFAS and turn around results quickly

#### **Next Steps/Milestones:**

- Hydrofracking
- Drop in new well (contingent on weather)
- Step test run
- Send water samples to lab for PFAS testing
- Evaluate whether or not WL-0 4 will suffice or the need for blending with WL-01
- Purchase blending equipment if WL-01 is required to supplement
- Paula Davidson raised concerns about timing and timely payment of bills to Dubois & King and other vendors
  - Jeremy said he will look into state payment mechanisms and coordinate with Paula. Possible that they can pay the vendor directly instead of reimbursing CFD2.
  - John Kiernan (RCAP) suggested that CFD2 look into a line of credit as any interest will be a reimbursable expense
  - Financial Planning subcommittee to think through best policies and procedures for how and when CD principal and interest will be expended
- Questions/Comments:
  - Q. Did the PFAS go up because of equipment issues?
  - A. No. The testing revealed that it was a yield issue and we confirmed that the pump in WL-04 is better than it should be so it's over pumping..
  - Q. What is the timetable for getting potable water <20 PFAS?
  - A. Hard to answer because there are so many moving pieces. Unless yield goes up significantly from hydrofracking, which is unlikely, we will still need to blend with WL-01.
  - We will need bottled water for another 30-40 days.**
  - Q. Where did the PFAS come from?
  - A. We don't know. State will begin a site investigation soon.
  - Jeremy received a notice today that CFD2 and Sterling College will both be notified by the state to solicit their participation/lead in an investigation and will forward a copy of the notice to the Board

- Parties selected as part of due course for their proximity and size and not to be taken as suggestion of cause.
- Special Projects Subcommittee will report back with more in a future meeting

Q. How long has WL-01 been in operation and what was its initial/baseline PFAS result in 2019?

A. WL-01 has been in operation since 1956. CFD2 tested for PFAS per the Vermont mandate in 2019 and came in at 20ppt. Blending WL-01 with WL-04 brought down the PFAS to acceptable levels until Q3 2021.

## Bottled Water Distribution (Christina)

- **Per discussion above, we will need bottled water for another 30-40 days.**
- Our options are limited. Vermont Heritage (VH), the closest approved supplier is unable to deliver water to us. VH suggested contacting their local distributor, WB Mason, or having a local driver with a truck pick-up the water.
- Huge thanks to Rob Strong, Barb Strong Nicole Civita, Doug (Nicole's husband), and the many Sterling College students who helped truck, unload, and deliver the first truckload of bottled water on Thursday, January 20th.
- Distribution center established at Sterling's dining hall. All but a few customers have picked up their water. All customers requesting delivery had their water delivered.
- Discussion re sign-out and return logistics. Board agreed that we should use an honor system. Customers will be asked to note the number of jugs they take and the number of empty jugs they return.
- **Second truckload of bottled water is scheduled for Tuesday, January 26th.**
  - An email to all customers will be sent to notify them that water is available for pick-up and instructions on where to return used jugs.
  - **It is important to collect all the used jugs as there is a \$6 deposit for each.**
- We are waiting to hear back from WB Mason. They are processing our paperwork. We hope that they will be able to deliver water to us for subsequent deliveries.
- The State will reimburse CFD2 for bottled water at 100%. (Trucked water will be reimbursed at 50%.)

