
CFD2 | Special Meeting

08.11.2022 via Zoom 7:00-9:00pm

Attendees

Polly Allen
Jonathan Ashley (D&K)
Ian Baldwin (Board Member)
Farley Brown
Gina Campoli (President)
Nicole Civita (Board Member)
Lori Collins-Hall
Paula Davidson (Treasurer)
Christina Finkelstein (Secretary)

George Hall (Board Member)
John Kiernan (RCAP)
Julian Levine
Nancy Milholland
Dana Nagy (DEC)
Renee Rossi (Board Member)
Steve Smith (Systems Operator)
Rep. Vicki Strong

ABSENT:

Norm Hanson (Board Member)

Acronym Guide

DEC	Department of Environmental Conservation
D&K	Dubois & King, consultant engineers for CFD2
RCAP	The Rural Community Assistance Partnership
WL-01	Well polluted with PFAS
WL-04	Well with no detectable levels of PFAS
WL-05	Reference to new primary source well or its location
WL-06	Reference to alternative source well or its location

Agenda

- Changes/Additions to agenda
- Update on new well WL-05
- Update on water level fluctuations WL-04

Changes/Additions to the Agenda

None

Update on New Well (WL-05) - Jon Ashley, D&K

Jon provided an update on the new well

- On Tuesday, August 9, Manosh prepped a stone road to access the new well site. The initial plan and understanding was to put down road fabric and two loads of stones to cover two soft areas. Manosh made the decision to add a lot more stone and they also entered an adjacent Class II wetland area.
- The rig could not get to the site without the extra stone.
- The stones may not be able to stay because Vermont does not allow logging roads on Class II wetland areas. However, the road was not installed for logging but for the drill rig.
- Dana Nagy (DEC) will be meeting with the Wetlands team next Wednesday to inspect the site. Gina Campoli and George Hall will join.
- D&K working with the state's Wetlands team to retroactively get approvals for the materials brought in and next steps. Even if the Wetlands team decides the stones can stay, the landowners would like the stones removed or another material added on top so that the road is walkable.
- Either action will incur additional costs that are not eligible for reimbursement.
- Final decision will be contingent on Wetlands rules and cost.
- (Gina) We will also have to bury the conduit and pipes underneath where the stones are now. So another complicating factor that will increase project costs.
- On Thursday, August 11, Manosh started drilling. They were able to drill about 40-feet below grade before they hit bedrock. By mid-afternoon they were down to

50-feet. At the end of the day the Manosh team reported to the landowner that they hit some water pockets.

Discussion/Questions:

Ian: Don't we need to maintain some kind of road?

Gina responded yes, but not at the level that Manosh built.

Gina: When will we have a better picture re whether the drilling was a success?

We may know more tomorrow if there are some good water bearing fractures within 100' of the surface. The upper part is more difficult to drill through but once they finish installing the casing it should go faster.

Christina: Will Manosh be drilling over the weekend?

Not sure. The drillers are so busy and they are particularly hard to get a hold of, but will check with the team on site tomorrow.

George: How do you know when to stop drilling?

When we find a fracture that will produce either enough water to be the primary source or as a supplemental source for Well-04.

Christina: Don't we have to shut off WL-04 so that it won't interfere with WL-05?

No, because when the site was reviewed with the state again earlier this summer, they recommended moving away from the then designated site to the current location so that it will not interfere with WL-04.

Gina: Will we be testing the effect on WL-04?

Yes, when D&K does the 72-hour monitoring that will include WL-04 and any other well within 2000'.

Update on WL-04 Water Level Fluctuations - Gina

Gina provided some background on the current situation:

