

Minutes of the East Montpelier Planning Commission

DRAFT COPY

April 20, 2023

PC Members Present: Zach Sullivan (Chair), Maia Stone, Clarice Cutler (zoom), Nik Khosla, Gianna Petito (zoom), Kim Watson, Erica Zimmerman (zoom)

Others Present: Deirdre Connelly, Megan Young (zoom), Amy Galford (zoom)

Call to Order: 7:02 pm

Changes to Agenda:

None.

Public Comment:

None.

Review Minutes

The group reviewed the April 6, 2023 minutes and made a few edits for clarity.

Motion: To approve the April 6, 2023 minutes with tonight's amendments. Made by Ms. Watson, second by Ms. Stone. Passed unanimously.

Conversation re: Drinking Water Funding with guests from the Vermont Department of Environmental Conservation

Mr. Sullivan gave some background on the topic, explaining that water and wastewater constrain growth and development in the village. Crystal springs is a privately-owned water system serving many in the village, and some years ago the town attempted to buy the system. The town plan lists this as a priority and with the current bounty of available funding for infrastructure, the PC wanted to look at what might be done on this topic.

Ms. Young is the Sustainable Infrastructure and Management Program Manager. She explained that she has worked with the drinking water program for 17 years and currently works with new public community water systems to ensure they have the technical, managerial, and financial capacity to be a public water system. She noted that she has experience with crystal springs and East Montpelier's earlier attempts to purchase the system. She noted that at the time of attempted purchase, crystal springs had a number of deficiencies, but they have since come back into compliance. Ms. Young noted that whether crystal springs remains privately owned or is bought by the town, there isn't capacity to add additional connections to the system.

Ms. Young explained that for new or newly owned public community water systems, the organization needs to prove it has the technical, managerial, and financial capacity to operate the system. This can be difficult in rural areas because there may not be enough connections to the water system to financially support its operation. She said that often it is better for some towns to remain on individual wells. She added that East Montpelier is in a unique situation because the public community water system already exists, and she added that she thinks the division would support the town's purchase of the system. The

first step in that process would be confirming with the current owners of crystal springs that they are willing and ready to sell.

Ms. Petito asked if purchasing crystal springs is the only option for the village. Ms. Young stated that based on past evaluations, if the town wants to find new water sources the best option would be to drill new wells. She noted that the current distribution lines are in place for the crystal springs system, so it makes sense to keep working with crystal springs for those connections. But if the town wants to expand, they will not be able to add additional connections to crystal springs and would need to find a new source to expand service.

Mr. Sullivan noted that growth was a factor, but the past compliance issues and uncertainty around the succession plan for crystal springs were also concerns. The town wants to ensure that this water source remains available to residents long-term. Ms. Watson added that one of the major hurdles for public community water systems is making enough money from the connections to pay for a full-time manager, as part of the technical, managerial, and financial capacity piece Ms. Young mentioned. Ms. Young confirmed this and emphasized that running a public community water system comes with large responsibilities. Ms. Galford clarified that the manager does not need to be onsite at all times and could also be a town employee with other responsibilities.

Ms. Zimmerman asked if a large well serving multiple homes would be considered a public community water system. Ms. Young explained that a public community water system is defined as any source of water that serves 15 or more connections or 25 or more residents. The ownership structure does not matter, it can be privately owned, town owned, part of a condo association, or any other ownership configuration, so long as it serves either 15 connections or 25 or more residents. Ms. Watson asked if the technical, managerial, and financial requirements are variable depending on the type of system. Ms. Young explained that the requirements are the same for all public community water systems, whether the system serves 50 residents or 5,000.

Ms. Petito asked if the town could apply for funding to hire someone to help with cost/benefit and feasibility analysis. Ms. Young stated that there are planning loans available, and that financial analysis can be bundled into the planning for this type of project. She noted that there aren't many resources for this type of work in Vermont, and typically groups will hire a team to work on the planning because it is tough to find an individual with the expertise to perform all the analysis.

Ms. Galford works with the Water State Revolving Fund. She explained that the fund receives federal and state money and loans it out for water projects. As loans are repaid the fund grows and has more money to give out as loans. She noted that there are some other groups with an economic development emphasis that the PC may want to talk to, including the Agency of Commerce and Community Development (ACCD) and the US Department of Agriculture. She explained that her department is focused on water projects to address public health and loans are focused on creating new water systems or restructuring or purchasing existing water systems.

Ms. Galford noted that because the crystal springs system already exists, the town has some data available already for the operation of that system. She added that purchasing the system would be eligible for a loan but it would need to be based on an appraisal, and the purchase would need to be focused on correcting a public health issue. The town would not be eligible to apply for funds to purchase the system for the purpose of expansion.

Ms. Galford explained that there are planning and design loans available on a rolling basis, as well as the larger construction loans that have an annual deadline. The construction loans are competitive, and Ms. Galford noted that there are more eligible projects than there are funds.

Ms. Petito asked if the planning loans could fund a feasibility study and if any loans are forgivable. She also asked if the construction loans have to go to a bond vote for the town. She asked if it would be possible for the town to apply to this program for the purchase of crystal springs while also applying to other sources for funds to expand. Ms. Galford stated that combining funds from multiple sources happens all the time and is not a problem. She said that yes, for a municipal borrower a bond vote is typically needed. She added that it can usually just be a Selectboard vote for the planning stage, but the larger construction grants typically require a bond vote. In response to the question about loans for planning and feasibility, Ms. Galford stated that there are many ways to structure the request, but it really depends on what the final product or goal is for the planning work. In regards to forgiveness, Ms. Galford said that planning loans go into repayment after five years unless the town secures a construction or purchase loan, in that case the planning loan would roll into the larger construction or purchase loan. Forgiveness is available for both types of loans, but tends to be granted to disadvantaged communities (which is determined based on median income) and projects with higher user rates.