## Rate Increase (Paula, Norm)

- Paula Davidson outlined the reasons for recommending an increase to the base rate from \$30 each quarter to \$45 each quarter. [See Addendum, attached, for full details]
  - Budget deficits in the past years offset with withdrawals from reserved funds. Practice is not sustainable
  - New water testing requirements over last few years are expensive
  - Repair and equipment costs over time increasing
  - RCAP report suggests that our rates are much lower than other water districts
  - RCAP provided three separate proposals-a do nothing, a modest increase now, or a significant increase now. The Finance Sub-Committee studied the proposals and suggest that we take the modest approach
  - Norm Hanson added that at the time of the Bond Vote in August 2021, Dubois & King estimated that the balance of the loan that is not subsidized by federal or state assistance would represent a cost increase to the average user of approximately \$100/year
- **Norm moved that the CFD2 base rate be increased from \$30/quarter to \$45/quarter, effective January 1, 2022. Paula seconded the motion. The motion passed unanimously.**
- **This is an increase of \$60 for 2022. Any customer on a fixed income for whom this increase will be a burden on their budget is encouraged to reach out to a CFD2 Board Member to discuss payment support.**
- The Board will allow two additional weeks to receive and consider any public comments, after which the base rate will be increased to \$45/quarter, effective January 1, 2022. Notice of this increase will be posted in three locations within the CFD2 service area and the Front Porch Forum, per the CFD2 Ordinance.

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## Subcommittees

The Board discussed the various subcommittees and solicited interest from board members.

- Special Projects: Christina, Gina, Nicole, Renee
- Financial Planning: Ian, George, Norm, Paula
- Asset Management Plan: Christina, Ian, Norm, Steve, (Jeremy @D&K)
- Public Engagement/Communication: Christina, George
- Emergency Operations Planning: Christina, Norm, Steve, (John @RCAP)

## Action Items

1. Paula to reach out to bank re a line of credit
2. Jeremy to look into state payment mechanisms and coordinate with Paula
3. Jeremy to follow-up with the Special Projects subcommittee re PFAS source investigation
4. Financial Planning subcommittee to think through best policies and procedures for how and when CD principal and interest can be expended
5. Gina to confirm with Town re in-person meeting requirements
6. Gina to confirm with Craftsbury Academy re bottled water needs
7. George will hand-deliver any announcements to customers without email

## Next Meeting Agenda Items (Tentative)

Changes/Additions to the Agenda

Update re new source well

Update re WL-01 and WL-4 / Do Not Drink Timeline

Other updates from subcommittees

The next monthly meeting is scheduled for Monday, February 7, 2022, via Zoom and (tentatively) at Sterling College.

Zoom link and room details to follow.

## Addendum: Rate Increase Rationale

- The rate structure for customers of CFD2 consists of two components, the base charge and the usage charge. 1) The base charge is a flat rate charged equally to every customer each quarter, regardless of the amount of water used. We propose an increase in this charge from \$30.00 per quarter to \$45.00 per quarter. 2) The usage charge is calculated based on metered gallons of water used per quarter. This charge of \$6.00 per 1000 gallons will not increase for 2022.
- A comprehensive rate structure analysis was conducted in 2021 by Mark Johnson of the Rural Community Assistance Program (RCAP). Here is a summary of the report's comments and recommendations.
  - Costly repairs and new testing and equipment expenses have led to CFD2 budget deficits in the past few years, and these have been covered by withdrawals from reserve funds. This is not a sustainable practice.
  - As the only fixed source of income for CFD2 daily operations and maintenance, the base charge will need to increase to cover costs. Furthermore, a portion (up to 20%) of the loans CFD#2 is pursuing at present for a new well and backup power supply will not be forgivable, so the board will need to cover new loan payments beginning in 2023.
  - The report notes that current CFD2 rates are far less than those charged by other water districts in Vermont and in other states. It commended CFD2 for its efficiency of operations, prudent fiscal management, dedicated system operator and volunteer Board.
  - The report presented three options: (1) Do nothing now and prepare for a giant increase later as the reserve funds are depleted and deficits accumulate; (2) Start now to phase in modest increases with annual reassessments of future need; (3) Invoke a major increase now for 2022.
- The Board has chosen to recommend Option 2.
- It is important to note the expense of the major capital improvements now underway, and a large proportion of emergency expenses incurred by the current PFAS crisis, will be covered largely by grants and loans that forgive repayment. CFD2's customer base is limited, and the proposed rate increase will only cover operating expenses with a modest projection for repair needs. With the system's aging infrastructure, it is vital that CFD2 retain some reserve funds to cover major repairs.