- **[Jul 29] Steve informed the Board that the pump for WL-01 stopped working.** Decision made not to replace as the cost was prohibitive given imminent plans to establish a new primary source.
- **[Jul 30] Steve noticed a significant drop in the water level in WL-04.** Bulk water was delivered to supplement the supply. Customers were notified of the issue and asked to conserve water and asked to check their fixtures for any leaks.
- In the days following Steve checked all the facilities for any potential leaks. None found.
- [Aug 4] Under the advice of the Vermont Rural Water Association and thanks to the cooperation of all the customers, Steve conducted a leak test. No leak found.
- Possible causes for WL-04 fluctuations
 - Problem with the pump. Manosh was supposed to pull the pump for WL-04 today to see if there is a problem but they were not on site.
 - Issue with pump house controls. A D&K electrical engineer is scheduled to evaluate on Monday (Aug 15).
 - WL-04 is no longer yielding the expected volume of water.
- **Meanwhile, we are having bulk water hauled 4x/week to supplement the tank in order to meet our current demand.**
- **Each haul of water is \$1100.00 or \$4400.00/week.**
- This expense will continue until a resolution is found or WL-05 is connected.
- There are many requirements related to permitting and loans so it could be upwards of another 12 weeks or more before WL-05 is connected, assuming it has sufficient yield.
- The Finance Committee met over the weekend to start running numbers and what the hauling could cost the customers. We don't have specifics, but it will be a lot of money.

- Gina reported speaking with Bryan Redmond of DEC re potential state support. The state provides funding for contaminant remediation, not to fix operational problems.

Current and Future Funding for Bulk Water (Dana Nagy, DEC)

Dana noted that DEC provided CFD2 a grant for \$35,515.90 for the initial bulk water at the start of the Do Not Drink Order and to cover current and projected bottled water expenses.

- There is \$14,291 remaining in the grant
- **There is no additional funding available. There are other water systems facing PFAS contamination. There are finite funds and CFD2's portion has already been allocated.**

Questions/Comments

Gina: Since WL-01 has been shut off at the curb stop, can we switch our grant from bottled water to bulk water?

DEC will allow the remaining grant money to be applied to bulk water, but Dana warned that the money will go quickly.

Christina: Is CFD2 being penalized for having a back-up well and is this really an operational issue. WL-01 is contaminated and is no longer working. If we didn't have the back-up well and the pump stopped working, we would have to haul water.

The contamination and operation are two different things. The contamination isn't affecting the operation. CFD2 customers are not even drinking the water. DEC is providing bottled water. The problem is that CFD2 is not able to produce enough water to meet demand.

Gina: If WL-01 wasn't contaminated we would figure out what is wrong with it and get it back online, but it's contaminated.

CFD2 can still do that and may have to do that. The state has limited funding (500K) and all the money has been allocated to other water systems, including those choosing to put in expensive treatment. Moreover, the funding is not for operational expenses.

Christina: Weren't there other funding sources mentioned in earlier meetings?

No. This is the only funding unless CFD2 wants to get a SRF loan [Clean Water State Revolving Fund, an EPA-state partnership to provide low cost financing for infrastructure]. There are no other pots of money for the water.

Paula: If we move to potable water, are we excused from providing bottled water?

Yes. It's an either or situation. CFD2 can use the grant money to pay for bulk water or bottled water.

Lori Collins-Hall: (1) Would like to discourage CFD2 from using the remaining funds for bulk water because it will burn through that money very quickly. CFD2 will need \$54,000 at the current rate to cover the 12 weeks. (2) Sterling College is working through a number of issues caused by the recent lightning strike at the Common. Something to look into and check with insurance. (3) Look into ARPA funding through the town.

Dana responded that WL-01 could very well have been impacted by lightning, but WL-04 may just be over-pumped because WL-01 is not working anymore.

Nancy Milholland: Agree that there is potential for the ARPA funding, but there is a short window to get the application completed. How many households does CFD2 serve?

Paula responded that CFD2 sends out about 60 bills.

Nancy added that she suggests increasing cost to the consumer sooner rather than later to cover some of these costs.

Gina responded that the Finance Committee is aware, but we're waiting to see the extent of the problem—can we fix the pump and haul water for just another week or two or will the hauling continue for 6 or 12 weeks. We will have to raise the rates, but it remains to be seen what the full burden will be. All the customers—homeowners, the schools, and other key institutions on the Common will have to share the cost. Note that the number of Sterling College students on campus will increase in the next couple of weeks so it's possible we'll have to go to 5 or 6 hauls a week to meet demand. Craftsbury Academy will also start soon [August 29]. She wants to know what the right number is first.