Ms. Watson mentioned that the documents from the studies done for the fire district are available here on the town website: <https://eastmontpeliervt.org/community/east-montpelier-village/>

Mr. Sullivan asked for clarification on the timeline for taking a bond vote for a loan. Ms. Galford said that the loan application and bond vote typically happen in parallel, and she clarified that the bond would need to be voted on by whoever the ratepayers will be. That could be the whole town, or it may just be the fire district.

Ms. Petito stated that it seems like the PC needs to discuss whether this drinking water project is a priority for the town. If the PC does decide to push forward on this project, the next step is to reach out to the owners of crystal springs to find out if they are interested in selling. Ms. Cutler added that it would be helpful to talk to some of the people who led the earlier effort to purchase crystal springs.

Ms. Zimmerman asked how the town should approach encouraging growth when it seems that the best options for expanding drinking water in the village are individual wells. Ms. Young noted that the restrictions for public community water systems make it tough for small systems to get started, and the restrictions will only get tighter. For Vermont, she would encourage towns to share wells across three or four connections and encourage building up rather than out. She added that wastewater systems can have a higher upfront cost but generally cost less long term and can free up more land for wells. Ms. Young added that some towns do decide that public community water systems are the best option and named Berlin, Killington, and Waitsfield as three towns that recently invested in public community water systems.

The PC thanked Ms. Young and Ms. Galford for their time. Both reps offered to come back to a future meeting if the PC decides to move forward with a drinking water project.

The PC discussed the information from Ms. Young and Ms. Galford. Mr. Khosla asked if there was enough groundwater in the village for wells. Ms. Watson mentioned that residents outside of the contamination zone have looked into wells, so they are an option for some residents. Mr. Sullivan mentioned that one factor is the uncertainty about what might happen to crystal springs when the current owner passes away.

Ms. Watson said if the owner of crystal springs is interested in selling, the town should reform the fire district. Mr. Sullivan asked how this project might fit into the larger plans for the town as a whole. Ms. Watson pointed out that the role of the village committee was to take on some of the village-specific projects like sidewalks and drinking water, so the PC could focus on town-wide projects.

Ms. Cutler noted that the Selectboard is forming a committee for the town's ARPA funds and suggested the PC may want a representative on that committee.

Mr. Sullivan pointed out that the town needs growth to have the demand to support the costs of a large infrastructure investment, but at the same time the town needs the infrastructure to encourage new growth. The town zoning used to restrict growth around the village center, but has since been adjusted to allow more density. The question is now how to get some growth projects rolling. Mr. Khosla asked if the town should focus more on growth in other areas since the village center seems to have some serious constraints. Ms. Cutler explained that Vermont really encourages development around village centers and mentioned that when the town worked with a consultant on adjusting zoning for greater density in other areas around town, residents really pushed back on decreasing lot sizes. Ms. Zimmerman mentioned the Gallison Hill Road as an area to look at.

Discuss work with Energy Committee

Discussion deferred to a later meeting.

Updates

- **Capital Improvement Committee-** Ms. Watson reported that the group met last week and went over needs for 2023-24. They added line items in the budget to look into future projects for a town garage and municipal building. Mr. Khosla asked if the town is looking to build a new municipal building and Ms. Watson said the line items are for design review, either for upgrades to the current building or a new building.
- **Energy Committee-** Ms. Watson attended the last meeting and Mr. Hall is scheduled to attend the next. Mr. Sullivan noted that he would like to schedule a meeting for the PC and Energy committee to meet.
- **Resilient Roads Committee-** No update.
- **Central Vermont Regional Planning Commission-** Ms. Stone reported that a rep from VLCT and Sam Lash were at the most recent meeting. They gave updates on bills being discussed in the legislature, including H.493 and S.100. They also mentioned health equity training and how to get language into town bylaws. Grants are available for sidewalks and bike paths and Ms. Petito mentioned that information would be good to share with the trails committee.

ZA Report

The group reviewed the report.

DRB Report

No meeting this month, no updates.

Other Business

Ms. Petito asked that the links from the chat from Ms. Young and Ms. Galford be included in the minutes.

Information from the chat:

Federal EPA DWSRF eligibility handbook https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_versioni.pdf state guidance doc 8 - has more info re: new systems, purchases - can send you link later.

Water System Purchase - The purchase of a part or all of an existing water system may be an eligible project cost. Determinations will be made by DEC. Considerations are: a) Whether the purchase is the

most cost-effective solution to correct a public health or compliance problem b) Whether the purchase price fair and reasonable. This is determined by a third-party appraisal by a Vermont-Certified General Real Estate Appraiser. The appraised value will be the maximum amount eligible under a loan, regardless of the final sale price.c) Whether the purchase have a positive impact on the long term financial, managerial, and technical capability of the system."

Motion: To adjourn. Made by Ms. Watson, second by Mr. Khosla. Passed unanimously.

Meeting closed at 8:53 p.m.

Respectfully submitted by Deirdre Connelly.