

Clerk's Report for 2007 – to the 2008 Annual Meeting

The Prudential Committee met seven times during 2007, usually with all the District officers. Committee attendance was consistently high (95%) and each meeting was usually kept to within one hour. At the first meeting, Joseph McLaughlin, SSE, was re-elected Chairman, and the Committee reappointed Jerry Flanagan District Manager and Thomas Van Dzura Assistant Treasurer. It was another eventful year for the District and for District officials, as the following summary of the Committee minutes tries to record.

The facilities planning study, launched jointly by the Town of Colchester and Fire Districts 1 and 3 in the fall of 2006 to determine the amount of water storage capacity all three would need by the year 2025 and how that capacity would be met, continued through 2007. Forcier, Aldrich & Associates (FAA) submitted the final draft of its study in July. It identified a total projected need of approximately 400k gals. of additional capacity, of which the District's need was 100k gals., and recommended building a 600k gal. tank (total project cost of about \$2.88m) on a designated site in the Town of Essex, with that town being invited to join the project and share its cost. Some delays followed as CFD 3 contended there was another way to meet the projected need; FAA eventually showed that was not feasible. In the meantime, the Town made an application for a CEDS grant to cover some of the project cost and opened negotiations with the Town of Essex. (The *Colchester Sun* of 10 Jan. 2008 carried a frontpage story on the project.) The project continues into 2008 with Manager Flanagan ably leading the District's negotiations in accordance with a strategy set out by the Prudential Committee.

Since December 2005, District officials have been trying to get Fletcher Allen Heath Care (FAHC) to address some identified problems in the water service lines for the Fanny Allen Campus. 2007 witnessed some progress in terms an apparent agreement to a four-point remedial plan that would provide the campus with a genuine water loop, but FAHC officials later reconsidered their position. Superintendent Jay Nadeau has admirably spearheaded the District's negotiations with FAHC, with helpful assistance from Town Manager Al Voelege and others. Mr Nadeau also conducted a water audit of Windemere MHP that revealed a very large amount of metered water being lost there (some 7.5m gals. per year), up considerable since his last audit in 2005. He reported the same to both the owner (Vermont Housing Authority) and State officials, and he brought it to the attention of the Colchester Select Board at a recent public hearing, which was the subject of a front-page story in the 17 Jan. 2008 edition of *Colchester Sun* and article in the 24 January *Burlington Free Press*. Both projects continue into 2008.

In addition to seeing that the District's water system is well-maintained (e.g., exercising all gate valves, flushing hydrants, checking meters, overseeing service line upgrades, etc.), Superintendent Nadeau completed and submitted to the State Water Supply Division the District's first *Operations & Maintenance Manual*, saw that two fire hydrants on Johnson Avenue were replaced, and at the request of the Prudential Committee, assumed on-going responsibility for seeing that all the District's hydrants were cleared of snow, conducted a 'walk the meter route' to insure meters were being correctly read, and took over responsibility for the

quarterly reading of most customers' meters. In accordance with the CFD-CWD 'Shared Management Agreement', Mr Nadeau provided semi-annual work plans and cost estimates for annual capital projects thereby facilitating a pro-active approach to the District's water infrastructure.

Asst. Treasurer Van Dzura continued his commendable work of handling both the billing of customers and the good accounting of the same. During 2007, he had to deal with a seriously delinquent customer, and, with valuable assistance from Superintendent Nadeau, he brought this rare but taxing matter to a successful conclusion. He also furthered the development of fund-based financial reporting that was introduced last year, and he assisted Treasurer Vincent and the Chairman as they sought to update a study of the District's water purchases/sales through 2007.

In connection with the adoption of the District's 2007 budgets (the second in recent years), the Prudential Committee re-structured the Water and General Funds so that they became strictly 'operating' funds and established a new Water Capital Fund to handle capital projects, assigning to it all the District's financial assets (savings). This was done not only in the interest of better financial management but in anticipation of the District's facing large capital projects, such as acquiring additional water storage capacity. Though the latter has yet to materialize, the re-arrangement has improved financial performance, as reflected in a 4.2% decrease in the FY 07 budgets for the operating funds and somewhat improved rates of return on the District's 'working capital'. With respect to the latter, the Prudential Committee in November established an ad hoc finance taskforce (composed of the Manager, Treasurer, Asst. Treasurer and Chairman) to develop a strategy for improving the performance of the District's financial assets over the long-term. The taskforce, which has met three times, expects to complete its charge shortly. On two occasions, it met with representatives local banks to review the services they might provide to enable the District's assets to grow at an annual rate that would offset the impact of inflation.

In view of two successive increases in CWD's water rates (in 2006 and 2007; together about 6.45%) and of some needed improvements to the District's infrastructure, the Prudential Committee approved an increase of approximately 5% in the District's rates, the first increase since July 2003. As of 1 January 2007, the District's residential rate rose from \$0.015 to \$0.016 per cubic foot (or from \$2.01 to \$2.14 per 1000 gals.) and its commercial rates rose from \$0.018 to \$0.019 per cu ft (from \$2.41 to \$2.54 per 1000 gals.) The Chairman sent a letter explaining the increase to customers, which the Asst. Treasurer included with the first quarterly billing and Webmaster Rinaldi posted on the District's website. As the letter noted, the District's rates remain the lowest in Greater Burlington. It also reported the results of the 2007 Annual Meeting.

