

SAFD2 Community Update

December 11, 2024

Prudential Committee

Alburgh Town Offices

Alburgh, Vermont

**SAFD #2
Special Meeting
Wednesday
December 11, 2024
6:30 Municipal Office
ZOOM LINK
Meeting ID: 743 216 5050
Passcode: 897728**

Agenda

SAFD2 new web page
Communication optimization "discussion"
Review Phase 2 status
Options for moving forward - Prudential Committee
Discussion & feedback - Public (1m each)

Adjourn

<https://www.safd2.org/>

Improved Communications – Tony had a call 11/4/24 w/ John/clerk:

Define Method:

1. Adopt a new & improved web page coming on-line, use to post all proceeding, notices etc.
2. Add link to web page soliciting eMail sign-up of all communications
3. Use existing/expanded Google DL to distribute all notices 1 week ahead (Cheryl)
4. Post as legally required Town Office posting & electronic bill board (Cheryl)
5. Augment above w/ Front Page Forum (Tony) and as able, Facebook (John)
6. Review w/Team, communicate & adopt as SAFD2 “office procedure” (11/18/24)
7. Draft Minutes -> BOD Members WI 3 working days & published WI 7 days if not approved via eMail (default is go)

Discussed 12/11/24 @ Special Session – Tony’s Summary:

1. Work continuing on Web Page migration from Weeble to WordPress (standard, used by Village), Thank you, Cheryl
2. General agreement on goals & approach, Admin access to SAFD2 to be limited (Cheryl)
3. Agreed to publish Draft Minutes within 5 days of meeting (John -> Cheryl)
4. Follow-up meeting required to firm up details of DL merge, security & operations (Cheryl w/ John & Tony)

The SAFD2 System

As of 2024

Phase 1 (operational)

Phase 2 (construction 2025)

History:

1. SAFD2 has been in development since ~1990 (~35+ years) - very large project providing "broad access"
2. Need for clean drinking water in this region is overwhelming - many resident "testimonials"
3. Phase 1 was built around 2012, been operating successfully & growing (49 -> 85 Customers)
4. Limited-Service Lines approved, allowing private development of "shared lines" for economic off-mainline access
5. Region has wide income disparity - some customers can NOT afford @ ~\$90/month (total cost), "door to door" visits
6. Customers experiencing "economic pressures": inflation & property taxes (Ex. Taxes \$4946.66 -> \$6810.67, +38% pas

Status:

1. D&K resurrected Phase 2 & completed Preliminary Design Report in 2018 (original OOPC \$4.4M)
2. Bureaucracy, COVID/shut downs & easements caused significant delays
3. Phase 2 finally went "out for bids" in August of 2024 - Project managed by D&K

4. **Three bids received, lowest was \$8.5M, \$2M over the latest Engineering Estimate of \$6.5M**

Note: This is only the actual construction costs, driving overall project cost to ~\$9.7M total

Moving Forward:

1. SAFD2 has examined a number of different funding options (Scenarios)
2. Phase 1: offers actual, real-life experience & data concerning enrollment & "anticipated growth"
3. Phase 1: started w/49 Customers & has grown to ~80 after ~ 10 years: 40% -> 70% (baseline of 122 properties)
4. Phase 2: lower initial commitment provides large opportunity for growth:

Phase Initial # Mature (10yr) Penetration Properties 1 49 80 70% (continuing) 122 2 85 150 37% (still low) 368

5. Divide Phase 2 construction into 3 separate contracts: Sections A, B & C (details below)
6. Re-bid Phase 2 in Jan/Feb time frame w/ revised conditions (winter, 45 days, opening 3 consecutive days, etc)

Summary of Funding Considerations:

1. Rebid Phase 2 with goal of reducing overall cost of construction by \$1M in January 2025
2. SAFD2 needs to hire PT help to explore & develop an additional \$1M in parallel
3. Expand Customer enrollment to reflect "deeper penetration" reducing monthly debt service (+50 works, \$ below)
4. Explore non-traditional funding options, if required to support "back end loaded" debt service (Customer growth)

Reminders:

1. SAFD2 is a Public Utility & is obligated to proceed as chartered , building this public water system
2. SAFD2 has spent many years & \$\$\$\$ getting the project to construction phase
3. SAFD2 is OBLIGATED to repay all funds spent (almost \$500K) if **Phase 2 is NOT** constructed, in which case, ALL
4. SAFD2 can expect another **annual “special assessment”** if Phase 2 is NOT built

