

## **Information on Water System Acquisition and Improvements**

On September 25<sup>th</sup>, 2024, the Town of Woodstock's Selectboard will meet and vote to hold a Special Town Meeting on October 29<sup>th</sup> to acquire the Woodstock Aqueduct Company and all its assets (minus the Vondell Reservoir) for \$920,000. The acquisition price equals the total debt of the Woodstock Aqueduct Company (WAC). A portion of this cost will be covered by two grants, a \$288,000 grant the Town received to purchase the WAC and \$175,000 grant from the WAC which they have agreed to transfer to the Town for this acquisition. The remaining funds, \$457,000, will come from the Town's Undesignated Fund Balance. This funding solution ensures no financial burden to Woodstock residents.

On December 10<sup>th</sup>, 2024, the Selectboard will hold another Special Meeting to bond for the purchase of the Vondell Reservoir and to fund the needed capital improvements to the water system. These improvements will ensure Woodstock complies with State mandated water flows, will allow Woodstock to increase water flow to add new water connections, and to secure Woodstock's future access to safe and clean water. The cost of the Vondell property is \$1,600,000, which includes the reservoir and ≈350 acres. The Selectboard will engage in conversations with Woodstock residents on the needed capital improvements but have identified capital improvements of at least \$6 million dollars.

The Selectboard views the acquisition of the WAC and the capital projects as their first step in finding solutions for the housing and development crisis in Woodstock. Without controlling the water system in the community, solving these issues that are vital to Woodstock's future will be nearly impossible.

As noted below in greater detail, the Selectboard has been working for over a year on this acquisition. The plan was to hold a public vote in November for the acquisition of the WAC, the Vondell reservoir, and the needed capital improvements. Part of the planned funding for the purchase was the \$463,000 in grant money mentioned above. The town was originally told that those funds were available for two years, however, two weeks ago the State instructed that part of the grant needed to be allocated by September 30<sup>th</sup>. After speaking to the State about the importance of the Town owning the water system in Woodstock, they agreed to move the deadline to October 31<sup>st</sup>.

Therefore, in order not to lose a significant allocation of money, the Selectboard has decided to split the vote. One for the WAC acquisition before October 31<sup>st</sup> and then another vote in December for Vondell Reservoir and the needed capital improvements. As the new directive from the State created a tight timeline, the Selectboard had three options. Forego free money towards the acquisition, rush a vote and include all parts of the original plan with no time for public involvement, or take the plan they have decided on. As the Selectboard's plan requires no additional cost to the taxpayers of Woodstock, ensures grant money can be used, and allows for public feedback on the Vondell and the capital improvements, the board felt this was the smartest, most financially astute approach.

Over the next two months, the Selectboard will be holding numerous informational sessions along with having set schedules for smaller meetings across restaurants, cafes, markets, and other locations to interact with the public to answer any questions on the acquisition.

## **How did we get here?**

Since the July 2023 flood that caused a lack of potable water in Woodstock, financial distress to businesses and employees, and health concerns for residents, the Selectboard has been actively working to acquire the Woodstock Aqueduct Company (WAC) and its assets. This acquisition would ensure a safe, secure, and stable water system for Woodstock residents, businesses, and tourists, both today and in the future.

This process started with a public forum in August 2023. From that, a water working group was created and consisted of Charlie Kimbell, Keri Cole, Gabe Deleon, Alex Mulley, Tom McCaughey, Stuart Matthew, and Tom Debevoise. With help from Jon Spector, the town engaged the Harvard Business School and a group of extremely experienced students took on the potential acquisition as their semester project. Both of these groups reviewed documents from the WAC, talked to State officials, local stakeholders, other municipalities that have purchased private water companies, and publicly shared their findings. Both groups recommended that, in all aspects, it was in the best interest of the community for the Town to acquire the WAC.

