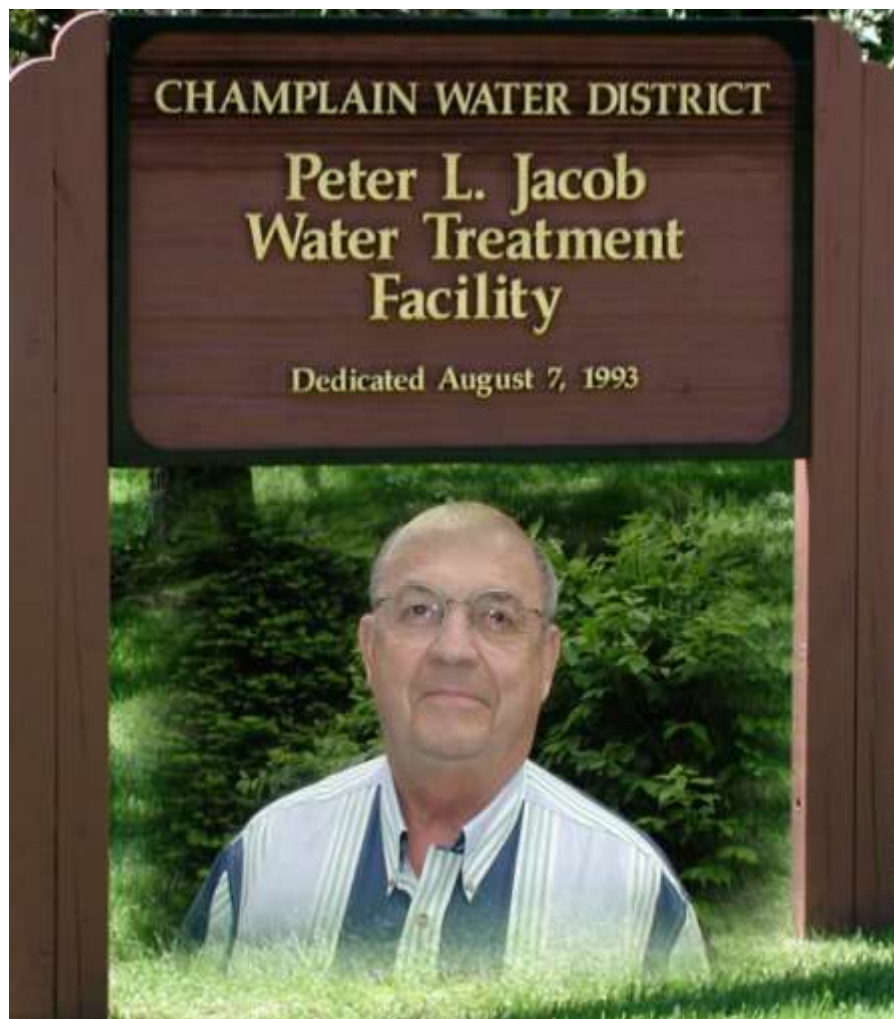


**CHAMPLAIN WATER DISTRICT
2008 – 2009**



ANNUAL REPORT
Dedicated to Peter L. Jacob

DEDICATION

It has been 44 years since the South Burlington Board of Water Commissioners, with Peter Jacob as its Chair, issued an invitation to their neighboring municipalities to join them to discuss mutual goals for a safe, plentiful and economical supply of future drinking water. At that initial meeting in April of 1966, was born the concept of a regional approach to drinking water supply. Events unfolded rapidly with various committees formed to explore and consider the multitude of details necessary to enable a regional water supply to be legally established. The culmination of these efforts was the formation of the Champlain Water District in November of 1966 with the Towns of South Burlington, Williston, and the Village of Essex Junction as members. From the very beginning the Champlain Water District has been a vital and important force in the economic and social growth of Chittenden County. The Champlain Water District is recognized nationally as a leader in the water supply field, and a success story for regional cooperation.

At the open house of the District's treatment facilities on Queen City Park Road in South Burlington on September 21, 1973, a plaque was unveiled paying tribute to the efforts of the people responsible for birth of the District. At the bottom of the plaque is a quote that reads, "Dedicated to the Spirit of Cooperation Among the Communities of Chittenden County with the Vision and Perseverance Required to Change a Dream into a Reality." While the dream has changed over the years, the vision and perseverance remain as strong as ever, and Peter L. Jacob was the Champion in turning this dream into reality.

