
**VILLAGE OF LUDLOW
BOARD OF WATER COMMISSIONERS**

Special Meeting Minutes

**April 9, 2008
2:00 PM**

Board Present:

David Rose, Chair, John Murphy, Sr., Richard Strong

Staff Present:

Frank Heald, Municipal Manager, Pam Cruickshank

Others Present:

Mark Youngstrom, Otter Creek Engineering, Inc.

Call to Order

Chairman David Rose called the meeting to order at 2:04 pm.

Discuss Water Study

David Rose mentioned that the Water Study was a very good report.

Mark Youngstrom said that the Village's system was a straight-forward water system that was not terribly complicated. He added that his recommendations are geared toward piping improvements and a second storage tank. Mark felt that the "biggest bang for your buck" is the second tank at the old open reservoir. The second tank could be approximately 300,000 to 400,000 gallons, which would be reasonable. He also said that for the transmission end of it, they could close some loops in the Village for better fire protection and improve hydraulics without replacing a lot of pipe.

Mark recommended that the transmission main from the Springs down into the Village be replaced. Much of the piping is 100 years old, hand dug and shallow. He thought those pipes are critical and are as old as the water system is (referring to maps done by Sanborn Map Company of 1883, 1884, 1900, 1912, 1921 and 1940).

Richard Strong said he did not think that there was any problem getting any water from the Springs (down) to the Village. Mark agreed. Loran Greenslet said that previous studies maximized the flow of 540,000 gallons per day coming down to the Village.

Mark Youngstrom questioned how much longer the pipes would last without giving the Commission significant problems.

Richard Strong thought that the pipes were very shallow and should be buried at least 5 and 1/2' to 6' down. He asked if they would abandon the existing pipe? Mark Youngstrom said yes.

Mark Youngstrom discussed the ways to finance for the project \$3.5 million. He reported that the median household income in the Village qualifies the area (in the State's eyes) to be considered a disadvantaged/poverty community and the Village would be eligible for funding through grant money and loans from Rural Development with low interest loans as low as -3%. The Village would be in a good position until 2010, when the next census is done to get assistance for the project. If in 2010, the median income rises above the collar, then the Village would not be eligible.

Frank Heald added that if the project and financing was in place prior to 2010, they would be locked into a better interest rate.

Mark Youngstrom said that the Village could also qualify for a Farm Bill which is being considered by Congress that would lower the interest rate from 4.5% to 2.5%. This bill hasn't been approved by Congress yet. He added that there could be a potential problem

with the financing because the existing water rates are so low. One of the rules is to bring the water rates up to some threshold where the grants would kick in. Rural Development uses 1% of the household income as a threshold (\$300 to \$400 range). Need to build enough project to get up to the threshold in order to get the grant money.

Mark Youngstrom added that the State has a priority system where the Villages with the most need from a water quality and protection point of view would be the first to be funded. This project is storage, eliminate storage problems, eliminate leakage (old pipes) would be considered lower priority and would need to be on a priority list for funding. He added that Frank Heald has already done this for the Village of Ludlow and that Rural Development is very interested in this particular project and it is also in the price range for Rural Development to fund.

David Rose asked if all of the engineering needed to be in place before the financing is started.

Mark Youngstrom thought the Village could apply for the funding based on the Water Study. He added they would work on the funding and design and the same time so when the funding come through, they could go to construction and get a five year % planning loan to pay for the engineering costs up to the point of construction and then roll it into the project funding and have a bond vote after the design.

Richard Strong asked when the bond vote would take place. Mark Youngstrom said that most communities will do the design first and have the bond vote later.

Richard Strong felt that the Village water customers are satisfied with what they've got and questioned how to sell this to the customer based on fire flow. He cautioned about the rise in water rates because there are so few rate payers. Mark Youngstrom reported that the state average for water rates is \$400 per year.

Loran Greenslet reiterated that a doubling of the rates would be difficult to pass.

John Murphy felt that the voters should understand what they have for a water system and that it is deteriorating.

Mark Youngstrom added that the Water Commissioners are responsible for continuing the upgrade process. He asked what would happen 20-50 years from now if the project did not take place. Will the system still be working? He added that a majority of Vermont communities are facing the same dilemma.

David Rose questioned that to get the funding they will need to raise the rates? Mark replied that loan money is there, but for grant money and -3% loans they need to see that the rates are increased to a reasonable water rate (from an average point of view) before subsidies kick in.

Loran Greenslet asked how our rates compare with expenses.

Frank Heald discussed the reserve account and felt that they could meet the criteria for funding and still keep the rates low. Mark Youngstrom added that if funding could be secured at 2%, they should keep the money in the reserve where it will earn a higher rate.

John Murphy said that if they doubled the water rate, it would still be lower than the state-wide average. He added that a 2X increase would face major opposition.

John Murphy asked Frank Heald what the Water status was and if they decided to do ½ of the project (as an example) would there be 2 or 3 different quotes on what would be done?

Frank Heald recommended that there be a new 12" feed line from the well down to the corner of Andover/Main. The health, welfare and drinking water and fire protection of this community resting in pipes that are 100 years old is not the most responsible thing to do. He added that it needs to be presented that we always have drinking water on a

continuing basis, to balance the fire flows to the best extent we can and to work it using the fee structure so that the increase is softened.

Richard Strong wondered if the Fire Department should be involved in the discussion.

Mark Youngstrom added that they can't predict what the next census will be and if Rural Development or Stat will be giving out money. He added that the Commission does not need to decide now on the size of the project, but work with the funding to see what availability is there.

Frank Heald said now is the time to move on the project with the existing economy the way it is and to go to bid next spring and get better pricing.

Loran recommended that they look into putting a sleeve under the river bed at the Brooks Road Bridge. Frank Heald said they should look at what side of the bridge to put it on and that he would talk with the Select Board.

David Rose asked if the consensus of the Board was to move forward and keep the process going?

John Murphy made a motion for the Water Commission to instruct Frank Heald to work with Mark Youngstrom and Otter Creek to continue the process and Frank Heald be allowed to pay any necessary expenses that may occur. Richard Strong seconded. All in favor and the motion passed unanimously.

Adjourn

Motion to adjourn by John Murphy, seconded by Richard Strong. All in favor and the motion carried. Meeting adjourned at 3:45 pm.

Respectfully submitted,

Pam Cruickshank
Acting Clerk

David Rose, Chairman

John Murphy, Sr.

Richard Strong