

**Governor's Advisory Commission on Manufactured and Mobile Homes
Infrastructure Issues Sub-Committee**

APPROVED MINUTES OF OCTOBER 15, 2004

Present: Mike Momaney (for Richard Williams), Stuart Bennett, Karen Richards, Stephen Sease, Pat Crady (for David Adams), Karen Horn

Staff: Jim Saudade, Arthur Hamlin

Jim Saudade started the discussion by identifying two issues:

1. Requirements for consecutive community public water supplies that are equivalent to requirements for completely separate systems
2. Mobile home park owners becoming Water Utilities having to obtain a Certificate of Public Good and comply with Public Service Board requirements

Definitions from State Water Supply Rule:

PUBLIC WATER SYSTEM means any system(s) or combination of systems owned or controlled by a person, that provides drinking water through pipes or other constructed conveyances to the public and that has at least fifteen (15) service connections or serves an average of at least twenty five (25) individuals daily for at least sixty (60) days out of the year. Such term includes all collection, treatment, storage and distribution facilities under the control of the water supplier and used primarily in connection with such system, and any collection or pretreatment storage facilities not under such control which are used primarily in connection with such system. **Public** water system shall also mean any part of a system which does not provide drinking water, if use of such a part could affect the quality or quantity of the drinking water supplied by the system. A **Public** water system is either a **Public Community** water system or a **Public Non-Community** water system.

PUBLIC COMMUNITY WATER SYSTEM means a **Public** water system which serves at least fifteen (15) service connections used by year-round residents or regularly serves at least 25 year-round residents.

Definition from Public Service Board General Order #29:

The words "public utility", "water utility" or "utility" shall mean any person, partnership or corporation engaged in the collecting, sale and distribution of water for domestic, industrial or fire protection purposes. Municipal water systems are the responsibility of the Department of Health and the Department of Water Resources and not subject to these regulations. Vermont water utilities serving 10 customers or more are classified as Class D water utilities according to standards adopted by the National Association of Regulatory Utility Commissioners (NARUC).

Water supply

Regarding the water supply regulations, Mike Momaney said the State can be stricter, but the regulations are federally imposed. Testing requirements aren't exactly the same as for separate water supplies, for example some test results can just be taken from the municipality. However, those are usually the least expensive ones. There is no State regulation of a mobile home park with less than 10 lots that is connected to a municipal water system. Karen Horn thought that towns may take over the water supply for a subdivision, but are less likely to for a mobile home park or apartment building. Even when a mobile home park is built to town standards, Mike Momaney said, the towns won't take over that system. As a result mobile home park residents end up paying more, even though they can least afford to. Jim Saudade said the State's position is to encourage municipal hook ups and separate billing to each mobile home owner when possible. The function of the Public Service Board is to set rates for utilities. (Municipal rates are not regulated by DPS.) Stephen Sease commented that DPS regulations serve a good public purpose, but increase layers of bureaucracy and costs.

Jim Saudade asked Karen Horn if she could find out what towns' perspectives are on this issue. He wondered if the EPA at the federal level could make accommodations or offer financial relief for consecutive systems. Maybe our Congressional delegation can help.

Mike Momaney started a discussion about the increasing cost of complying with the EPA clean water regulations, which are almost fully in place. Allowed levels of arsenic were decreased 1000%, and maximum radium 600%. HFI has engineer's estimates that it may cost \$280,000 for arsenic removal for a 16-lot mobile home park in Dummerston plus \$14,000 in annual maintenance. This is part of a pilot program with EPA. HFI hopes to buy a mobile home park in June that is the first in Vermont to remove radium. These systems remove very small amounts of contaminants. However, they also require highly qualified people to operate so HFI can't rely on a resident "site manager" like they would have in the past. This adds to the cost – driving up rents.

This begs the question of what will happens when mobile home parks can't afford to comply with the increasing regulations? Karen Richards commented that these are just the *new* regulations. The old problems are still there; too, for example, we haven't even talked about septic system problems. When does it reach the point where a mobile home park has to close? Mike Momaney said that HFI has borrowed from the State Drinking Water Revolving Loan Fund five times, but their portfolio is maxed out with debt. (Stuart Bennett said CUBB Properties has used it twice)

On the other hand, HFI has acquired over 600 mobile home lots in the last decade. If HFI had not bought and improved these parks, some might have already closed. HFI has access to public funds that private owners don't. Although some parks are tremendously expensive, when does the cost outweigh the benefit of preserving the housing units – especially for lower-income households, and in light of the housing shortage? Jim Saudade said that housing preservation projects are approaching \$200,000 per unit. Mike

Momaney added that HFI is only doing one or two new projects a year due to the high risk of incurring substantial up front costs, and then not getting a permit.

Karen Richards asked about septic regulations. Mike Momaney said ANR is more flexible now, and alternative systems are allowed, but expensive. Vermont is not seeing many mobile home parks closed to convert to a “highest and best use”. On the other hand, however, this may be due to the fact that most of them were built on marginal land to begin with. A recent HFI project cost about \$7,800 per lot for septic including testing, ongoing operation, and reporting. Stuart Bennett said they decided not to connect one mobile home park to municipal sewer because the impact fee alone would have been \$90,000.

Mike Momaney suggested that the public funding bar should be raised above \$30,000 per mobile home lot due to these increased fixed costs. However, without increased subsidies parks might close, because the nonprofit parks can’t afford any more debt. Stephen Sease asked what could Vermont do as a State to get costs down and keep the drinking water safe? The regulations come from the EPA. Stuart Bennett suggested that we find out what other States are doing, since they must be facing the same situation. Karen Horn said that the National League of Cities has tried, but the feds and Congress are not very interested. Jim Saudade said he will be in D.C. soon and can try to discuss the issue with Vermont’s delegates.

Electrical

Another issue discussed is the State electrical code. The code is forever changing, and HFI has had to upgrade parks that were already upgraded once. Electrical isn’t as expensive as some other issues we discussed. But in some parks could be the last straw.

Summary

The big picture is balancing public health vs. money. Usually public health wins, but this still leaves the question of will we displace people (if mobile home parks close), and won’t that eventually cause a kind of negative health impact?

Jim Saudade listed the following tasks that will be done:

- Jim will invite Vermont’s Congressional delegates to listen to these issues
- DHCA will get information about consecutive water supplies
- DHCA will call Northeast Rural Water Association and invite them to meet with the committee
- We will do some research into what other States are doing

The next subcommittee meeting will be scheduled at the Commission’s regular meeting on October 26.