\$ This will require hiring additional PT help & may include “incentives”

Re-Bid Phase 2 in January 2025:

1. Goal is to optimize Phase 2 contracting in an effort to reduce OA construction cost (goal is ~\$1M reduction)
2. 1st pass bidding (mid 2024) was at the height of construction season & resulted in about +\$2M over estimated costs
3. Analysis & communications resulted in a host of potential opportunities (below)
4. Rebidding takes effort (weeks) has associated costs (T&M, thousands)
5. Expect a motion @ December Monthly meeting (12/18/24)

Summary: Feedback from October SAFD2 Monthly Meeting:

- Local construction contractors participated & provided valuable insight into potential cost reduction techniques:
- a. Breaking contract up would allow smaller companies to bid inviting more competitive bids
 - b. Staggering same day bid opening by “section” would allow losing contractors to adjust, potentially lowering c.
 - c. Pipe defined (DR9) appears to be overkill & more expensive, Could use DR11 & improve flow?
 - d. Insulation “detail” for shallow burial very time consuming & not required for main line (vertical foam members etc)
 - e. Bid prep period was short, need pricing feedback etc. Consider extending 45 or 60 days
 - f. Project build schedule tight, penalties for slippage very risky for small business, include negotiated adjustments?
 - g. Project NOT thought to be under “buy America” (pipe from Canada?)
 - h. Poor Farm & Point of Tongue should be separate bid section

Phase 2 “re-bid” layout:

Phase 2 Contracts (January)

Section A - Middle Road & Wagner PT.

Section B - Route 2 (entire length)

Section C - Poor Farm & Cedar Vale Est.

SAFD2 Phase II

ERU Cost Sensitivity Analysis

12/7/2024

	Base Scenario	Scenario #1	Scenario #2	Scenario #3	
	Dirt Tech	ALL SAFD2 Parcels (currently charged \$15/yr)	SAFD2 Phase I & II (ERUs per Policy*)	SAFD2 Phase I & II Building Parcels (ERUs per Policy*)	Ac
PROJECT COST SUMMARY					
Description	Amount	Amount	Amount	Amount	
100% OPCC	\$ 8,200,000	\$ 8,200,000	\$ 8,200,000	\$ 8,200,000	\$
Construction Contingency	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$
Small Purchase	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$
Engineering Preliminary Design Phase Cost	\$ 26,421	\$ 26,421	\$ 26,421	\$ 26,421	\$
Engineering Final Design Phase Cost	\$ 242,261	\$ 242,261	\$ 242,261	\$ 242,261	\$
Final Design Portion of Ammendment No. 5	\$ 32,897	\$ 32,897	\$ 32,897	\$ 32,897	\$
Engineering Construction Phase Cost	\$ 615,170	\$ 615,170	\$ 615,170	\$ 615,170	\$
Easement Acquisition Costs	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$
Lega/Admin/Misc Costs	\$ 81,881	\$ 81,881	\$ 81,881	\$ 81,881	\$
Total Project Capital Cost	\$ 9,745,630	\$ 9,745,630	\$ 9,745,630	\$ 9,745,630	\$

FUNDING SOURCE SUMMARY

Description	Amount	Amount	Amount	Amount	
USDA Grant	\$ 2,058,000	\$ 2,058,000	\$ 2,058,000	\$ 2,058,000	\$
USDA SEARCH Grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$
USDA Loan	\$ 2,171,000	\$ 2,171,000	\$ 2,171,000	\$ 2,171,000	\$
DWSRF Loan - to be forgiven	\$ 2,743,315	\$ 2,743,315	\$ 2,743,315	\$ 2,743,315	\$
DWSRF Loan - to be financed	\$ 2,743,315	\$ 2,743,315	\$ 2,743,315	\$ 2,743,315	\$
Total Project Funding	\$ 9,745,630	\$ 9,745,630	\$ 9,745,630	\$ 9,745,630	\$

Back-up Slides

Overwhelming need – Testimonials”

From: Patty Helfrich

E-Mail: helfrichpatty@gmail.com

Address: 72A Poor Farm Road
Alburgh, VT 05440

I have a drilled well. It has the inherent problems of a well which has sulphur gas. Beyond the obvious problem of smell if left untreated it has other drawbacks as well. The gas even after treatment damages appliances such as stoves and fridges. The cost of treatment and regular maintenance is high. If anything goes wrong that cost has to also be factored in.

