
CFD2 | Regular Meeting

12.05.2022 via Zoom 5:30-7:43pm

Attendees

Jonathan Ashley (D&K)
Ian Baldwin (Board Member)
Gina Campoli (President)
Nicole Civita (Board Member)
Paula Davidson (Treasurer)
Christina Finkelstein (Secretary)

George Hall (Board Member)
Norm Hanson (Board Member)
John Kiernan
Terry Martin
Barbara Strong

ABSENT:

Renee Rossi (Board Member)
Steve Smith (Systems Operator)

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 potential primary source well or its location
WL-06	Reference to potential primary source well or its location
WL-07	Reference to potential primary source well or its location

Agenda

- Changes/Additions to agenda
- Update re Well-07 (status of access agreement and permitting)

- ADD: WL-06 (permit status, Manosh clean up)
- ADD: Generator project (re booster pumps)
- Updates re grants/reimbursements
- Financial report; Consideration of rate setting proposal at the January meeting
- Vermont Rural Water Association's class action PFAS lawsuit
- ADD: 2023 Annual Meeting date
- Board members' term status
- Executive session

Secretary's Notes: Addition to 11.07.2022 Minutes

The following text was inadvertently omitted from the Financial Report in the November 7, 2022 Regular Meeting Minutes.

"Background: The Finance Committee is looking into splitting the District's roughly \$180,000 CD into a \$100,000 long term Capital Improvement Fund with the balance left over becoming a roughly \$80,000 "Reserve Fund" for unexpected maintenance and other costs. Interest rates are rising (but volatile longer term) so placing each sum (100k & 80k) in short-term savings accounts makes sense. The Long-Term Capital Improvement Fund would be a 6-month account with approx 3% annual return."

WL-07: Status of access agreement & permitting (Jon Ashley)

- DuBois & King has received two bids to drill WL-07. Both companies expressed concern with access to the drill site, particularly getting around the barn. The area will require modifications to the existing roadway, temporary removal of fence posts, and a temporary bridge over the stream.
 - Capital Well Drilling. Not available until March 2023. Access road will need to be procured separately and managed by DuBois & King. Cost for drilling \$27,000.
 - Manosh. Can drill this month (December) with 2-weeks notice. Cost for drilling-\$40,000 (includes allowance for snow removal); road modifications-\$53,000; temporary bridge-\$24,800.

- DuBois & King did a walkthrough of the area with Sterling College representatives and came to a general agreement re acceptable road modifications, removal of raspberry brush, tree limbing, and soil erosion management.
- DuBois & King needs to provide specific details in writing that can be incorporated into the access agreement. The agreement will need a final review by all parties and to be executed before work can commence on Sterling property.

Discussion

- Norm asked if Sterling has given any consideration to building a permanent bridge rather than a temporary span. Waiting for a permanent bridge to be built will significantly delay the drilling timeline due to permitting and other issues. Jon recommends building a temporary span for a drill rig to pass. A permanent bridge will be part of the final design to connect the well to the system once we know the well is viable. A bridge will be necessary to access the well and power source for regular maintenance and repair.
- Gina asked if as part of the state's permit approval process, they are also approving the funding or if that was a separate but required process. Jon confirmed that they are separate processes.

WL-06: Status (Jon)

- Manosh has not completed the final clean-up of the area yet.
- Manosh's pump is still in the well. This is okay because we had a hit of total coliform in the water testing so the well needs to be pumped for a day, chlorinated, purged, and then retested. Coliform can be treated, but we need a negative result to get a permit.
- In addition to the coliform, the water quality test results showed a combined radium 226/228 of 6 pCi/L, which exceeds the state's standard of 5 pCiL. Jon explained that radium is a naturally occurring element in bedrock and common in many areas of Vermont. Since the water needs to be retested for coliform, it will also be retested for radium. If the level exceeds the level allowed, we will need to install a cation exchange softener. This filtering would likely take place at the pump house.

Updates re Generator Project (Jon)

- There was a problem with the flange matching up when going to install the new booster pump. The contractor didn't get the right part/size. The correct part is being shipped.
- The contractor has the part from the site in their shop so they can confirm the parts match up before coming back out. No details on installation date.

