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# CFD2 | 2023 Annual Meeting

01.09.2023 via Zoom 5:30-7:55pm

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## Attendees

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

George Hall (Board Member)  
Norm Hanson (Board Member)  
John Kiernan  
Terry Martin  
Renee Rossi (Board Member)  
Steve Smith (Systems Operator)

## ABSENT:

Nicole Civita (Board Member)

## 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

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## Agenda

1. Changes/Additions to agenda
2. Update re Wells-06 and -07
3. Amendment No. 2 and potential need for another bond vote
4. Back-up generator and power during an outage
5. Results of DEC's sanitary survey
6. Financial report overview
7. Rate increase recommendations & discussion
8. Results of 2022 Q4 water quality test
9. 2023 Weekend Coverage and Meeting Cadence
10. 2023 Officer positions
11. Town Report
12. Executive session

### 1. Changes/Additions to agenda

None

### 2. Updates re Wells-06 and -07 (Jon Ashley)

- Well-06. The hydrogeologic report regarding the long term yield is expected to be submitted next week to Aaron Stewart at the DEC. [Scott Stewart recently retired.]
  - Once the report is approved, a construction permit for WL-06 can be considered but Jon is not sure if D&K would recommend pursuing that permit separately or together with Well-07.
- Well-07. Source Permit application will be submitted this week to Aaron Stewart.
- Jon noted that the focus has been on getting the Amendment to the Agreement [between CFD2 and D&K] completed because without the permit, drilling can't start. Once the funding application is submitted to DEC, D&K will work to get the access agreement with Sterling College completed.

## Discussion

- Gina emphasized that we need to get the access agreement completed but also noted that Sterling is not back in session.
- Steve said that faculty and staff are coming back this week and students next week.
- Gina asked how long it would take the DEC to review the permit application. Jon explained it depends on Aaron Stewart's workload, but the project is still a high priority for the state.
- Steve asked about the second round of water testing on WL-06. Initial tests found coliform and radium. Jon said the results are not back yet, but that they should be back before the report is submitted next week. Jon said that even if the results are not available he plans to submit the hydrogeologic report because there is plenty for DEC to review and the lab results can be submitted later.

### 3. Amendment No. 2 and Potential Need for Another Bond Vote (Jon)

- On December 31, Jon shared with the Board the second amendment to the engineering agreement between DuBois & King and CFD2 ("Amendment No. 2"). This document is necessary for the updated funding application.
  - Original Agreement amount: \$84,859.00
  - Amendment No. 1, dated 06/21/22 \$133,525.15
  - Amendment No. 2, dated 12/31/2022 \$455,677.92

TOTAL ADJUSTED	<b>\$674,062.07</b>
■ \$325,335.00 for direct labor	
■ \$348,727.07 for subcontractors and other expenses	
- Jon confirmed that Amendment No. 2 captures all the changes to the scope of work to date as well as anticipated subcontractors and expenses to get WL-07 drilled and tested. The amended amount will cover expenses to build an access road to the WL-07 site, design and install a cation exchange softener for WL-06 at the pump house, an archaeological resources assessment, topographic surveys, and additional testing, reporting, and permit applications on CFD2's behalf.
- Jon made clear that this amended amount does **not** include the cost to construct the line or to connect the lines to the system. This amount is only for the planning of that construction work. We will need a separate amendment and loan application to cover the actual construction costs.

- Gina noted that the current approved bond amount is \$440,200.