Ways to shorten timeline to get a new water source connected (Dana)

- Once the well is drilled, have Manosh do a 3-5hr blow test instead of the usual 1-hr blow test
- Working on the assumption that we find enough water, DEC will want PFAS testing twice—once we find water and once after the pump test is completed because we

want to rule out PFAS asap. If there is PFAS, we'll want to move on to another site right away.

- If the alternative site for WL-06 is on Sterling College land, we need to make sure we get that going right away.
 - Will need a map of the location so Dana can get it to Scott Stewart and add it to the application so if the WL-05 location doesn't work out, we can quickly pivot to the WL-06 location
 - Gina added that we need to get the land surrounding WL-06 surveyed. When she met with Lori [on July 14] for a site visit, it didn't seem so urgent but now it is. Gina will be reaching out to the property owner who will be affected by the buffer zone.
[BACKGROUND: Pending a boundary line survey, the land is believed to be owned by Sterling College and the buffer zone is believed to be owned by a private landowner.]
- Dana would like to take a look at the WL-06 location while in Craftsbury next Wednesday to inspect WL-05 site so he can give Scott some initial assurance re the site location
- **Once DEC gets the test results, they can issue CFD2 a 90-day letter that will allow a Boil Notice. This is to give CFD2 time to do the remaining steps (interference tests, yield testing, suite of water quality tests) while allowing customers to use the water under a boil notice.**
- **Further, instead of waiting to dig the pipes to connect to the water system, DEC can allow CFD2 to lay a pipe over land and connect it to WL-04 while the infrastructure is being built.**
- This temporary distribution system would be covered under the 90-day letter and would not require a construction permit to be in place.

Questions/Comments:

Nicole: At last meeting we discussed 12 weeks for the necessary permitting and a connected water source. When is the earliest we could have that 90-day letter issued to allow CFD2 to issue a Boil Water Notice?

Dana responded that the timeline includes the time to drill the well, complete the blow test, and get the water tested for [acute and] PFAS. Dana reiterated that it's really important to get the initial PFAS testing done so a decision can be made on whether to move forward.

There is also the time to connect the piping to WL-04 overland. If it couldn't be constructed another option is to bulk haul from this new well to WL-04.

Wetlands could slow down the process a bit. Dana will know more once he meets with them next week.

Nicole added that it would be really helpful to get a timeline in the next couple of days. By her calculations the process described by Dana seems to be in the 4-6 week range, but would like something more definitive as CFD2 considers its options on how to manage next steps.

Nicole: Can Sterling write a letter in support of the easement before it's officially in place, much like the landowners did for WL-05?

Dana responded that he would have to talk to Scott Stewart, but probably not. Christina noted that CFD2 is amending an easement with the landowners for WL-05 to reflect the revised site location. WL-06 will be starting from scratch so the same leniency may not apply.

Gina: As a sidebar, neither she nor the landowner can locate any documentation that CFD2 owns WL-01.

Discussion: How To Pay For The Bulk Water

Dana: Suggest looking at replacing or repairing the pump for WL-01 because even if it's contaminated it will cut [hauling] expenses considerably.

Gina responded that she was told by Manosh that it would cost \$20K to pull and replace the pump. If the well wasn't contaminated she would support it, but this would be a short-term use. But now maybe it's worth reconsidering.

Nicole concurred. Added that is worth considering especially if there is potential for insurance coverage if it's related to a lightning strike. Moreover, if the yield in WL-05 is not sufficient or it's contaminated with PFAS, we will at least have sufficient non-potable water.

John Kiernan: Costs have gone up, but it may be worthwhile to call other bulk haulers to see what they are charging. Similarly, while probably difficult to get another firm in place, worth exploring a second quote for pulling and replacing the pump. Moreover, it would be

better to have Manosh focus on getting WL-05 completed while a different firm tries to fix the other equipment issues.

John added that CFD2 can consider purchasing a pump that it can use for the testing though it may be difficult to find one that will also meet SRF loan requirements

Jon Ashley responded that it may be possible to identify a pump that meets the requirements. The bigger challenge may be finding one that is available for several weeks or more, which would delay testing.

