

**St. Albans City Council
Minutes of Meeting
Wednesday, January 25, 2017
Council Chambers, City Hall**

A special meeting of the St. Albans City Council was held Wednesday, January 25, 2017, at 5:30 pm in Council Chambers at City Hall.

Council Present: Mayor Elizabeth Gamache, Aldermen: Jim Pelkey, Chad Spooner and Tim Hawkins and Alderwomen Tammi DiFranco & Kate Laddison.

Council Absent: Alderman Scott Corrigan.

Staff Present: Dominic Cloud, City Manager.

Visitors: See attached sign-in.

1. Call to Order, Mayor Gamache.

Mayor Gamache opened the special meeting at 5:38 pm.

2. Public Comment.

No public comment.

3. Wastewater Treatment Facility Upgrade Presentation for March Bond Vote.

a. Wayne Elliott, Aldrich and Elliott Water Resource Engineers.

Wayne Elliott of Aldrich and Elliott presented on the wastewater treatment facility upgrade in the City for the March bond vote. His presentation included a discussion of the project timeline and an update on funding sources. (See Attached Slides).

Alderman Hawkins arrived at 5:45 pm.

Mr. Cloud explained that there are three spreadsheets in the handout which all translate into the impact on the individual rate payer. Scenario 1 represents the traditional State Revolving Fund program. Mr. Cloud explained that in this scenario, to help smooth the transition, staff is proposing is to use some of the funds that are built up in the account that are used to create the capacity. He added that debt service begins in FY 22. Scenario 2 smooths out the sewer rates with a 2.5% - 3% impact to the rate payer. Mayor Gamache asked Mr. Cloud to elaborate on scenario 1. She stated that FY 17 – FY 25 is represented in the handout and the far right column represents the savings for debt using reserves which is positive until FY 22 when the City will need to start drawing. Mr. Cloud stated that the estimated debt service would begin in FY 21. From FY 17 – FY 21, the City will be saving that money and building up a nest egg, similar to what was done with TIF with the working capital fund. Mr. Cloud further explained that the alternative is to borrow less but this seems like a cleaner, less risky way to manage the project. Mr. Cloud stated that scenario 3 represents the fallback where the City doesn't receive any grant funding. Scenario 2 is well within the realm of possibility with a 1.5% to 2% impact. Scenario 3 includes the USDA who has expressed that they are a very eager participant and the impact gets down below 1%.

Mr. Cloud stated that the bottom line for the average wastewater rate payer is that they would anticipate increases similar to what's been seen in the past few years and maybe even less. Mr. Cloud stressed that the time is now. The City has held off on the TMDL and now knows what its phosphorous level requirements are. There is increasing competition for available funds and construction costs are escalating.

Mr. Elliott stated that he has another client going through a similar process who chose to delay the project and started having effluent violations and the cost jumped dramatically. He explained that the age-related issues at the plant are not going away and the solution will not get any cheaper as time lapses. Mayor Gamache asked Mr. Elliott if he anticipates operating efficiencies. Mr. Elliott responded that some of that will be balanced out and one piece of that is the phosphorous improvements. He stated that how far you go is a function of how much you are spending and the main objective is to comply with the regulatory requirements.

Mayor Gamache asked Mr. Elliott what the City is driving to for targets. Mr. Elliott responded that the State is currently working on draft permits which need to be out by June 30th and his staff is working to see what the language is going to look like. He added that the phosphorous technology available has the ability to go to a .1. and the City is permitted for .5 under its existing permit. Mr. Cloud explained that this is the natural evolution of the plant and if you look historically, the plant was at 1 and then .5 and is now at .2 and that happens every 20 years or so. Mayor Gamache asked Mr. Elliott if it will help contain the cost by completing the useful life upgrades while doing the phosphorous upgrades. Mr. Elliott responded affirmatively. He stated that the City can expect to be saving in many areas from an operating cost side.

Mr. Spooner asked Mr. Elliott when the permit with the reduced TMDL will take effect. Mr. Elliott responded that the permit is due out by June 30th of this year but is not sure if it will be appealed. He added that the City will be ahead of the curve as far as the scheduling goes. Mr. Spooner asked how the City will meet the standards that are currently in place during construction. Mr. Elliott responded that the two year construction duration is broken down into three phases. The facility has to maintain operations and comply with permit limits. The contractors will work on RBC's and clarifiers one at a time before taking the next one down and the plant will be kept operable. He added that contractors will do the same with all of the electrical systems.

Mr. Spooner asked what will happen if the bond doesn't pass. Mr. Cloud responded that staff would go back to the drawing board, perhaps have a public hearing to hear what people's concerns are and resubmit based on that feedback. Mr. Spooner noted that Friends of Northern Lake Champlain state that 6% of phosphorous entering the lake comes from developed land. He noted that the City would be spending \$18 million to impact 6%. Mayor Gamache stated that not all \$18 million would impact phosphorous. Mr. Elliott suggested breaking down the phosphorous piece from the age related improvements so that voters have a solid understanding of both and stressed that the plant is beyond its useful life.

In terms of timing, Mayor Gamache asked Mr. Elliott how much flexibility the City would have if it starts to see Federal support for infrastructure projects. Mr. Elliott responded that there's been a lot of discussion about infrastructure funding during the last few weeks but they are looking for shovel-ready projects and timing is critical. Mayor Gamache stated that with the current possible funding sources identified, it seems like it is in the City's interest to get in the queue sooner than later. Mr. Elliott stated that the money is there but there are some other potential pots of money that could come into play so the timing is critical.

Ms. Laddison stated that at worst, it's an \$8.00 increase per quarterly bill and at best, it's a \$4.00 increase per quarterly bill. Mr. Hawkins stated that that's just to pay for this debt and does not include any other modifications that need to be made. Mr. Cloud agreed and stated that it's very similar to the general fund budget. He explained that one of the things that staff and the Finance Committee can look at when we they start discussing the water and wastewater budgets is the size of the capital reserve funds and may not need to have quite as large of reserves on the water and wastewater side. Mr. Hawkins stated that it would be beneficial to find a way to define the efficiencies that the City will have which are going to help reduce debt. He added that he believes this is very feasible now. Mr. Cloud stated that the efficiencies are going to reduce the operating budget and operating costs will then reduce the operating budget. He added that the biggest way to reduce costs in the operating budget is to stop saving quite as much money or use some of those savings to retire some other shorter term debt that creates some capacity. He stated that he has always been hesitant to do that until the City got through some of its big projects and provided Federal Street as an example. Mr. Elliott recommended breaking out the cost to ratepayers on a monthly basis vs. quarterly to help educate the voters on the nominal impact this would have. Mr. Hawkins agreed that that would be a great idea.

4. Consider a Motion to Approve Town Meeting Day Warning (D&V).

Mayor Gamache stated that the warning includes wastewater treatment improvements that were just discussed, article one for elected positions which include a council member to represent wards 3 and 4, two trustees for the St. Albans library, the City budget, and redirecting existing TIF debt that would have been used for the parking garage to be repurposed for streetscape and roadway improvements on Federal, Market, Catherine, Stebbins and Lake Street.

A motion was made by Alderman Pelkey; seconded by Alderman Spooner to approve Town Meeting Day Warning for March 7, 2017. Vote was unanimous, 6-0.

5. Other Business.

Mr. Spooner asked Mr. Cloud if the City applies for Tiger funds every year for the Federal Street intermodal connector. Mr. Cloud responded affirmatively.

6. Adjourn.

A motion was made by Alderman Spooner; seconded by Alderman Pelkey to adjourn meeting at 6:19 pm. Vote was unanimous, 6-0.