The facilities of the Champlain Water District on Queen City Park Road in South Burlington were dedicated to Peter L. Jacob on August 7, 1993. Peter has a well documented record of community service on the local, state and regional level. It was while following in his father's footsteps as a South Burlington Water Commissioner that he became the leader in the formation of the Champlain Water District. Peter's dedication to a regional water supply have been recognized by his fellow commissioners who have, continually elected him to Chair the Board from 1967 until his retirement.

By dedicating the CWD 2008 – 2009 Annual Report to Peter Jacob, the citizens of the Champlain Water District express their gratitude and admiration to Peter for his many years of service and commitment to the pursuit of a high quality regional water supply. Through his commitment and leadership he has made a lasting contribution that will not ever be forgotten.

MANAGEMENT LETTER

We are very proud to announce that the Champlain Water District's (CWD) Peter L. Jacob Water Treatment Facility received the "Ten-Year Excellence in Water Treatment Anniversary Award" from the Partnership for Safe Water (PSW) in June 2009. The PSW program is a national initiative developed by the U.S. Environmental Protection Agency and five other drinking water organizations. This Phase IV Excellence in Water Treatment award is the highest possible level that can be achieved in the four-phased PSW program, and signifies continuous optimal performance protective of public health. Each year for the past ten consecutive years CWD has maintained this level of excellence through successful submission of a comprehensive annual report that is reviewed for water quality test results, as well as the demonstration and documentation of operational tenacity toward continual quality improvement as required by the Partnership program. At the present time there are only five other water treatment facilities in the United States that have attained this "Excellence in Water Treatment" status which is the pinnacle of water treatment optimization for public health protection. CWD is the first water supplier in the U.S. to maintain this excellent status for ten consecutive years. The Partnership for Safe Water program membership collectively serves a combined population of 85 million people or nearly two-thirds of the U.S. citizens served by surface water.

Over the past ten years, CWD water sales have dropped 2.26 million gallons per day (mgd) going from 11.26 mgd in FY 2000 to 9.0 mgd in FY ending 2009, with industrial water sales to one user declining 1.76 mgd in this same ten year time period. The economy has slowed, both nationally and locally, resulting in the full recession that is now occurring. This will be a recession that may take considerable time to rebound from. Water suppliers have been managing significant increases in many expense areas such as water treatment additives, fuel, electricity, and many other materials and products that we rely on in our daily operations and maintenance activities. These significant increases are occurring while we continue to manage the challenge of rehabilitating and replacing aging water works infrastructure. On the positive side drinking water continues to be, by far, the most economical product/service delivered to our residential, commercial, and institutional customers when compared to other services such as electricity, natural gas, cable/internet/phone and wastewater costs. CWD will remain committed to delivering the highest quality product and services at the most economical costs to our customers during these challenging times.

Additional ongoing activities include the following summary of major projects:

- In-house completion of a preliminary hydraulic modeling assessment of a 24" water transmission pipeline cross-tie for future water supply reliability purposes
- Coordinated solicitation of a third party proposal to provide contracted long term maintenance on 14 of CWD's welded steel water storage tanks
- Instrumental in the development and organization of VT WARN, a statewide water and wastewater mutual aid program
- Numerous improvements to CWD's Supervisory Control and Data Acquisition (SCADA) system with upgrades to CWD's overall water system security and communications
- Relocation of a water meter vault in preparation for a new roadway to be constructed in 2010
- Coordinated safeguarding water infrastructure during VELCO's Northwest Reliability Project
- Upgraded major pumping and related electrical motor controls at a field booster pump station
- Completed new extensive regulatory water quality testing required under Safe Drinking Water Act
- Continued optimization of daily energy usage to reduce overall annual electrical costs
- Continued research on utilizing CWD water treatment residuals to reduce lake phosphorus input from dairy farm activities
- Placed second redundant lake water intake into service with related water quality monitoring system

We thank our employees and elected officials for their effort, support, and dedication in allowing CWD to be proactively managed and operated to supply a drinking water product protective of public health. As always, we welcome groups of any size to tour our facility. Please call 864-7454 to arrange a tour, or if you have questions, or need further information on Champlain Water District.