Nicole: If there is any emergency money available, we need to demonstrate that customers are paying for what they can before CFD2 will be eligible for those sorts of grants [see page 11]. A rate increase will be necessary. She asked the customers present what their thoughts were about that.

Lori responded that she recognizes that there may be a need for a rate increase and that CFD2 is doing what it can, but would like to see it explore the options discussed earlier like changing bulk water haulers, looking into an insurance claim, and ARPA funding especially since it may take a bit of time to put a new rate structure in place.

Christina: It's critical that all customers understand that there will be a rate increase. We may not know what the final sum is but any additional cost increase will be based on usage so customers need to understand that it's really important to conserve water so that the final sum will be as low as possible. We need to get that messaging out now rather than waiting for the final number because it will be unfair to charge a higher rate retroactively.

Gina responded that she would like to know what that final number will be but understands we will not know and we have a problem. We have to let customers know so they can start preparing for a rate increase.

Paula: The Finance Committee [George, Ian, Norm, Paula] met last weekend and agreed that the customers are going through a lot already with the Do Not Drink and having to get bottled water. If this is a short-term problem, the committee felt this would be a good time to use the emergency money we have in a CD. It was also too soon to talk about potential fiscal scenarios because they had so limited information.

Paula added that she has been to the ARPA meetings and it would be unlikely for CFD2 to rank highly. Gina responded that she wouldn't write off ARPA because of the economic impact on Sterling and Craftsbury Academy and thinks CFD2 would have a good case.

Gina: She would like the Finance Committee to convene and take a look at the numbers and what the rate increases could look like temporarily and long-term. Asked John Kiernan if this is something he can help with.

John noted that he recognizes the comments in chat [opposition to using the money in the absence of a policy of how the money would be used], but thinks that this is an example of when emergency funds could be used as situations don't get much worse than this.

- Possible to use the money as a bridge with the intent to pay within a 1-3 year period
- Can help facilitate a conversation around that in the next couple of weeks

Gina asked for clarification from John Kiernan re whether his recommendation was to replace the amount borrowed from the CD with a rate increase. John confirmed and added that there is no policy yet in place for how the CD will be used but the Board could pass a resolution to use the CD money.

Paula: Interest rates have really gone up and the CD is now making less than a regular savings account. She does not have a source to pay these bills.

Nicole responded that we can do both - rate increase, ARPA funding, insurance claim, etc. discussed tonight. Concern that since the reserve fund was a result of a settlement, it's not something that can be built up easily. And looking at the rate study from 2021, we did not pick the top tier that was recommended.

Nicole clarified that this situation is not something we are putting people through but rather a challenging situation for everyone involved and we are working to solve the problem together.

Paula: Pointing out again that there's been a discrepancy between how much water is pumped out of the wells and how much is billed. There are several broken meters that need to get fixed. Gina seconded that every customer has to have a meter because there are some that don't or need replacement.

Christina: There is no financial disincentive for customers to conserve water during this shortage. The more we collectively use, the more hauls of bulk water that will drive up the final tab. How do we disincentive any unnecessary usage and ensure that each customer pays their fair share for any excess use now?

John Kiernan responded that it would be awkward to announce a new rate structure today to say you will charge people later, but willing to think through the possibility of a special assessment depending on their usage that you prorate based on any excess usage.

Paula added that this is all new territory. Accounting was very simple in the past and all done on paper. The CD was from a settlement, not a reserve built up over years. The idea that it's a reserve that needs to be saved is a new concept. We're all volunteers and we're working on it but the accounting used to be simple. Now we're talking about a very complicated rate structure and extensive budgets that involve building up a reserve. It will be a challenge for the committee to figure all that out.

Christina clarified that she is suggesting a temporary rate increase to cover the current water hauling. Dana noted that the debt would be carried forward so it doesn't make sense to go back.

John responded that it could be a simple calculation of if you use more than x gallons then your rate goes up from \$6/1000g to \$_/1000g to disincentive people to use excess water. It's a tricky calculation that would require a lot of projections. John is willing to think about it and talk through ideas with the Finance Committee over the next couple of weeks.

Nicole: Suggests the Board review the 2021 rate study for a refresher and to see the comparative data against other towns.

