

Long Range Plan

South Alburgh Fire District No. 2
WSID # 20964

September 2005

Section 1

General System Description and Ownership Information

This Long Range Plan is submitted in advance of the system's construction. Cost estimates and revenue projections are estimates.. Statements of Policies and Procedures are preliminary. The Five Year Plan outlined is also a projection based on current information. The actual construction schedule and commencement of operation date is still to be determined and subject to influences as yet unknown. The proposed Fire District Ordinances are in draft form, yet to be approved by the SAFD2 Prudential Committee. SAFD2 reserves the right to revise this document as required by the circumstances affecting this project and not currently known.

The estimated completion dates are as follows:

Final Planning and Design	October 2006
Contract 1 Construction Contracts Awarded	February 2006
Contract 1 and 2 Construction Completion	November 2006
Contract 3 and 4 Construction Completion	November 2007

A. General System Description.

The south Alburgh Fire District No. 2 (SAFD2) Water System is publicly owned and is regulated by the Vermont Water System Division as a public community water system, WSID #20964. The system has the potential to serve approximately 1,000 people with approximately 300 to 400 connections and is located in the Town of Alburgh, Vermont.

The South Alburgh Fire District No. 2 (SAFD2) was formed to design, construct, and operate a consecutive public water system, with purchase of water from the Town of North Hero. The project includes connecting to the North Hero Water system via an underwater transmission line, a storage tank with approximately 250,000 gallons of capacity, approximately 110,000 linear feet of water main, a master water meter structure, valves, services, and related items. The project is envisioned to be phased with four construction contracts based on the timing of available loans.

1. Historical Information. In August 2001, the Town of Alburg Selectboard contracted Phelps Engineering, Inc. (PEI) to conduct a Preliminary Engineering Study for the water system. A State of Vermont Revolving Loan Fund (RLF) loan of was extended to the Town to conduct the Preliminary Engineering phase of the project. SAFD2 assumed liability of this debt.

The South Alburgh Fire District No. 2 was created by order of the Town of Alburgh Selectboard on June, 2004 for the purpose of designing, constructing and managing a water system to supply the residents of the Fire District. A \$6,900,000 bond was approved by the Fire District registered voters on October 26th. The total number of registered voters within the Fire District is 430. The number of votes received was 117 resulting in 100 voters approving the bond and 17 against.

The project is currently in the final design and permitting phase with expectations to seek Act 250 approval in the fall and begin soliciting construction bids in early winter. Contract 1 construction could begin in early spring.

B. Ownership and Organizational Structure.

The South Alburgh will be a user supported, municipally operated system serving subscribers within the boundaries of the South Alburgh Fire District No. 2. All official mail should be sent to South Alburgh Fire District No. 2, P.O. Box 192, Alburgh, VT 05440.

Prudential Committee Members

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Section 2

Cost and Revenue Information

The project is envisioned to be phased with four construction contracts based on the timing of available loans. Project costs FY2006 and FY2007 to cover costs for Contract Nos. 1 through 3 are assumed to be available through the RLF construction loan program. Future funding from the RLF program will be based on the availability of funds and the project's prioritization ranking among other proposed projects at that time. An alternative funding source is the USDA Rural Development program.

SAFD2 and the Town of North Hero are currently negotiating the terms of an Interlocal Agreement. By means of this agreement, the SAFD2 agrees to share the Town of North Hero's capital and O&M costs directly related to the Town's Water Treatment Plant (WTP) based on the percentage of the WTP capacity the SAFD2 uses. It also agrees to purchase water from the Town of North Hero at a rate to be determined annually by a committee formed by members of both water systems as specified in the Interlocal Agreement. The Agreement is expected to be finalized in October 2005.

A. Five year Operation and Maintenance Budget Projections.

Figures shown here for the year 2004-05 are actual expenses. All SAFD2 officers and personnel are volunteers who serve without pay. The Fire District office is in the home of the Chairman and SAFD2 is not charged for office space, telephone, electricity or computer use. The operating funds required for the expenses specified below have been lent to the Fire District by generous Alburgh residents. The Fire District has issued Promissory Notes in these amounts, due and payable upon the receipt of the first customer service connection fees.

