

DORSET FIRE DISTRICT No. 1

PRUDENTIAL COMMITTEE ANNUAL REPORT

MAY 8, 2017



ACCOMPLISHMENTS

1. Fire tax equalization
2. Bookkeeping services contract
3. Supplemental water study
4. Asset management
5. Loan preparations
6. Financial audit

1. Fire Tax Equalization

Dorset and East Dorset fire departments cover entire town

Fire taxes were unequal due to grand list inequities

- Dorset was paying \$0.0409 / \$100
- East Dorset was paying \$0.08 / \$100

Equalization implemented through contract with Town

- *Fire Protection Agreement* between both depts. and Town of Dorset
- fire tax is now part of Dorset property taxes bills
- Town handles all billing and collection
- contract with Town recently extended for 3 years

2. Bookkeeping Services Contract

Contract between Town of Dorset and District

Town handles financial and admin. duties for the District

- fire tax billing and collection (as part of property tax)
- water fee billing and collection
- District payables and receivables
- other administrative work

Has worked out well for both parties

- District paying less for greatly improved services
- Town was able to expand administrative position to full time

3. Supplemental Water Study

Hired engineering firm - Kepler Consulting, LLC

Several potential water sites identified

- springs and wells

Sites ranked based on:

- potential water production
- proximity to water mains and power
- accessibility

Two primary sites determined

Committee in negotiations for easement to drill a well

4. Asset Management

\$20,000 grant obtained from state for:

- water supply study
- asset inventory and assessment
- capital improvement planning and determining funding options

Local surveyor and water operator are mapping system

- supply lines from springs to reservoir
- supply lines from reservoir to distribution system
- main distribution system
- project is nearing completion

5. Loan Preparations

Drinking Water State Revolving Fund (DWSRF)

- meetings with state officials

Planning loan program provides 5-year, 0% interest loans

- source exploration and design of construction projects
- will cover permitting, drilling and testing of well
- can be rolled into a construction loan
- Committee is nearing completion of planning loan application

Construction loan program provides 20-year, 3% loans

- funded by EPA (susceptible to federal budget cuts)
- will cover connecting well to system, new service lines and meters
- currently in a priority queue for a construction loan

6. Financial Audit

Being conducted by Mudgett, Jennet & Krough-Wisner PC

Draft audit completed

- final audit should be done soon
- summary document is available on our website

Town of Dorset in process of implementing recommendations

CURRENT CHALLENGES

1. Water shortages during dry periods
2. Aging service lines
3. Water fees not based on usage
4. Management of system improvements
5. Sub-par ISO firefighting rating

1. Water Shortages

Shortages have occurred the last two years

- 2015: 55 days of water restrictions (Aug. 22 - Oct. 16)
- 2016: 46 days of water restrictions (Sept. 18 - Nov. 3)
 - water shut off from midnight to 6 am for 3 days

Single water source

- Kellogg Springs feed a 225,000 gallon reservoir
- normal spring production: over 200 GPM
- production during dry periods: 60 GPM

2. Aging Service Lines

Main distribution system is in good shape

- pig iron

Private service lines have reached end of their lifespan

- galvanized pipe
- difficult to detect leaks

Dorset's total water usage is abnormally high

- strongly suggests significant leakage in service lines

Coordinated effort to replace service lines is warranted

3. Water Fees Not Based on Usage

Current fees are based on water fixtures

Water fees paid by some businesses disproportionately low

2017 census will estimate water usage

- will estimate water usage based on State design flows
- residential census will report number of bedrooms
- non-residential census will report business types and related data
- 2018 water billing will use new census data

Water meters important part of system improvements

- only accurate way to charge based on consumption
- provide financial incentive to conserve water

4. Management of Improvements

Committee has limited experience in major construction projects

- funding and reporting
- permitting and easements
- contractors and construction

Sustainable management needed

- projects will take several years and makeup of Prudential Committee can change
- continuity in management will save time and money

In negotiations with Town of Dorset to manage system improvements

- Prudential Committee would maintain high-level control
 - projects, prioritization, budgets and water rates
- Town would be responsible for daily operations and construction oversight