Rep. Strong: Wants to thank the Board and Gina for her leadership and to reach out if there is anything she can do on the state level to help with funding. Recognition that this is a difficult situation with many phases and wants to commend the Board for all that it's doing.

Lori: Following up on Rep. Strong's comment, is there an untapped revenue source she had in mind that is worth looking into?

Rep. Strong responded that the ARPA funding is for these kinds of infrastructure projects. Gina outlined the process in place for the town of Craftsbury and that if that funding is pursued someone will have to do the paperwork and make a proposal. Rep. Strong added that water quality has been a big topic and a lot of money has been put into it. Gina noted that CFD2 is getting EPA and state funding for the drilling, permitting, and engineering costs.

Nicole: Is there any other true emergency funding that we can tap into because she's lost count of the major setbacks CFD2 has had.

John Kiernan responded that the state does have an emergency hardship grant, which provides up to \$200K to small communities to fix an emergency, but **CFD2 does not meet the criteria because our rates are too low.**

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- The user rate would need to be \$1000. It is currently about \$400 and in his experience that is very low.
 - A federal rural development grant would require rates to be at least \$600.

Gina added that in her conversations with Bryan Redmond, he reiterated that there is funding for contamination and for infrastructure but not for what we are facing. He suggested that CFD2 should see what the final costs are and how that will translate to the customers. Gina now sees that based on John's comments that CFD2 would have to raise rates to \$1000 per customer before it can get any emergency consideration from the state.

Lori: The discussion so far is about normal procedures, but is there anything special that our legislators can do to advocate for districts that have a special need.

Gina responded that there is the capital bill and we are getting funding from that to pay for the water and the construction. Dana added that all the infrastructure for the CFD2 project is coming from the bipartisan infrastructure bill.

Nicole: What happens if we do find PFAS in WL-05 and we have to start looking to drill again. If our costs increase above what we have been approved for reasons beyond our control, will we be able to increase the coverage amount under these federal/state programs?

Gina responded that the numbers have already been adjusted because everything is costing more. Nicole clarified what if we have to scrap the project and start a whole new project? Is that an amendment or an increase? She would like an email about that so she understands better.

John Kiernan added that we can evaluate a lot of different scenarios re what the final cost might be, but there will be additional clarity in a week or so re WL-05. Dana added that he wasn't trying to alarm anyone by wanting to get on top of the WL-06 site now, but just wanted to be prepared to pivot quickly if needed. For now, it's better to focus on what's happening right now.

Nicole wanted to get confirmation that we still have access to these programs should we have another major setback. Dana added that if that happened CFD2 would amend its SRF loan. His thinking is that it will save a lot of money to test for PFAS sooner rather than waiting until after the pump test.

Gina added that there is a lot of funding for this work and we already have SRF approval to get a new well so if it's not at WL-05's location it may be WL-06.

Dana added that he really hopes WL-05 is not in the same aquifer as WL-04. It's possible that we will still need WL-06.

Actions Items

- D&K to get answers re status of WL-04's pump
- Jon will send map of WL-06 to Dana Nagy
- Gina will work with the land owner affected by buffer zone and start easement process with Sterling
- D&K to order a property line survey of area surrounding WL-06 to confirm property line between Sterling and adjoining property owner
- Infrastructure committee to discuss options for WL-01 and any insurance possibilities
- Finance committee to examine shortfall and explore potential rate structure with available information and proposal for using the settlements funds held in CD
- All Board members to review the 2021 rate structure study again
- Gina will attend a roundtable sponsored by RCAP of similarly small water systems hosted by John Kiernan
- George will hand-deliver these minutes and any announcements to customers without email

Next Meeting

The next Regular Meeting will be on **Monday, August 29 at 5:30pm**. A meeting in July may be scheduled if there are projects or other issues that merit full Board deliberations.

A reminder announcement with the Zoom link (<https://us02web.zoom.us/j/87324152544>) will be posted on Front Porch Forum.

NOTE: The Zoom link (<https://us02web.zoom.us/j/87324152544>) and call-in details are the same for all remaining 2022 meetings.

Call in Details:

Meeting ID: 873 2415 2544

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