

FINANCE COMMITTEE MINUTES
MARCH 8, 2011

The meeting was called to order at 7:30 pm in the Selectmen's Meeting Room of Town Hall. The following members were present: Ken Szajda, Jay Leary, Tom Meehan, Pam Zicko, Jim Crews, Gordon Johnson and Mark Schultz (arr. 8:05).

Pam Zicko, seconded by Gordon Johnson, made a MOTION to approve the minutes of February 15, 2011. Passed 6-0-0.

Pam Zicko, seconded by Jay Leary, made a MOTION to approve, but not release, the minutes of the Executive Session Meeting of February 15, 2011. Passed 6-0-0.

Ron Sharpin presented the Water Dept. budget, which he said is within the guideline, except for Debt Service, which has increased from \$830,000 to \$998,000. Ron has increased line #54300, vehicle supplies by 50%, from \$10,000 to \$15,000. He said that last year at this time he was paying \$2.44 per gallon for gas and now he is paying \$2.91 per gallon and it is still going up. Ron pointed out that the FY12 budget would be \$22,000 less than FY11 if not for debt service. He presented 2 versions of the capital budget – one showing SRF money and one not. If the Water Dept. accepts the SRF loan money for work on well #4, which involves a membrane filtration process, it would have to be voted on at the spring town meeting, plans drawn up by Oct. or Nov. of 2011, bids going out in Jan. 2012 and ready to start project in spring of 2012. The first bond payment would be for \$202,000 and due in FY14. The last meter payment (\$240,000) would be in FY13. Subsequent payments for the SRF loan would be \$142,000 a year. On both version of the capital budget, the revenue projections, which are the rate increases to users, were based on 10% for FY10, 10% for FY11 and 5% for FY12. The proposed expenditure figures were based on a 3% increase each year. The operating budget does not include the BANS for well #4. The budget included information on the existing projects in Water's capital budget and information on proposed projects. The proposed projects all deal with well issues and water main replacements. There are still many issues with wells #6 and #7, and questions as to how to proceed. The water main replacements are listed at the end of the proposed projects list, with a cost of about \$800,000 per year. Ken Szajda said he was trying to reconcile between the capital budget with the SRF money and without. The only difference is with well #4, so without the SRF money, row 28 would be deleted from the budget. Tom Meehan asked what assurances the Dept. has that the work at well #4 will be successful. Ron said that they have been told by a consulting firm they use that it is one of the top technologies used to address the problem. Ken Szajda commented that the personal services line is down about \$22,000 and was told it is because Sat. and Sun. overtime is down. Jim Crews asked how many new employees were added last year. He was told that 2 left and 1 was hired. They are in the process of hiring a 2nd person. The provisions of employment are different for the new employees – one works Saturdays as part of his regular schedule and the next hire will work Sundays. Jim also asked why there is a drop in benefits and Ron said that Workmen's Comp went down because it is based on individuals' salaries - someone making \$62,000 had left and the new hire makes about \$42,000. Dennis Ferreira, one of the Water Commissioners, explained that they have two choices – either

use \$750,000 and hope that it takes care of the issues at well #4, or use the SRF loan money for well #4 and use the \$750,000 to get well #7 on line. If the Dept. is able to start pumping at well #7, it will increase the town's pumping capacity by 11%. Gordon Johnson asked why there is nothing in the FY12 capital budget in for pipe replacement. He was told that Water just received a \$10,000 DEP grant to develop a pipe replacement plan. Pam Zicko expressed her concern that there is no plan as yet to start pipe replacement. They are in the process of developing a master plan, which would include this. About 40% of the budget is capital debt service. Mark Schultz questioned that utilities was decreased in the FY12 budget, yet costs are rising. Ron said it is because the cost being spent on chemicals will drop because they are switching chemicals. Chemicals are included in the utilities part of the budget. Mark also asked why they don't use the membrane filtration process on well #6 also. Ron said that it would not solve all the issues at well #6 and it would cost about 4 million dollars. There is a color problem with that well which that system would probably not solve. If well #7 is ever used, they would like to blend the water from wells #6 & #7 through the treatment plant.

FinComm then discussed the Enterprise Fund with the Water Dept., David Nalchajian and Mary Bousquet. They want to know what the benefit is to something that will cost them \$20,000. How will the accounting be handled? David Nalchajian said that with the Enterprise fund the Water Dept. becomes a business entity and that they would probably want monthly financial statements which would be helpful to them. They didn't seem to think they would need monthly financials, because they bill quarterly. Jay Leary said they had failed to give enough information during their formal presentation. Ken Szajda said the fundamental question of "why" has not been answered. Mark Schultz said that they should do a cost benefit analysis of the Enterprise Fund. FinComm is looking for these answers and explanations before they can recommend one way or the other. David did add that the Enterprise Fund would make the Dept.'s operations, including information on revenues and expenses, very open to citizens. Jay Leary asked what they plan to do with the money from meter fees when the meters are paid off and was told they will set up a separate account for meter maintenance. Ron Sharpin was asked how revenue is trending to actuals – he said he didn't have the figures with him, but he would get the figures to FinComm along with info on grant monies received and how they are being spent.

At 10:05 PM, Pam Zicko, seconded by Mark Schultz, made a MOTION to adjourn the meeting. Passed 7-0-0.

Respectfully submitted,
Faith Antonioli

Date Approved: March 22, 2011