## Discussion

- Jon will include in the funding request the interest accrued to date on CFD2's lines of credit, additional fees paid to the systems operator, and additional fees paid to the financial manager to address the current emergency.
- Paula asked if the new amended amount includes expenses related to the installation of the mixing equipment (Manosh, electricians). Jon was not sure but asked Paula to send him the items so that he can confirm.
- Jon suggested that D&K and CFD2 representatives request a meeting with DEC to walk them through the application to help facilitate review. Jon will arrange the meeting. Paula, Gina, Renee, and Nicole (if available) will join.
- According to Jon, since we are still in the design phase, we do not need another bond vote just yet. However, before we submit a construction permit, we will need to pass a new bond vote.
- John Kiernan confirmed that we will need to put a funding package together and that we will need to pass a new bond vote before we can solicit construction bids. John added that depending on the reimbursement schedule for expenses to date, it's possible that the amount we will need for construction is below the bonded amount (in which case we will not need to have another bond vote), but this scenario is unlikely.
- Christina expressed confusion over timing of a new bond vote as construction should be "soon." Jon said that given the proposed schedule, he does not see us getting permits and approvals until late spring. [Construction would come after.]
- Ian expressed dismay at the total anticipated length of the Do Not Drink Order. Gina noted that there wasn't anything any party could have done to expedite the process and that there were delays due to reasons beyond anyone's control. Ian reiterated that a meeting with the state to facilitate review makes good sense.
- Jon shared that he spoke with Dana Nagey to ask if there were caps on the funding available from the Emerging Contaminants Fund because we are at a notably larger number than when the process first started. Dana was not aware of a cap, but said he would confirm.

**MOTION: Gina made a motion to accept Amendment No. 2 to the engineering services agreement with D&K. George seconded the motion. The Motion passed unanimously.**

## 4. Back-up generator and power during an outage

- Gina shared the Board's surprise that the back-up generator provides power to get water to customers during an outage until the tank is emptied [estimated to take 1-2 days], but that there is no back-up power to get water from the well to the tank and asked if that understanding is correct. Jon and Steve confirmed that it is.

### Discussion

- Norm said he was very surprised to learn during the recent storm and threat of widespread outages that the back-up generator would only get water out of the pump house.
- Jon noted that the back-up generator is serving its intended purpose, which is to get water to homes during a relatively brief power outage. The generator project was not intended to support extensive outages. He also noted that if there is an outage the Academy would not be in session so there would be more water in the tank.
- Jon pointed out that the state requires a back-up generator for sanitary safety. During an outage, the system can lose pressure. A loss of pressure makes it possible for contaminants to get into the pipes/water.
- Gina asked if back-up power source can be included in the construction of the new wells. Extensive discussion regarding potential options to get back-up power to the wells.
- Steve recalled that when the generator project was first being planned, there were discussions with Hardwick Electric to run a line from the generator down to WL-01. However, it was not possible to put the lines on the existing poles so they would have to be installed underground, which was cost prohibitive. Steve concluded that an onsite generator may be necessary.
- Jon said that there are a few options that can be explored, including a solar source or a portable or onsite generator. An onsite standby generator would require weekly (noisy) cycles to ensure it doesn't freeze up and access for propane delivery.
- Gina asked Jon to develop a proposal for how to get back-up power to the wells and the pros, cons, and cost of each option.

## 5. Results of DEC's sanitary survey (Gina, Steve)

- Gina and Steve completed a sanitary survey and met with DEC staff (Matthew Hunt, Aaron Stewart) on site [on November 21, 2022]. DEC issued a letter in response to the survey and site visit on December 16, 2022. DEC requests a response by January 16, 2023.
- DEC's requests (and status):
  - Standby power (installed)
  - Booster pump repaired (completed)
  - Have a copy of the operations and maintenance manual at the pump house (done)
  - Better ventilation and dehumidification. They believe the chlorine that's stored in the pump house is causing the equipment to rust. They would like the chlorine to be isolated and stored outside the pump house if possible.
  - Improved security. There is currently an access ladder to the roof that is accessible at ground level.

## Discussion

- Steve said that there was a dehumidifier at the pump house, but it failed last summer and since finances were tight he didn't rush out to get a new one. The chlorine is stored in sealed 5-gallon containers so Steve does not believe it is off-gassing inside the pump house. Steve added that when he first started working with CFD2 over 20 years ago, the chlorine smell was so strong it would make his eyes water for hours after, but that the smell now is very minimal. Finally, much of the rust has been there for a long time.
- Gina asked Steve to get a replacement dehumidifier as soon as feasible.
- Gina will work with Steve to draft a response and submit by the 16th.