EXPENDITURES

Debt Service	-0-	-0-	-0-	136,500	136,500
Other (net cost to Town of North Hero for use of capacity at WTP)	-0-	-0-	11,913	12,680	13,447
<u>Total Expenditures</u>	<u>-0-</u>	<u>-0-</u>	<u>82,113</u>	<u>221,486</u>	<u>224,422</u>

B. Five year Revenue Projections.

At this time, the Fire District does not have any assets or any operating income other than the personal loans mentioned above. Loan funds are required to continue final planning into the construction phase. At the time Contract No. 1 is advertised for bidding, potential customers will be required to provide their service connection fees, which will provide the Fire District with operating income for administrative expenses not

directly tied to the project. At the time Contract No. 1 is substantially complete, the Fire District will commence operation of the water system and will be collecting water revenues on a (monthly/quarterly) basis.

SAFD2 will maintain a user rate schedule that will pay for annual capital, operation and maintenance expenditures solely through user charges. A project cost summary that summarizes proposed project expenditures and the average user cost to support the system is presented in Table 2-1.

Revenues will initially result from the collection of Service Connection Fees that will be required at the time each phase of the project (Contract) bids are let. As each Contract segment of the project is completed and placed into service, water bills will be sent out monthly that will consist of three components; a) a portion of the debt payment charged equally over the total number of water users, (b) any charges incurred for billable services provided by SAFD2 personnel, and 3) the actual water consumed, measured by SAFD2 provided water meters.

	<u>Current</u>	<u>2007</u> <u>Estimated</u>	<u>2008</u> <u>Estimated</u>	<u>2009</u> <u>Estimated</u>	<u>2010</u> <u>Estimated</u>
<u>REVENUE</u>					
Charges for Service	-0-	-0-	207,000	213,000	220,000
Interest (assumes 2% of cash balance)	-0-	-0-	6,000	9,118	10,000
Other (Connection fees; assuming 10 new ERUs per year)	-0-	-0-	25,000	25,000	25,000
<u>Total Revenues</u>		<u>-0-</u>	<u>238,000</u>	<u>247,118</u>	<u>255,000</u>

C. Capital Fund Information.

The South Alburgh Fire District No. 2 has no physical assets at this time.

	<u>Current</u>	<u>2007</u> <u>Estimated</u>	<u>2008</u> <u>Estimated</u>	<u>2009</u> <u>Estimated</u>	<u>2010</u> <u>Estimated</u>
<u>ASSETS</u>					
Cash (Initially from connection fees)	-0-	-0-	300,000	455,877	481,518
<u>Total Assets</u>	<u>-0-</u>	<u>-0-</u>	<u>300,000</u>	<u>455,877</u>	<u>481,518</u>

Section 3

Planning, Policies and Procedures

A. Service Area Map

Appendix A

B. Growth or Modernization Plans

The South Alburgh Fire District (SAFD2) water system is planned to be a consecutive system to that of the Town of North Hero, connected to that system by an underwater pipeline. The SAFD2 system is designed to include a 250,000 gallon ground storage tank and pumping equipment which is sufficient for SAFD2 use as the water system is constructed. The target number of ERUs used in calculating cost and capacity for the SAFD2 system at completion is 308. It is anticipated that this target number of ERUs will be met or exceeded at full build-out, estimated to be in 2008, when Fire District residents are convinced that the water system for South Alburgh is a reality. North Hero has indicated that routinely supplying more than the target 308 users may tax their water treatment capacity, depending on actual summer demands.

The SAFD2 Prudential Committee and its engineers have been involved in planning discussions on how best to plan for the possibility of increased numbers of SAFD2 residents who wish to be served by the water system. Several plans have been discussed, such as: a) fully or partially financing another filter for the North Hero water treatment plant to accommodate increased SAFD2 requirements, or (b) seeking voter approval for a bond to build a new water treatment plant in Alburgh, and (c) resuming negotiations with the Village of Alburgh with the idea of consolidating the SAFD2 system and the existing Village system and upgrading the Village water treatment plant.