Respectfully Submitted,

Tom Bessette, Chair CWD Board of Water Commissioners
Jim Fay, CWD General Manager

Department Updates

Water Quality / Operations Team

Champlain Water District received the Ten Year Excellence in Water Treatment Award recognizing its tenth consecutive year in receiving the Partnership for Safe Water Phase IV Excellence in Treatment Award status following the review of the required annual package of District information submitted to the Partnership Program verifying extensive requirements have been met. CWD also celebrated its twelfth consecutive year as a Director's award water utility from the Partnership For Safe Water, cosponsored by the USEPA, for optimizing water treatment and meeting water quality standards that surpass the Federal Safe Drinking Water Act requirements protective of public health.

Other Water Quality accomplishments this year are:

- Streamlined CWD's energy usage program.
- Brought on-line the redundant "South" intake within Shelburne Bay including on-line Thermocline monitoring system.
- Completed on schedule mandated additional monitoring under the Safe Drinking Water Act (SDWA) disinfection by-product (Stage 2 DBR) rule and continued, on schedule, SDWA mandated additional monitoring under the Long-term (LT2) Surface Water Treatment Rule.
- Continued managing double-digit price increases in basic treatment commodities.
- Continued optimizing residuals treatment with process turbidity curtains.
- Continued updated system wide sampling program with dedicated sampling hydrants ensuring accurate results.
- Continued residuals treatment process and demonstration scale research regarding treatment residuals use to reduce phosphorus levels within Lake Champlain.
- Added redundant potassium permanganate feed pump and associated plumbing.
- Strengthened coagulation process including adding an in-plant coagulant day tank system.



Wholesale Engineering

- Initiated preliminary design for:
 - An enhanced Zebra Mussel treatment system
 - A new meter vault project that provides a redundant feed to the Town of Williston water system.
- Completed a preliminary hydraulic computer modeling assessment of a River Cove Road 24" Diameter Cross-Tie" transmission main improvement to the CWD transmission system.
- Coordinated inspections and discussions leading to solicitation of a proposal for an outside professional tank maintenance firm to provide contracted long-term maintenance on 14 of CWD's welded steel water storage tanks.
- Updated Standard Operating Procedures in various areas of the CWD transmission system.
- Completed formal Emergency Response Plan update which included a staff training component.



Vermont Drinking Water Week 2009 celebrated
on the Statehouse lawn in Montpelier.

Wholesale Maintenance

- Completed the annual line walking, valve operation, and right-of-way clearing of CWD's 54 miles of transmission main throughout the county service area.
- Contracted with All Seasons Excavating to install a new meter vault on Johnson Avenue in Colchester. This work was in preparation for a new road, which will be constructed in 2010.
- Worked closely with Vermont Electric Coop on their new power transmission line that began in the southern part of the State and paralleled the CWD Main Service transmission line through Shelburne and South Burlington.
- Upgraded one of four pumps located at one of CWD's pump stations.
- Drained and cleaned three water storage tanks for a comprehensive inspection.
- Rebuilt one of two Main Service pumps.

Electrical

- Grounding, re-cabling, and replacement of older SCADA (Supervisory Control & Data Acquisition) antennas.
- Replacement of older SCADA Remote Terminal Units (RTUs).
- New electrical power and SCADA wiring at a newly installed meter vault.
- Upgrade to the 25 year old voice based radio to a repeater system which improved communications between field personnel and the treatment facility.
- Upgraded SCADA radios to digital format for faster and more reliable communication.
- Made improvements and adjustments to the remote security system.
- Installed new level indicators in treatment plant filters to improve control during the backwash process when plant flows are high.