5. Sub-Par ISO Fire Ratings

Fire dept. functioning without hydrants for over 20 years

- equipment purchased to compensate for non-functional hydrants
- over 1 mile of hose

Work to make fire hydrants functional would include:

- replacement of most of water mains with larger diameter pipe
 - even though water mains are in relatively good shape
- 2nd reservoir on east side of town
- estimated cost: \$1.5 - \$3.7 million

Fixing hydrants for insurance savings is not worthwhile

WATER SYSTEM IMPROVEMENTS

1. System Monitoring Station
2. Supplemental Water Supply
3. Water Meters
4. New Service Lines

1. System Monitoring Station

Daily readings now required by state of Vermont

- total water consumption
- chlorine levels

Monitoring station to reside near start of distribution system

- West Rd. at Church St.

Meter with data logger will allow accurate leak-percentage estimates

Vault large enough to add chlorine detection in future

Estimated cost: \$60,000

Estimated completion date: fall 2017

2. Supplemental Water Supply

Supplemental water study completed

- primary well site identified - close to water main and power
- well would supplement water supply during shortages

Currently in negotiations for well easement

State permitting process will be next

Estimated cost: \$400,000

Estimated completion date: early summer 2018

Until resolved, state is prohibiting all new and expanded water usage

3. Water Meters

Meters are our only way to achieve:

- fees based on water consumption
- financial motivation to conservation water

Meter data will provide accurate leak vs. consumption ratio

Meters to be installed near point of entry into building

- touch system for meter reading

Estimated cost: \$150,000

4. New Service Lines

Service lines are the responsibility of property owners

Due to poor condition of service lines, project should be take on by water district

Construction could be coordinated with meter installation

A limited number of service lines have already be updated

Estimated cost: \$600,000

SYSTEM IMPROVEMENTS FUNDING

Estimates for system improvements

- metering station: \$60,000
- supplemental water: \$400,000
- water meters: \$150,000
- new service lines: \$600,000
- TOTAL \$1,210,000

Funding estimates

- assuming 20 year loan, 3% interest, 187 customers
- average annual user cost of improvements: \$427

FY '18 FIRE BUDGET

This year's fire budget: \$179,888

- Total Apparatus: \$92,618
- Total Administration: \$46,535
- Total Firehouse: \$20,435
- Total Personnel: \$20,300

\$45,000 reduction from last year's budget

- savings of \$6 per \$100,000 (of assessed property value)

FY '18 WATER BUDGET

This year's water budget: \$124,757

- Personnel & Professional Fees: \$41,541
- System Maintenance: \$34,066
- Contingency: \$25,000
- Sinking Fund (system improvements): \$10,000
- Testing, Supplies, Permit: \$4,860
- Insurance: \$4,800
- Administrative: \$4,490

\$73,532 increase from last year's budget

- Dorset average water bill: \$667
- Arlington: \$932, East Dorset: \$1,091

WATER BUDGET INCREASES

Budget increases from last year

- System Maintenance: \$22,000 (3 new valves, reservoir cleaning, leaks)
- Contingency: \$20,000 (last year's overruns and unanticipated costs)
- Professional Fees: \$25,000 (engineering and legal on system improvements)
- Sinking Fund: \$10,000 (for repayment of future loans)
- Water Operator Salary: \$9,000 (increase in rate and hours)

FY '18 WATER RATES

Non-residential User

- all users except single and two-family homes and customary home occupations

Basic User Fees

- \$100: residential user
- \$200: non-residential user
- user fees will be levied on property owners – even if you leave the system

Fixture Rates

- 3x increase from last-year's fixture rate
- fixture rates now include last year's maintenance fee (63.5% surcharge)
- several new fixtures added to compensation for commercial water usage

MORE INFO

Get more info at our website: www.dorsetfiredistrict.org

- meeting agendas and minutes
- approved budgets and water rates
- audit summary document
- delinquent water

Register on site for water system notifications

- water restrictions
- limited water service

PRUDENTIAL COMMITTEE

Abbott de Rham

- 1-year term, expires 5/17

Ben Weiss

- 1-year term, expires 5/17

Roger Squire

- 3-year term, expires 5/17

Open seat

- 2 years remaining on 3-year term

Milton McWayne

- 1 year remaining in 3-year term