Long term planning discussions have also included the concept of creating a consolidated water system which unites all of the water systems within Grand Isle County. The current Prudential Committee favors this idea and believes it may be the most advantageous and cost effective way to provide water to an entire region in future years.

C. Policies, Procedures and By-laws

- 1) Appendix B: Bylaws
- 2) Appendix C: Water Use Ordinance
- 3) Appendix D: Policies and Procedures
- 4) Appendix E: Customer Complaint Policy, Forms, and Grievance Policy
- 5) Appendix F: Disconnect Policy

Section 4

Water Conservation

A. Water Usage Evaluation. At this time, water use patterns are projected to be similar in nature to that of the Town of North Hero system with periods of high demand during the summer months due to seasonal dwellings.

B. Water Conversation Measures. SAFD2 will meter the water flow at every service location, at the pumping facility and at the underwater crossing connection to North Hero. Irregularities in master meter readings will be investigated, and the percent of unaccounted for water will be monitored.

C. Consumer Awareness and Water Conservation Education. SAFD2 will routinely inform water subscribers of the necessity of water conservation and provide helpful procedures to assist with careful water use. The Fire District will employ its website, newspapers and enclose helpful information with water bills on a regular basis to further provide information. As SAFD2 is purchasing water at a gallon price from North Hero, subscriber water rates are directly influenced by the quantity of water purchased. Strict conservation controls will benefit all users and the effort will be ongoing.

Section 5

Fees and Water Rates

The South Alburgh Fire District No. 2 water system is designed to be a used-paid system. It is based on the Equivalent Residential Unit (ERU) as set forth in the Vermont Water Supply Rule (copy attached.) The value given to the ERU of 170 gallons/day average daily demand is used in all system calculations for the purpose of supply, capacity and calculating water allocations and setting water rates.

In order to gauge interest in, and encourage early commitment to, the water project, a Water Service Agreement (attached) has been sent to all potential SAFD2 water subscribers. A discounted service connection fee of \$1,500 was offered to those potential subscribers as an incentive to commit to the system before the start of the bid phase for Contract 1 of the project. The number of agreements signed and received to date in all building categories result in a commitment for 250 ERUs. After construction begins on Contract 1 the service connection fee will increase to the full amount of \$2,500. The service connection fee charged to subscribers with property other than single family residences is shown on the Tap Fee Schedule, attached.

Subscriber water bills will be comprised of three parts:

- a) the charge for the water consumed as shown on each individual water meter,
- b) charges for billable services provided by SAFD2 personnel, and
- c) a percentage of the bond debt service, based on water allocation.

1. Metered water charge. All subscribers are required to have onsite water meters. The meter is one component of the equipment package that is provided by the Fire District with a paid Service Connection Fee (see Appendix _____). The ¾" meter will be specified in single family residences. Those subscribers in non-residential buildings, or those requiring larger capacity water meters, will be charged the difference between their larger meter and the ¾" meter provided by the Fire District. The meters will be read monthly and all subscribers will be billed for actual water usage.

2. Service Calls. Charges for service calls by SAFD2 personnel will be itemized on subscriber bills in accordance with the Service Fee Schedule, attached.

3. Percentage of the bond debt payment. All subscribers will be billed for a portion of the bond debt payment each month based on their water allocation. Please see the Bond Debt Portion by User Category Table attached. Single family residence subscribers will each be charged equal shares of the bond debt payment whether or not they are seasonal. Non-residential or multiple use residences will be assessed a percentage of the bond debt payment based on their allocation which is calculated using the Vermont Water Supply Rule. Some examples of SAFD2 subscriber ERU calculated values are as follows:

<u>Subscriber Category</u>	<u>Number of ERUs</u>
Single family residence, year-round & seasonal	1.0
Additional uses on single lot (without additional meter)	
One bedroom seasonal rental	0.15
Two bedroom seasonal rental	0.33
Three bedroom seasonal rental	0.20
Gas Station	3.66
Restaurant	2.50
Campground	25.0

It was necessary to find a method by which dissimilar subscribers with unequal water allocation could be fairly and equally assessed a percentage of the bond debt payment. An added feature of this system is that as more subscribers are added to the user pool, the amount of the bond debt payment percentage assessed to each user will decrease.