Retail

- Completed main line gate valve exercising and maintenance on over 1,950 valves in the City of South Burlington, City of Winooski, Colchester Fire District #1, Village of Jericho, Colchester Town water system, and the Malletts Bay Water Company.
- Inspected and performed routine maintenance on over 1,325 fire hydrants in the City of South Burlington, City of Winooski, Colchester Fire District #1, Village of Jericho, Colchester Town water system, and the Malletts Bay Water Company.
- Performed plan reviews and project inspections for new projects in the City of South Burlington, City of Winooski, Colchester Fire District #1, Village of Jericho, Colchester Town water system, and the Malletts Bay Water Company.
- Performed regular meter reading to all water and sewer customers in the City of South Burlington, Colchester Fire District #1, Village of Jericho, Colchester Town water system, and the Malletts Bay Water Company.
- Continued to conduct cross connection control surveys and inspections in the City of South Burlington, City of Winooski, and Colchester Town water systems.
- Replaced several obsolete fire hydrants in the City of South Burlington, City of Winooski, and Colchester Town water systems.
- Replaced several main line gate valves and fire hydrants on Route 15 in Colchester Fire District #1 in preparation of the Route 15 paving project.
- Replaced several main line gate valves and fire hydrants on East Allen Street in the City of Winooski in preparation of the Route 15/East Allen Street paving project.
- Replaced several main line gate valves in the City of South Burlington as part of the aging infrastructure replacement program begun recently.
- Completed installing the new radio read water meter reading system in the City of Winooski.



VT License #92-0000171

DONALD L. MORRISSETTE, CPA
KEVIN J. MARCHAND, CPA
SHERRY M. PREHODA, CPA
BARNEY K. MCLEAN, CPA
RANDALL L. SARGENT, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Water Commissioners
Champlain Water District
South Burlington, Vermont

We have audited the combined financial statements of Champlain Water District as of and for the year ended June 30, 2009 and have issued our report thereon dated October 22, 2009.

The accompanying summary financial information is not a presentation in conformity with generally accepted accounting principles as management has elected to omit the notes to the financial statements.

The complete financial statements and our report thereon are available for public inspection at the District offices.

Jmm & Associates

JMM & Associates
October 22, 2009

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2009
ASSETS

CURRENT ASSETS		2009
Cash – operating		\$158,350
Cash – reserves		794,887
Accounts receivable – water		308,060
Accounts receivable – other		61,491
Inventories		149,582
Prepaid expenses		9,468
		1,481,838
TOTAL CURRENT ASSETS		1,481,838
 PROPERTY AND EQUIPMENT		
Land and rights-of-way		264,368
Buildings and improvements		20,466,044
Water transmission and mains		16,698,042
Machinery and equipment		3,519,510
Retail service connections		96,255
New construction in progress		8,405
		41,052,624
Accumulated depreciation		(17,543,323)
		23,509,301
TOTAL PROPERTY AND EQUIPMENT		23,509,301
 TOTAL ASSETS		\$24,991,39
	LIABILITIES & NET ASSETS	
CURRENT LIABILITIES		
Current portion of long-term debt		\$510,000
Accounts payable		79,472
Accrued vacation		142,071
Other payroll accruals		33,482
Accrued interest payable		26,585
		791,610
TOTAL CURRENT LIABILITIES		791,610
 LONG-TERM LIABILITIES		
Notes and bonds payable, net of current portion		8,010,000
		8,010,000
TOTAL LONG-TERM LIABILITIES		8,010,000
 TOTAL LIABILITIES		8,801,610
 NET ASSETS		
Unrestricted		405,341
Restricted		794,887
Invested in capital assets, net of related debt		14,989,301
		16,189,529
TOTAL NET ASSETS		16,189,529
TOTAL LIABILITIES AND NET ASSETS		\$24,991,139

**COMBINED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

OPERATING REVENUE	<u>2009</u>
Water sales	\$4,639,467
Management contracts	430,217
Water supply fees	118,048
Other services	148,364
Miscellaneous	12,279
Equipment rental	<u>67,880</u>
TOTAL OPERATING REVENUE	<u>5,416,255</u>
OPERATING EXPENSES	
Operating	3,788,303
Depreciation	1,361,486
General and administrative	206,906
Maintenance	193,830
Water supply fees	<u>118,048</u>
TOTAL OPERATING EXPENSES	<u>5,668,573</u>
LOSS FROM OPERATIONS	<u>(252,318)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	6,578
Connection fees	35,000
Reimbursed interest	14,532
Gain (loss) on asset disposition	(90,032)
Interest expense	<u>(286,641)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(320,563)</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(572,881)
Contributed capital	<u>20,000</u>
CHANGE IN NET ASSETS	(552,881)
BEGINNING NET ASSETS	<u>16,742,410</u>
ENDING NET ASSETS	<u><u>\$16,189,529</u></u>