Many with shallow, dug wells face the same problems. I do not drink the water from the well as I fear there may be bacteria, etc in the water that might be harmful. Few wells in this area pass an inspection. Many around me draw from the lake. Again there is cost of treatment and maintaining a system. Freezing pipes going into the lake can be a real problem in winter months.

I feel the danger of people using and drinking water from untested sources could cause major health issues. I hope grant money will be made available to South Alburgh Water (SAFD2) to help fund continuing progress in their goal to make water available to those within the designated district.

----- Forwarded message -----
From: Judith Hartl <judyhartl@aol.com>

Date: Sat, Nov 17, 2018 at 11:28 AM

Subject: Water issue in South Alburgh\

To: <safd2committee@gmail.com>

Thanks for the info sent earlier this week.

We are at the south end of Cedarvale Estates Rd # 105.

We draw water from the lake and then filter it this way in the kitchen.

Here's how it looked Sept 1, 2018.

Judy and Palmer Hartl

Sent from my iPhone



10/10/22: Limited Service Line (LSL) PROPOSAL (1 of 2): Typical

Layout: NOT to scale

Par # 002 3

3

Par # 003

Par # 005

3

3

Legend:

SAFD2
Easement
/ ROW

1

Par # 001 2

3 LSL home shut-off valve & meter

2

Traditional home shut-off valve & meter LSL Master Meter pit

Main Water Line (SAFD2)

Private Service Line (typical)

Limited Service Line (also private)

w/main shut-off (1)

ERU (home, dwelling etc)

1

Thru

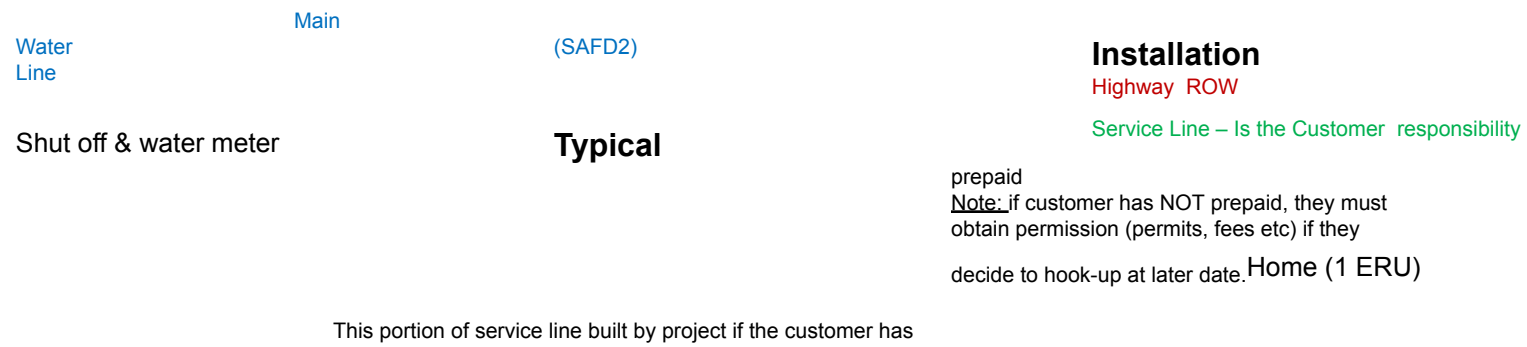
06/05/24

How much is it going to cost me to hook -up to the public water system in SAFD2 Phase 2 There is really 2 parts to answer this question about the cost of getting town water from our public water system. Part A addresses the one-time costs associated joining & connecting to the system. Part B addresses the routine costs associated with being an ongoing customer of SAFD2. See details below. Note: all numbers below are just ESTIMATES. Inflation is a factor & available of goods & services may further cause changes in actual pricing

Part A - One-time cost of hooking up:

1. Connection Fee: \$2500 payable to SAFD2 (\$1500 if prior to deadline)

- 2. Engineering: ~\$500 (check layout & provide drawings)
- 3. Service line installation: May cost \$3000 to \$15,000. Highly dependent on distance from main water line to home (~\$15/foot). Other factors strongly influence total cost. These include: Soil type (ledge expensive), crossing driveways (repairs etc) & if tree removal is require... Pre-paying prior to construction saves a lot of money: it avoids \$1000 additional connection fee, the cost of drilling under road (~\$4000 to \$6000 typically but much more for State Highways), additional hardware, labor & excavation to “tap main water line” as wells as permitting fees...Also, costs more if a meter pit is required (additional ~\$2000)?
- 4. Plumber: ~\$1000 plus, depending on what changes are required to bring water into the house & replace existing connection to house plumbing.



