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Town of Shaftsbury

Municipal Offices at Cole Hall

Meeting Minutes

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Town of Shaftsbury Water Board Meeting

Date of Meeting: Monday, April 20, 2026, at 5:00 PM, in person at Cole Hall and remotely via Zoom.

1. Call to Order:
   The meeting came to order at 5:00 PM. Present were board members, Zoe Kearl, Naomi Miller, Mike Cichanowski, Marlene Hall, Eamon Mulligan, Water Dept. Superintendent Josh Brace, non-voting member Art Whitman, Town Treasurer Melanie Dexter, Town Administrator Paula Iken, and presenter Ashley Lucht from Quantified Ventures.

2. Conflict of Interest Statement:
   No one expressed a conflict of interest with any item on the agenda.

3. Minutes
   The minutes from the April 6th meeting were not available.

4. Announcements
   There were no announcements from the board.

5. Public Comments:
   A Shaftsbury resident said she had been to numerous meetings about the excessive chlorine in Town water. She said that the Shaftsbury Water/Select boards said they would bring it up with North Bennington, but when she called Zach Bull, the North Bennington Water Dept. superintendent, he said he hadn't heard anything about it. Ms. Kearl said that was odd because Shaftsbury had contacted Steve Goodrich, the North Bennington Water Dept. chair, and 2 members of the North Bennington Board of Trustees. The resident will be attending the North Bennington Water Dept. She voiced her disapproval of the Shaftsbury Water Board's inability to change the situation. (See Mr. Brace's comments in Item 7 Other Business for further details.)

6. Presentation of Plan for Water Department: Asley Lucht, Quantified Ventures
   Ms. Lucht noted that the agenda had an error: she works for Quantified Ventures, not Quantitative Solutions. Ms. Lucht gave a brief description of her experience saying she has worked in various capacities of Vermont water projects, including loans, for over 20 years. Quantified Ventures has a contract with the Department of Environmental Conservation, the Drinking Water Programs Capacity Development Program, to provide technical assistance to public drinking water systems, anything from explaining a loan to helping with user rates and budget projections. Ms. Lucht is working with Shaftsbury as a technical assistant. Shaftsbury applied to the DWSRLF program for funding, which goes to the State for Readiness to Proceed criteria. Once milestones for project funding are met, the application goes to the Vermont Bond Bank for underwriting, but the bank was concerned about Town finances and paused the application. Mr. Brace asked Ms. Lucht for her help with passing financial underwriting at the Vermont Bond Bank. Ms. Lucht described her analysis process saying she looks first at expenses, noting that most communities look at year-to year budgets, not forecasting.
   Current expenses: Ms. Lucht used the budgeted to actual numbers for FY25, the most recent year that

had completed, then worked towards FY26, and then FY27 budgets. The FY27 budget is only proposed and is being discussed to present to the board and for Ms. Lucht to work out revenue projections. She described how she then analyzed to create a forecast. She noted that Shaftsbury has only 24% fixed expenses in the budget, which is opposite of most towns in Vermont. This is due to the expense of purchasing water from North Bennington, which is variable and has steadily increased. 75% of the Town's expenses are tied to water purchased from North Bennington, meaning that a large part of Shaftsbury's budget is out of its control. Ms. Lucht then presented the numbers for purchase and selling of water. 22,780,000 gallons are purchased from North Bennington. 11,101025 gallons are "sold" i.e. passing through customers' meters and billed. This leaves 11,678,975 gallons of "non-revenue" i.e. unpaid for, water. This is 51% non-revenue water. 10 – 20% is the norm for small water systems. A significant amount of purchased water is not passing through customer meters. Ms. Lucht said that the unmetered water is likely coming from leaky pipes and old water meters that don't accurately record usage. To explore changing the rate structure, she gathered customer data for a 12-month period, using the same numbers she used to analyze non-revenue water amounts, and applied them to budgeting and expenses. This allowed her to run various scenarios and to see the impact on the changed rate structures on individual customers. It also provided information to compare individual connection usage. This means that the Water Dept. can assess for leaks or possible illegal connections etc.

Current Billing System: Ms. Lucht continued that billing right now consists of 3 base charges and 1 variable charge and explored how to simplify to 1 base charge and 1 variable charge. The first step is to classify connections as residential or commercial. A residential connection was defined as any connection that has up to 3 residential units: duplex, triplex, or single-family homes. A connection with more than 4 residential units or any commercial activity was classified as commercial. Classification is based on FHA loan definitions. Ms. Lucht then averaged all the residential connections. The average per residential connection was 36,000 gallons per year, which is consistent with other Vermont communities. Residential usage is around 90%, commercial around 10%. She explained why it made sense to change the way water usage is charged: a large majority of the Town's expenses are variable, so tying the water rates to that reality makes it a more equitable, defendable and sustainable way of charging. She then pointed out is that numbers between contingency, local access fee, and bond rate fee, the three base charges on water bills are inconsistent.

Current Fee Specifics: There are 298 contingency/connections in Shaftsbury water system, 314 local access fee unit charges, and 320 bond rate fee unit charges. There are some connections that are charged more than 1 local access fee, and more than 1 bond rate fee. And there are some connections that are charged more than 1 bond rate fee than local access. These numbers should be the same. She continued that she then analyzed revenue to understand what charges relate to what fee. Ms. Lucht went on explain her findings. The bond rate pays for the current debt of 2 loans through the DWSRLF, with an annual payment of approximately $14,000. The units might not make sense, but generating $14,000 in revenue through these bond charges and pay $14,000 does. Next there is a local access/maintenance fee, which raises questions: How is this calculated? Why is this calculated? Where is it going? It's in the bottom of the budget but would be more appropriately located in reserves for maintenance. A maintenance fee should be based on reality. There are different calculations for how many units the maintenance fee applies to, and it isn't clear what this number is based on. She continued that the contingency/connection fee appears to be rolled into the water meter reserve and doesn't show up as a separate line item in revenue. It's not being tracked separately; it's going towards paying for water. Then there is water meter fee, which is the cost per thousand gallons- what's going through the meter on the customer side. In theory, this should cover the cost of water purchased from North Bennington, but it doesn't. The Town does not collect enough revenue to cover cost.