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>
Cash received from water sales	\$4,739,155
Cash received from fees and services	788,463
Cash received from other sources	12,279
Cash received from interest income	21,110
Cash paid for interest expense	(293,903)
Cash paid to suppliers for goods and services	(2,128,042)
Cash paid for salaries and benefits	<u>(2,267,368)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>871,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of asset	8,902
Purchase of property and equipment	<u>(463,516)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(454,614)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Contributed capital received	20,000
Proceeds provided from issuance of short-term notes	100,000
Principal payments on short-term notes	(100,000)
Principal payments on long-term debt	<u>(510,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(490,000)</u>
DECREASE IN CASH	(72,920)
BEGINNING CASH	<u>1,026,157</u>
ENDING CASH	<u>\$953,237</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	<u>\$(552,881)</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,361,486
Capital contributions	(20,000)
(Gain) loss on asset disposition	90,032
(Increase) decrease in:	
Accounts receivable – water	99,688
Accounts receivable – other	(11,046)
Inventories	24,540
Prepaid expenses	(449)
Increase (decrease) in:	
Accounts payable	(127,550)
Accrued vacation	9,852
Other payroll accruals	5,294
Accrued interest payable	<u>(7,272)</u>
Total Adjustments	<u>1,424,575</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$871,694</u>

STAFF		BOARD OF COMMISSIONERS
<p align="center">Administration</p> <p>Jim Fay, General Manager Kathy Pratt, Accountant Tracy Bessette, H.R. Administrator</p>		<p align="center">South Burlington</p> <p>William Szymanski Chuck Hafter, City Manager - Alternate</p>
<p align="center">Engineering</p> <p>Dick Pratt, Asst. General Mgr./Chief Engineer Melissa Hood, Transmission Systems Engineer</p>		<p align="center">Shelburne</p> <p>Tom Bessette, Chair Paul Bohne, Town Manager - Alternate</p>
<p align="center">Water Quality</p> <p>Mike Barsotti, Director of Water Quality & Production Diana Butler, WQMS* Jason Cairelli, Lead TTS* Chris Collins, TTS Matthew Cunningham, WQMS James Desorda, TTS Alicia Duprey, WQMS Foreman Mark Hamel, TTS Jason Scott, WQMS Brittany Tremblay, TTS</p>		<p align="center">Colchester</p> <p>Karen Richard Al Voegele, Town Manager – Alternate</p> <hr/> <p align="center">Essex</p> <p>Bernie Lemieux Ruth Taylor, Alternate</p> <hr/> <p align="center">Milton</p> <p>George Nelson Andrew Legg, Alternate</p>
<p align="center">Wholesale Maintenance</p> <p>Paul Tice, Transmission Systems Director Norm Fortin, Maint. Foreman Vilas Gentes, Maint. Technician Brian Martin, Maint. Technician George Wimble, Maint. Technician</p>		<p align="center">Village of Jericho</p> <p>Bob Shand</p>
<p align="center">Electrical Department</p> <p>Bruce Bushey, Electrical & Tech. Supervisor Anthony Higgins, System Administrator Bob Perkins, Technical Supervisor Brian Hilliker, Instrumentation Technician Cory Waterhouse, Electrical Maint. Technician</p>		<p align="center">Williston</p> <p>Don Phillips, Vice Chair Richard McGuire, Town Manager - Alternate</p>
<p align="center">Retail Department</p> <p>Jay Nadeau, Retail Superintendent Julie Ringuette, Billing Specialist Eric Pepin, Water Distribution System Foreman Jeff Gilbert, Senior Meter Technician Dan Jacobs, Water Meter Reader/Dist. Maint. Tech. Deb Sweeny, Water Meter Reader/Dist. Maint. Tech. Art Barnier, Water Meter Reader/Dist. Maint. Tech. Adam Rule, Water Meter Reader/Dist. Maint. Tech</p>		<p align="center">Winooski</p> <p>Peter Crowley Katherine Decarreau, City Manager - Alternate</p>

TTS= Treatment & Transmission Specialist
WQMS= Water Quality Maintenance Specialist

CHAMPLAIN WATER DISTRICT WAS THE FIRST WATER SUPPLIER IN THE NATION TO RECEIVE THE “EXCELLENCE IN WATER TREATMENT AWARD” FOR COMPLETION OF ALL FOUR PHASES OF THE PARTNERSHIP FOR SAFE WATER PROGRAM