## **Selectboard's Original Plan**

With those recommendations and the concern of water security for Woodstock, the Town entered negotiations with the WAC in the Spring of 2024 and started to build out a communication plan to ensure residents would be able to have their say in this process. This summer, the Selectboard held a public meeting to discuss potential capital improvements that are required (either by the Town or the WAC) all with the stated objective of holding a November 2024 Special Town Meeting for a vote to acquire the WAC and its assets, the Vondell Reservoir, and the needed capital improvements. A successful vote would allow the Town to increase water flow and provide safe fire protection for the entire town. Two things that are State mandated. Further, this plan would allow the Town to have more water connections allowing for smart development, a necessity for Woodstock to thrive and remain a community of residents not just second homeowners.

Part of the above plan was to use the Community Recovery and Revitalization Program (CRRP) grant of \$283,000 that the Town received this past winter and a \$175,000 state grant from the WAC that they agreed to have go towards the acquisition. With the WAC agreeing to dissolve and have the Town take over its assets and water systems, for its total debt of \$920,000, these grants represent over half of the necessary funds. And as such, a massive incentive in acquiring the water systems.

The total debt the WAC holds is due to not increasing rates over the years and thus needing to borrow to continue to operate the water system. Currently this debt amount and its interest is slowly being paid off by the Woodstock residents in water rates and hydrant fees. By acquiring the WAC, this debt will be wiped off the balance sheet and residents will no longer need to pay for it. Additionally, the WAC is currently in front of the Public Utilities Commission, asking for a substantial increase in hydrant fees and rate fees (a 958.8% increase and a 110% increase, respectively) in case the Town does not acquire the WAC. These fees would not be put in place if ownership transferred to the Town.

On September 4<sup>th</sup>, the Municipal Manager had a call with the State of Vermont. In that call, the State said that despite the Town being granted two years to spend the CRRP grant, they now wanted a guarantee the money would be spent by September 30<sup>th</sup>, 2024. Due to State law, that did not allow enough time to legally warn a Special Meeting for a vote. With the fear of losing the grant funds, the Selectboard decided to forgo their original plan for a single all-inclusive vote on the WAC acquisition, the capital projects, and the Vondell Reservoir. Instead, the Selectboard has decided to hold a Special Town Meeting on October 29<sup>th</sup> just acquiring the WAC and all its assets (outside the Vondell). Then, assuming a positive result on that vote, the board will hold another vote December 10<sup>th</sup> to have the community vote on acquiring the Vondell Reservoir and the capital improvements. These improvements are needed immediately to increase the water flow to follow state regulations and to allow for new water connections (like Mellishwood). Between now and the second vote, the Selectboard seeks input from the community on the capital improvements, the future of Vondell, and really, the future of Woodstock—which was the goal all along.

Due to the tight time constraints and the necessity of completing the first part, the Selectboard has decided to ensure no additional cost of acquiring the WAC will be put on the residents. Therefore, the board will warn the meeting to pay for the acquisition of the WAC with the \$463,000 from State grants and \$457,000 from the Town’s undesignated fund balance. The undesignated fund balance is currently at \$1.75 million and despite using a portion of these funds, the balance will still be within the recommended 15% of the overall Town’s budget.

This approach reflects the board’s desire to acquire the WAC, which they view as a necessity to the long-term survival of Woodstock, without burdening the taxpayers. As the State has shortened the Town’s timeline, therefore making a large community discussion impossible, the Selectboard felt it was appropriate to use these funds to secure the water system and provide more time for community conversations regarding the necessary next steps - the capital improvements and Vondell.

From today through both the October and December votes; the Selectboard, Municipal Manager, staff, and members of the community will be holding meetings throughout Woodstock. These meetings will allow residents to ask questions, become informed on the topic, and hopefully understand not only the importance for this procedure but also, the need for the Town to own the water system and provide the necessary improvements.

This action, finally having control over the water system, is the most important step Woodstock has taken for control over its future in a very long time. No action has been taken lightly and each decision has been made with the welfare of the community in mind. We want to ensure everyone has the ability to be as informed as possible before residents are asked to cast their vote. The Selectboard welcomes the opportunity to hear from all residents and is eager to work together to ensure a safe and secure environment for all.