## 6. Financial Report Overview (Paula)

- Paula reported that earlier in the day she was able to successfully open a new savings account. CFD2 should see a higher yield than when the funds were held in CDs.

- Paula emphasized that we are in the same scenario of lots of money going out and not enough coming in. We have one line of credit (\$80,000) that is due in full in February and several large D&K bills are expected in the coming weeks.
- In past years, repairs always upended the budgets and left us in the red. 2022 was no exception with repairs to the booster pump (\$36,519) far exceeding the “Repairs” budget (\$4,000).

## Discussion

- Discussion about hours D&K are billing for consultation for the booster pump repair. Paula said that we’ve already been billed 14 hours and in a recent conversation with Jon he said the total hours was closer to 40. Board members expressed surprise that the number of hours could be so high as their involvement was one of connecting Steve to the right suppliers. [Jon left the meeting immediately prior to this agenda item.]
- Paula will follow-up with Jon and confirm the hours being billed for the booster pump.
- Brief discussion regarding how the insurance rate may increase by approximately 20%. It is unclear whether our current insurer will continue our coverage and whether our broker will continue to represent the insurer. John Kiernan noted that if we are a member of VLCT, we may be able to get access to their insurance company and rates. Membership for VLCT is about \$1000, but the insurance discount may be significant.
- Christina will investigate VLCT membership and insurance benefits.

## 7. Rate Increase: Recommendation & Discussion (Finance Committee)

- Norm shared that after extensive discussion and analysis, the Finance Committee concluded that the fiscally responsible and prudent action is to recommend a significant rate increase for 2023. There are still many unknown costs before the new source wells are completed and there are some items that will need to be paid for by the reserves, but we can not operate at a deficit year after year.
- A drop in water usage, costly repairs, faulty meters, and higher labor rates all contributed to the mounting budget deficit.
- Norm summarized the rate increase proposed by the Finance Committee.
  - Increase the quarterly base rate from \$45 to \$60

- Increase the usage rate from \$6 per thousand gallons to \$8 per thousand gallons
- Based on projected expenses and potential income, it is still possible that we have a deficit in 2023.

## Discussion

- Gina asked if the Finance Committee calculated how much additional revenue there will be from the rate increase. Paula confirmed that if we apply 2022 usage then the total water revenue would increase from approximately \$25K to \$33K in 2023.
- The proposed 2023 budget would bring the net income to a deficit of \$680.00. However, Paula added that we've relied on interest income from the CDs to offset expenses and the interest and average balance can vary.
- Discussion regarding meeting time: Monday, January 23rd, at **7pm**.

**MOTION: Gina made a motion to accept the rate increase as proposed by the Finance Committee. Ian seconded the motion. The Motion passed unanimously.**

**MOTION: Gina made a motion that the Finance Committee, with assistance from other Board Members, proceed with the necessary requirements around public notice. Ian seconded the motion. The Motion passed unanimously.**

- Discussion regarding special rates for landowners on whose land CFD2 has wellheads. Discussion about whether the Academy should be charged a higher base rate given the number of meters and population served. Renee, who attended a special all-day conference about rate-setting, shared that it was quite common for larger institutions to pay a higher base rate. John Kiernan confirmed. Discussion and recognition that a conversation needs to be initiated with the Academy. Gina noted that this was a very important and significant policy discussion that requires additional thought and discussion.
- Gina asked the Finance Committee to study the rate situation for landowners with CFD2 well heads and for larger institutions and to send the Board a policy proposal for consideration prior to the Regular Meeting in February.

## 8. Results of 2022 Q4 Water Quality Test (Steve)

- The water was tested on December 13, 2021
  - PFAS totals came back at 16.8 parts per trillion

- Coliform and E-coli were not detectable
- The **DO NOT DRINK ORDER** remains in effect until further notice.