Updates re grants and reimbursements (Jon / Paula)

- Paula shared that there are many expenses for which we are awaiting reimbursement. The reimbursements are contingent on D&K's submitting the revised grant amendment to the state. Jon plans to get the amendment completed this week.
- Gina asked what the timeline might be like for the review process and for the checks to be cut. Jon is hopeful that given CFD2's emergency situation any requests will be expedited and won't take more than a month. Paula noted that reimbursement for the power generator is taking a while though reimbursement for the bottled water is coming faster.

Financial Report Overview (Paula)

- Paula walked the Board through the current 2022 budget and the proposed 2023 budget based on available information and best guesses. Projected expenses for 2023 are higher based on labor costs, water quality testing frequency, propane for the new generator, general maintenance (e.g., new booster pump), and projected income is lower than in prior years.
- Discussion regarding reasons for lower use (customers dropping off, failed meters, extreme conservation during this PFAS emergency).
- Discussion regarding need to have a summary of what is getting paid for by the state and what is not so that customers understand why there is a budget deficit and why rates will need to increase in order for CFD2 to remain solvent and sustainable. Christina will work with Paula to create a graphic.
 - The asset management plan, once completed by D&K, will heavily inform future maintenance expenses and how best to plan.

- John Kiernan (RCAP Solutions) comments:
 - Consider a thought exercise: turning each of the projects into a line item in the budget and project out what it would take to repay over 30 years at 2-3% as a worst-case scenario
 - The repairs and maintenance that CFD2 has faced in 2022 is the definition of worst-case scenario so use the numbers as a basis for projecting future expenses over the next 10 years.
 - Great that CFD2 has a fund to use as a buffer, but it needs to develop a plan to increase rates incrementally over the next five years so it is not operating at a deficit each year.
 - CFD2 rates are low compared to other water systems of similar size. We do not meet the criteria needed to be eligible for need-based grants or loans.
 - Regardless of water usage and the income produced, the operating expenses will stay fixed.
 - Useful exercise to project costs for next five years with inflation so the Board has a good sense of where it's heading and can communicate with customers.
- Discussion re what is a reasonable rate of increase vs. operating at a budget deficit.
- Suggestion to be sure to include sources of state assistance to cover utility bills when we send out customer bills
- The Finance Committee will meet before the Annual Meeting in January to put together a formal rate increase recommendation. Assuming the Board approves the recommendation, CFD2 will need to give a two-week warning/comment period before the rate is effective.

Vermont Rural Water Association's class action PFAS lawsuit (Gina)

- Gina explained that the Vermont Rural Water Association is initiating a class action lawsuit.
- Norm asked what is the downside to joining. CFD2 would relinquish their right to file suit against the manufacturers of PFAs by joining the class action lawsuit. Consensus that CFD2 would not have the capacity to pursue its own claim.

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- Gina will complete the paperwork to join the class action.

2023 Annual Meeting Date

- The 2023 Annual Meeting will be on Monday, January 9th at 5:30.
- A Special Meeting re the proposed rate recommendation and to respond to any public comments or questions will be held on Monday, January 23rd.

Board members' term status (Gina)

- Gina asked members if anyone planned to leave at the end of the year. Norm, Ian, and George are committed to serving another year so they can get closure.
- Gina expects to end her term as President and as a Board member at the end of 2023
- Will need to start recruiting in 2023 for new members.

Executive Session

- The Board entered into executive session at 7:06 to discuss staff compensation. Paula recused herself from the discussion.
- The Board left executive session at 7:40. No official action was taken..
- Discussion re compensation for CFD2 contractors and Finance Committee was given instructions for consideration ahead of the Annual Meeting when the Board will meet to review and approve the 2023 budget.

Actions Items

- D&K to provide Sterling College with the final details needed to complete the access agreement for WL-07.
- Jon Ashley to complete an amendment to submit to the state. Amendment includes costs associated with drilling WL-06, testing WL-06, a cation exchange softener (if needed), access road for WL-07, drilling WL-07, testing WL-07.
- Christina and Paula to develop a graphical summary of operating and project expenses and income before the Annual Meeting.
- The Finance Committee will meet to develop a formal rate increase recommendation and contractors' compensation.
- Gina will complete the paperwork required to join the class action lawsuit.
- Gina will ask D&K if Fire District labor costs associated with the PFA contamination are allowable in the state grant request.
- George will hand-deliver these minutes and any announcements to customers without email

Next Meeting

The next Regular Meeting will be on **Monday, January 9th at 5:30pm**. A special meeting will be called if there are developments 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

One tap mobile

+13092053325,,87324152544# US

+13126266799,,87324152544# US (Chicago)

Dial by your location

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