An independent eight-person team performed Champlain Water District’s (CWD) onsite Phase IV Comprehensive Performance Evaluation during the week of May 17, 1999. This (3) day onsite evaluation encompassed fifty separate assessment parameters in the areas of facility design, and associated administrative, operational, and maintenance practices and capabilities. The review was conducted to identify any factors that may be adversely impacting the water treatment facility’s capability to achieve continuous optimal performance protective of public health. Once potential performance limiting factors are identified, they are classified according to the following guidelines:

- A = Major effect on a long term repetitive basis
- B = Moderate effect on routine basis, or major effect on a periodic basis
- C = Minor effect

Not only did the Champlain Water District “pass” the Comprehensive Performance Evaluation, the Assessment Team stated that CWD was the first water utility, since protocol inception in 1988, that did not have any performance limiting factors identified during the extensive onsite evaluation. Champlain Water District is Vermont’s largest regional public water supplier, serving 68,000 people in twelve municipal water systems in Chittenden County. CWD’s receipt of the first “Excellence in Water Treatment Award” in the country is a culmination of ten years of staff effort. Following water treatment upgrades beginning in 1989 to further protect public health, CWD has extensively researched optimization of its upgraded water treatment processes. CWD has also made numerous regional and national presentations on its process optimization efforts, with many of these papers being published in both the New England Water Works (NEWWA), and the American Water Works Association (AWWA) Journals.

CWD was the fifth water utility in the country to receive recognition for successful completion of the Program’s Phase III, Self-Assessment requirements, in 1997. CWD was recognized as the first water supplier in the nation to successfully complete all four phases of the Partnership for Safe Water Program during Opening Ceremonies of the New England Water Works Annual Conference on September 20, 1999 at the Sheraton Hotel and Conference Center in South Burlington, VT. CWD was also recognized for this achievement at AWWA’s Water Quality Technology Conference on November 1, 1999, in Tampa, Florida. In June 2004 CWD was presented with the Five Year Anniversary Partnership for Safe Water Excellence in Treatment Award, in Orlando, FL, at the AWWA Annual Conference for continuing to meet all Phase IV requirements on an annual reporting basis. As of 2009, there are only five other water treatment facilities in the U.S. that have attained this “Excellence in Water Treatment” status which is the pinnacle of treatment optimization for public health protection. For the past ten years since 1999, CWD has maintained this award status through successful submission of an annual report that is reviewed for water quality test results, as well as the demonstration and documentation of operational tenacity toward continuous quality improvement as required by the Partnership for Safe Water program.

The *Cryptosporidium* outbreak in Milwaukee in 1993 certainly raised the awareness of the susceptibility of drinking water to protozoan contamination. Many water utilities began a critical review of their operating procedures related to protecting the public from microbial pathogens. Formation of the voluntary Partnership for Safe Water Program in 1995 allowed a standardized procedure to be applied in the assessment of surface water treatment facilities on a national scale. It was equally important for the regulatory community and water suppliers to proactively work together on this Cryptosporidium threat, realizing that federal legislation was not the immediate solution, due to the analytical difficulties in reliably testing, and enumerating the viability of this specific organism.

Presently, the Partnership for Safe Water Utility membership (January 2009) collectively serves a combined population of more than 85 million people, or nearly two-thirds of U.S. citizens served by surface water sources.

The Partnership for Safe Water is sponsored by the following major drinking water organizations:

- United States Environmental Protection Agency (EPA)
- American Water Works Association (AWWA)
- Water Works Research Foundation (WRF)
- Association of State Drinking Water Administrators (ASDWA)
- Association of Metropolitan Water Agencies (AMWA)
- National Association of Water Companies (NAWC)

The goals of the Partnership for Safe Water include:

1. Improved public health protection above and beyond EPA regulations
2. Cooperative partnering between regulatory agencies, water suppliers, and the public.
3. Recognition for supplying a high quality drinking water with tenacity toward improved public health protection

The four phases of the Partnership Program are as follows:

- I. Written commitment to program requirements for Phases I, II, and III
- II. Collection of required water quality data in standardized Partnership format
- III. Submit utility Self Assessment Report to be reviewed by Partnership’s Performance Effectiveness Assessment Committee
- IV. Final “voluntary” phase requirements include an assessment of the participating water utility by an independent team of investigators, following the updated Comprehensive Performance Evaluation protocol, which is part of the National Composite Correction Program that has been in place since 1988.