Opportunities for improvement: Ms. Lucht continued that opportunities are aimed at improving financial metrics to pass underwriting. The Town has a loan in front of the bond bank, and the bank wants to approve it. The Town wants it approved, to be able to move forward with needed projects that have already been approved by the voters. The significant opportunity for improvement is fixing the non-revenue water issue: finding and repairing leaks, replacing outdated infrastructure, and updating meters. Replacing meters, will allow more accurate count of the water that's going to customers. The expense for water purchased from North Bennington should go down because leaks are fixed, and revenue generated should go up going to go up because updated meters will be more accurate. She also

suggested re-evaluating the variable charge at least annually and associating the base revenue needs to community realities. 24% of revenue is based on fixed charges and 76% of revenue on variable charges. Rolling the bond charge, local access, and contingency fees into one base charge would generate 24% of revenue on a charge per connection. The same would apply to flow, with the goal being equitable, defendable, and sustainable charges.
Potential user rate scenarios: Ms. Lucht discussed scenarios, including leaving the current rate structure unchanged. She said because of the variable charge that is outside of the Town's control, driven by North Bennington water rates, expenses will be increasing. There has been acknowledgement that, a more consistent investment into infrastructure, but she is addressing structural changes to the user rates. She then said that looking back to residential versus commercial distinction, and the 36,000 gallons/year that reflects the current average residential usage, the equivalent residential unit, or ERU, would be 36,000 gallons. The structure would be based on residential and commercial connections. Residential connections would pay one base charge each. Commercial connection usage would be divided 1 ERU, rounded to the nearest whole number. Noone has less than 1. For the flow charge, a statistical range is calculated off 36,000 gallons, with some percent less than average usage charged a reduced rate. Users with some percent higher than average would be charged an increased rate. She reiterated that even if the structure doesn't change, rates need to increase significantly. When the Town is paying for water that 49 - 50% isn't getting billed to the users, there's a big loss.
The right choice for Shaftsbury: Ms. Lucht said that there's no right answer. There is science and math that goes into it, but it comes down to what the Town determines is equitable. She asked some questions: Can the Town defend the rates to the public? Are you doing right by the community by investing in its infrastructure, and protecting public health, and supporting, economic vitality. Is the system sustainable?
Mr. Mulligan asked if all connections currently metered. Mr. Brace said yes, but they could be 10 - 20 years old, mostly original. Mr. Mulligan asked if all the leaky pipes were on the Shaftsbury side of the connection. Mr. Brace said yes, all connections but 7 run through the master meter first, which is a brand new ultrasonic short meter. North Bennington is capturing all the water that goes through. Mr. Mulligan asked if it was possible to place other meters around town that would recognize areas where water loss occurs. Mr. Brace said there are more economical options. He reminded that most water systems have a certain percentage of loss. Ms. Kearl said they could forward Mr. Mulligan information on leaks from before he joined the Select Board, including a lek report where no major leaks were found, but small leaks that aren't metered add up to a lot over a year. Low flow plus inefficient mechanical meters results in lost revenue. Mr. Whitman asked if it was possible to just replace meters without replacing pipes. Mr. Brace said yes, it was feasible, and the Town would only be paying for the meter and possibly gaskets. If horns and valves are replaced on both sides of the meter, the cost goes up exponentially. He continued that he had plans made for meter replacement associated with the first phase of pipe replacement. Ms. Lucht asked where the Town was with lead service lines. Mr. Brace said that last year MSK Engineering did lead samples at every residence. Not very many were identified other than galvanized or unidentified lines. Ms. Lucht said that most water leaks happen on private property. There are main lines, the service line, and the meter in the house. The service line is the curb stop and the pipe that it goes to the house. The service line is the responsibility of the homeowner, and it may be galvanized pipe, which is known for developing leaks over time, that is not going through the meter. Replacing service lines useful to consider doing as part of a project, and it is loan eligible even if it is on private property. Mr. Brace said there will a little bit of that included in new pipes replacement phase. Ms. Lucht asked if all questions had been answered. This was confirmed and the presentation ended.

7. Other business
Mr. Brace gave an update on the chlorine issue brought up during Public Comments. He had taken a

water sample from the resident's home (see Public comments) and sent it for residual chlorine testing. Results were within State limits. He also notified Zach Bull and told the resident that she could contact the State and North Bennington because Shaftsbury does not control the amount of chemicals put into the water system. Mr. Bull called Mr. Brace and said that the resident had contacted him. Mr. Brace continued that there is a charcoal filter system that eliminates the taste and smell of chlorine, but it's very expensive. Mr. Brace confirmed that the Shaftsbury Water Dept. did reach out to the resident, and Shaftsbury and North Bennington Fire Departments have also updated her, saying to reach out to the State for other available options.

8. Review of Action Items
   None

9. Executive Session- Legal: water allocation request
   Ms. Kearl passed 5-0-0. Suggested that the executive session be cancelled due to time constraints.

10. Adjournment
    Ms. Kearl asked for a motion to adjourn. Mr. Cichanowski moved. Ms. Miller seconded. The motion passed 5-0-0. The meeting adjourned at around 5:55 PM.