## 9. 2023 Weekend Coverage and Meeting Cadence

- Discussion of weekend coverage schedule. *[Members test the water and record the pH in the water tank and record daily usage every weekend of the year. Steve performs this task daily during the week year round.]*

Jan-Jun	Member		Jul-Dec	Member
January	Norm		July	Gina
February	Norm		August	Gina
March	Gina, Steve (tentative)		September	Christina
April	Renee		October	Christina
May	Ian		November	Ian
June	Ian		December	Norm, Gina (tentative)

- 2023 Meeting Cadence. Meetings will continue to be held on the first Monday of each month at 5:30pm via Zoom. Special Meetings will be called if needed.

## 10. 2023 Officer Positions

- Gina will continue as President for the remainder of the year.
- Christina will continue as Secretary.
- Paula will continue as Treasurer.

## 11. Town Report

Gina drafted and shared a copy of the CFD2 update for the Town of Craftbsury's 2022 Annual Report.

- No edits/suggestions. Gina will submit the update to the Town Clerk.

## 12. Executive Session

The Board entered into executive session at 7:15pm to discuss contractors' compensation.

- Paula recused herself from the discussion.

The Board left executive session at 7:56.

**MOTION: Ian made a motion to accept and approve the contracts between Paula and CFD2 and Steve and CFD2 that outline their scope of work and fees. Gina seconded. Remaining members voted in favor.**

**MOTION: Gina made a motion to recognize Paula's extraordinary efforts during this urgent and protracted emergency to obtain a new source well with a token bonus of \$500. Ian seconded. Remaining members voted in favor.**

The Board no longer had a quorum present and was unable to make a motion regarding a similar token bonus for Steve's work and efforts. Discussion will resume at the next Regular Meeting on February 6th when a quorum is present.

## Actions Items

- Jon / D&K will work to get the access agreement with Sterling College completed.
- Jon will include in the funding request the interest accrued to date on CFD2's lines of credit, additional fees paid to the systems operator, and additional fees paid to the financial manager to address the current emergency.
- Paula will send Jon expenses related to the installation of the mixing equipment last spring so that he can confirm that they are in the amendment.
- Jon will arrange a meeting with D&K, DEC, and CFD2 representatives to walk DEC through the funding application.

- Jon will develop a proposal for how to get back-up power to the wells and the pros, cons, and cost of each option.
- Steve to get a replacement dehumidifier as soon as feasible.
- Gina and Steve will draft a response to DEC's sanitary survey letter and submit by January 16th.
- Paula will follow-up with Jon and confirm the hours being billed for the booster pump.
- Christina will investigate VLCT membership and insurance benefits.
- The Finance Committee will study the rate situation for landowners with CFD2 well heads and for larger institutions and to send the Board a policy proposal for consideration prior to the Regular Meeting in February.
- Gina will submit the CFD2 update for the Town Report.
- George will hand-deliver these minutes and any announcements to customers without email.

## Upcoming Meetings

A Special Meeting will be held on **Monday, January 23th at 7:00pm** to discuss any comments, concerns, or questions from customers regarding the rate increase.

A reminder announcement with the Zoom link (<https://us02web.zoom.us/j/87324152544>) will be posted on Front Porch Forum.

The next Regular Meeting will be on **Monday, February 6th 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 2023 meetings.

Call in Details:

Meeting ID: 873 2415 2544

One tap mobile

+13092053325,,87324152544# US

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+13126266799,,87324152544# US (Chicago)

Dial by your location

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 646 876 9923 US (New York)

+1 646 931 3860 US

+1 301 715 8592 US (Washington DC)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 386 347 5053 US

+1 408 638 0968 US (San Jose)

+1 564 217 2000 US

+1 669 444 9171 US

+1 669 900 6833 US (San Jose)

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Meeting ID: 873 2415 2544

Find your local number: <https://us02web.zoom.us/j/87324152544>