In March 2007, the Town of Colchester requested a loan of some of the District's wastewater treatment capacity for use by a town customer located outside the District. This prompted a review by the Prudential Committee and District officers of the District's 1987 Agreement with the Town and of the Committee's role in sewerage matters. The Committee concurred with the Clerk's opinion that under the Agreement (specifically item 9) the Committee is not enabled to transfer (by sale, loan, or gift) any of the District's 310k gpd entitled treatment capacity for use by customers outside the District. It also recommended the matter be brought to the attention of the District's attorney, Joseph McNeil, who concurred with Clerk's opinion. Manager Flanagan conveyed the Committee's position to the Town.

In the Fall, the Vermont Air National Guard (VTANG) in South Burlington requested to the temporary use some of the District's idle wastewater treatment capacity at the Airport Parkway treatment plant while VTANG constructed its own stormwater remediation system. In light of the District's 1987 Agreement with Colchester (particularly paragraph 9), the Prudential Committee sought legal guidance from the District's attorney, who advised that the Committee could accommodate VTANG's request by means of a properly structured license agreement. He prepared such an agreement in consultation with District and VTANG officials. It licensed VTANG the use of up to 28.8k gpd of the District's capacity for five years, subject to cancellation by the District at any time (on a 120-day notice), if such capacity were needed to meet service obligations within the District, and it imposed certain obligations on VTANG, including its being fully responsible for all expenses incurred in connection with the agreement. The Prudential Committee approved in principle the term of the proposed license agreement and authorized Manager Flanagan to execute it, pending VTANG's acceptance.

The City of South Burlington is proceeding toward upgrading by 2010 its Airport Parkway plant, under which the Town of Colchester's total share of capacity will increase from 650k to 1m gpd (including the District's 310k). Cost of the plant upgrade is now estimated at \$24m.

The District's website, launched in 2006, has proved to be a valuable means of communication with the public. In 2007, Webmaster Maria Rinaldi developed an eLibrary that enables District officials to access copies of all Prudential Committee minutes from 2005, along with indices of the same.

During 2007, Manager Flanagan and other District officials attended and made representations on behalf of the District at various public forums: Champlain Water District (CWD), Chittenden County Metropolitan Planning Organization (CCMPO; in connection with the Rt 15 Corridor Study), Chittenden County Regional Planning Commission (in connection with its 5-year regional sewage treatment capacity study), Town of Colchester Planning Commission (on revisions of the Town's Master Plan with respect to infrastructures), Colchester Select Board and other Town officials. Superintendent Nadeau served on a State Water Supply Division (WSD) work group that proposed means for regulating 'consecutive water systems' in ways that are amenable to the distinct features of 'regional' water distribution systems such as CWD. The Chairman presented a paper to the Social Science Research Center at St Michael's College on the future of public water systems. The Clerk completed and filed the quinquennial US Census of Special District Governments (the most numerous type of governmental unit in the US). The Asst. Treasurer saw that the District's annual insurance with the Vermont League of Cities and Towns (VLCT) was renewed.

In accordance with resolution no. 4 of the 2007 Annual Meeting, which approved the District's draft 2006 financial statements subject to end-of-year adjustments by the Asst. Treasurer, the Prudential Committee in February approved the final draft of the statements, which contained three minor changes. In accordance with resolution no. 5, which approved total disbursements of up to \$23k for stipends to District officers and the Committee members, the Committee approved the following: \$6k each for the Manager, Asst Treasurer, and Clerk, \$1.2k for the Treasurer, and \$50 per person for each officer and PC members' attendance at Prudential Committee meetings. The total disbursement for 2007 came in under the \$23k stipulated.

Resolution no. 10, calling for a donation of \$1k to St Michael's Fire and Rescue, was duly executed.

During 2007, the buildings at 7 and 162 College Parkway were demolished. A new water allocation was approved for a new duplex under construction at the former address. Approval was granted to expand the mobile home at 140 Mt Mansfield Ave. The facility at 158 College Parkway, having been vacant for some time, was leased late in the year and re-opened as a café-pub. And the fine new Lime Kiln Bridge (the 4th) was completed and officially opened; a national award-winner.

Lest the above 'catalogue' of activities distract from the more important effects of the good work done, permit me to close by quoting from a report by the State's Water Supply Division to Superintendent Nadeau following its inspection of the District's water system: "Completing a sanitary survey and failing to find a single deficiency is a very rare occurrence and the Division congratulates you, and more particularly Champlain Water District for setting and maintaining such a high standard of excellence. The operation and maintenance of Colchester Fire District 1 Water System should be a real source of pride for everyone involved with the system." District officials congratulated Mr Nadeau for this well-deserved commendation and the credit brought to the entire District. That's a good note on which to conclude this report on the District's 69th year.

Respectfully submitted,

Joseph McLaughlin, SSE
26 January 2008