TOWN OF FAIR HAVEN, VERMONT
SELECTBOARD
WATER AND SEWER COMMISSIONERS
LIQUOR COMMISSIONERS-CEMETERY COMMISSIONERS
Special Select Board Meeting
May 17, 2016

Members Present: Dick Frazier, Jeff Sheldon, Rod Holzworth, II, Robert Richards.

Members Absent: Chris Cole

Others Present: Town Manager Herb Durfee, Minute Taker Claire Stanley.

Call to Order: Chair Bob Richards called the meeting to order at 7:00 p.m. and led the assembly in the Pledge of Allegiance.

Amendments to the Agenda: None

Five Minutes for Public Comment: None

FYE 2017 Water/Wastewater Budget, including Possible Adoption:
FYE 2017 Water/Wastewater Rates (Base & Usage) -- Discussion of Rate Structure Options:
The only budget items not discussed in detail, to date, are the sinking and capital reserve funds. Manager Durfee prepared a handout, year-to-date revenue and expenses spreadsheet of these funds, including a rates schedule using the current rates system based on 5/10/16 figures. There was discussion of rates using two proposed rate structures -- one base driven and one usage driven. Mr. Holzworth suggested including "some" amount of the first bond payment into one of reserve line items in this budget to lessen the burden on the next year when the payment of over $100,000 is due. Manager Durfee noted that the ordinance does not allow debt service payment from the sinking fund, but the board should be able to add funding to the fund in anticipation of future payments. A capital improvement fund is for identified projects; sinking fund is for unidentified use. If an additional amount was included, the board agreed putting it in the capital reserve line item made more sense, since it was for an identified project. The exact interest rate for the water distribution improvement bond has yet to be determined. There is an upcoming "income survey" as part of the process which can be used to determine whether the currently allocated interest rate of 3% can be lowered. Assuming a 30-year bond at 3% rate, an annual payment would be about $108,000.

There was lengthy discussion re: base vs. usage rates; abatements; variable/usage includes much of the base items; bills include debt service amounts; metered/unmetered (hydrant flushing) uses; adding $100,000 payment doubles the base rate. It is the consensus of the

Board to add $75,000 to the water capital improvement fund (bringing that amount to $100,000) to help pay down the anticipated bond principal debt.

With the addition of the $75,000, the total water/wastewater proposed budget stands at $921,375.00 – an increase of $78,983, or 9.38%.

Mr. Holzworth stated that if the current rate structure stays unchanged, the Board needs to study with more detail fixed/base rates when considering utility abatements, since a significant portion of the usage rate includes consideration for fixed cost items that truly should be part of the base rate. Holzworth noted that the current system of abatements is "abating away a portion of fixed costs".

Members opted to wait to approve the budget at next week's regular meeting when all members will be present.

Mr. Frazier moved to **adjourn** at 8:12 p.m.; seconded by Mr. Sheldon and passed 4-0-0.

Respectfully submitted,
Claire Stanley

Richard Frazier, Board Clerk