Part B – On going cost of being a SAFD2 Customer:

- 1. **Debt service** (fixed) is charged to each customer, for each unit (ERU). This is typically about 80% of total water bill, depending on actual water usage. We are hoping to keep the project cost low enough to maintain one single rate for all of SAFD2. Unfortunately we will not know what this is until we receive bids & finalize our customer count.
- 2. **Water Usage** (variable) is charged for each 100 gallons of water used. Typically this amounts to about 20% of total water bill. Of course it depends on how much water you actually use. Water bills are issued quarterly by SAFD2.
- 3. **Total Cost** The typical Phase 1 customer is paying about \$270/quarter for debt service & water usage. Our goal for Phase 2 is to maintain a single rate which is close to current Phase 1. **6/17/24 revised estimate ~\$100/month for depth service.**

10/11/24 SAFD2 Phase 2 @ D&K

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Analysis:

1. Sensitivity Analysis performed by Lori Bishop to “explore options” to allow Phase 2 to “move forward” 2.

Objectives - Customer affordability + maintaining an acceptable Phase 1 rate increase (one system, one rate):

Phase 1: max 25% base rate increase & Phase 2: max annual debt service of \$1000/year

3. Our analysis clearing indicates SAFD2 requires additional “non-loan” source of ~\$2M to move forward
4. Driven by recent inflation (labor shortage issues?)

Requests:

1. Federal & State funding agencies review this project, including its history, the public need & benefits 2.

Help us identify additional sources to allocate funds directly, over & above “current funding commitments” 3.

We need an additional \$2M “block grant” to allow Phase 2 to be built as planned (ASAP)

Attendees: Chuck Goodling (D&K), SAFD2 PC, Lori Bishop & Representatives from USDA (Fed), RD (State) & Bond Bank

10/21/24 Summary:

Good discussion & exchange of ideas but we were NOT able to identify additional sources of “grant money” Follow-up by Chuck indicates Northern Border Regional Commission is aware of project, we’d need to apply for 2025, max \$1M Additional “sensitivity analysis” performed by Lori Bishop to understand “possibilities”

SAFD2 is considering “breaking up” contract to engage local suppliers & REDUCE COST

SAFD2 Prudential Committee is looking for suggestions & community feedback

Additional sensitivity analysis performed - exploring alternate funding methods (assuming no additional block grant)

Tony’s Notes from Monthly Meeting (10/21/24)

1. Official meeting notification was performed as legally required however FrontPage posting was “late” 2.
- Prudential Committee acknowledged issue & agreed to work w/new Clerk (John) to improve communication 3.
- Phase 1 Customer’s very unhappy rate may go up with Phase 2 construction
4. Phase 2 Customer’s expressed contrary view - compared to paying taxes.
5. Example mentioned was property taxes. It’s the largest single expense & yet we have “no kids in school” 6.

Extensive back & forth discussion on SAFD2 structure (single system w/one rate) but no consensus reached 7.

Would require specific Public notification since this affects rates

8. Local construction contractors participated & provided valuable insight into potential cost reduction techniques:

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Pipe defined (DR9) appears to be overkill & more expensive, Could use DR11 & improve flow? d. Insulation

"detail" for shallow burial very time consuming & not required for main line (vertical foam members etc) e. Bid prep period was short, need pricing feedback etc. Consider extending 45 or 60 days

f. Project build schedule tight, penalties for slippage very risky for small business, include negotiated adjustments?

g. Project NOT thought to be under "buy America" (pipe from Canada?)

h. Poor Farm & Point of Tongue should be separate bid section

9. Excellent Informational meeting which included the free exchange of ideas

10.No specific motions were made or decisions arrived at