

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

February 17, 2016

Page 1 of 5

Meeting Date: February 17, 2016

Called to Order: 5:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Michael Naughton, Fred Bowman, Greg Garrison, Patricia Pruitt and Chris Menegoni (arrived at 6:06 PM).

Selectmen Present: Chris Boutwell (arrived at 6:09 PM), Michael Nelson (arrived at 6:14 PM) and Rich Kuklewicz.

Others Present: Town Accountant Carolyn Olsen, WPCF Superintendent Bob Trombley

Minutes

Finance Committee Moved:

To approve the minutes of February 10, 2016.

Vote: 5 In Favor 0 Opposed 0 Abstained

WPCF Requests and Related Items

- Mr. Trombley provided a budget handout including the proposed staff reorganization as well as a budget with current staffing. Both include costs related to Mr. Trombley's retirement.
- The budget with current staffing has a 4% overall increase.
- The difference between the two budgets is an increase of about \$17,000 more in the coming year for the reorganized staff, but Mr. Trombley states that the reorganization budget, without his wages, would be a reduction.
- Mr. Naughton asked about the lack of a Superintendent in the proposed staff reorganization. Mr. Trombley said that the Administrator would handle the office side and the Chief Operator would handle operations, with the two positions being equal in responsibility.
- Ms. Olsen noted that South Hadley, used as an example of a town with similar WPCF staffing, has the WPCF as a division of the DPW, and under the authority of the DPW Superintendent.
- Mr. Naughton asked when the Selectmen are likely to come to a decision on the future organization. The Selectmen are likely to make decision after the Town Administrator has time to review the issue and make a recommendation.
- Mr. Naughton suggested there isn't much sense in the Finance Committee getting into the nitty gritty of the re-organization plan until the Selectmen make their decision.
- Mr. Bowman said we need to be careful that if we keep the old staffing arrangement, the new superintendent keeps the new process.
- Mr. Trombley feels that what happens with the staffing is critical.
- Mr. Hanold noted that out of a \$1.6 million budget, most of the expenses are not personnel and not impacted by staffing. Noted that Mr. Trombley does a careful line-by line analysis, which may result in multiple instances of safe and conservative estimates. Sees room for tweaking budget and asked how optimistic or pessimistic request are in each account. For each account, Mr. Trombley looks at the previous

two years of actual expenses, estimates the current years expenses based on expenses to date, and evaluates any trends to determine whether a request should be increased or decreased. Also taken into account are specific large expenses in the prior years that are not likely to repeat, as well as plans for specific expenditures in the following year.

- One of the difficulties in budgeting is that the biggest flow contributors are industries, and it's always unknown what they will send the plant to process, both in quantity and content. Specific daily costs are dependent on this unknown daily flow.
- Mr. Kuklewicz asked how town procures electricity. The Town has a contract with the Hampshire County Council of Governments, which expires this September. Mr. Kuklewicz said that rates are low and we should consider whether to try to negotiate something better. Mr. Trombley offered to talk to the Town Planner to see what is planned.
- Mr. Hanold asked about the Solid Waste Disposal account, which is still budgeted at \$110,000, even though only about \$20,000 has been spent in recent years.
 - Mr. Trombley said he keeps \$90,000 in the line item just in case we need to shut down operations, make sludge cake, and have it hauled away. The additional \$20,000 is for screenings and grit.
 - Mr. Naughton said that this is a pretty large safety valve with a lot of "what if's", and asked if it really makes sense to continue to budget this amount. Mr. Trombley said that if we lose some key personnel at plant or ordered by DEP to restore plant to standard designs, they would have to revert to previous processes and this money would be needed. Mr. Trombley acknowledged that this is not especially likely and noted that, with all of the regional plants that have shut down sludge acceptance, we will not be alone in having a major problem if DEP required us to revert to the old process.
 - Mr. Naughton suggested that unexpected occurrences are not expected to be budgeted, but dealt with if they happen, and asked about knocking the solid waste cost down to \$50,000. Mr. Trombley offered cutting a quarter of that line item each year and watching it. He'd be very uncomfortable if this was cut too far. If something happened to eliminate ability to dispose of sludge, there would be a lot of regulatory issues to deal with. Ms. Olsen interjected that funding for emergencies could come from town reserves, likely with future repayment.
- Mr. Naughton asked if key people leave, do we have enough of a knowledge base left to continue the process. Mr. Trombley thinks we need a few more years to be able to be comfortable assuring continuity.
- Mr. Hanold asked about the use of The Water Planet Company for consultation, and asked if this would end at some point. Mr. Trombley said the company is not currently under contract, but there are plan to use him again for training and to critique their process on an ongoing basis. This expense is shown in account 5303, which is budgeted at \$42,000 for both Fiscal Years 2016 and 2017. Only \$21,000 was spent last year, and the December YTD amount is comparable to that level of expense. Mr. Trombley said this will be used for outside services as needed.
- Mr. Naughton noted that several accounts for equipment R&M have increased. Is this a case of new stuff aging to the point of major maintenance, or not having done

enough repair and maintenance in the past? In some cases it's due to excessive grit causing wear and tear on equipment due to a major incident. Mr. Trombley hopes that the excessive grit levels will go down in the future.

- Mr. Menegoni feels that if another superintendent is brought in, he should already be here learning the process, noted that bringing someone new in at the top tends to cause changes, and supports keeping the current staff in charge.

Capital Requests

1. Inspect/clean/line sanitary sewer lines-\$385,000- this will continue to identify sanitary sewer areas that need work, plus the costs to clean, line and replace lines as needed.
 - a. Mr. Hanold asked what would happen if we dropped this for one year and used the money for #5. Mr. Trombley said this is a DPW question.
 - b. Mr. Trombley thinks that the worst areas have been taken care of, but recognizes that many more years of work are needed.
 - c. Mr. Kuklewicz asked about combining the articles, but there are concerns about combining projects that may have separate funding sources.
2. Sludge pump upgrade-\$100,000-most of this work would be done in-house. This plus the possibility of a lease/buy option on the pump could result in significantly lower final costs.
3. Sludge storage-\$792,026-to provide storage so more sludge can be taken in and stored until needed.
 - a. Currently the plant occasionally runs low on sludge needed for the process.
 - b. Another option is renting temporary tanks, but that can be problematic in the winter.
 - c. This project, with several options and variations, will be discussed further with the Capital Improvements Committee.
 - d. A phased approach of bringing in more sludge could reduce this amount for this year. Looking at increasing by 200,000 gallons to start, and monitor process before expanding.
4. Capital Stabilization-\$200,000-this is intended to segregate the net revenue from the sludge disposal process and put it away for future capital improvements.
 - a. Mr. Trombley said calendar year 2015's revenues were over \$460,000 and thinks the cost was between \$100,000 and \$125,000. This results in net revenues of at least \$335,000.
 - b. Further discussion will be needed.
 - c. (Updated to add: Fiscal Year 2015's actual revenues were \$327,232, Calendar Year 2015's actual revenues were \$576,259, and Fiscal Year 2016 revenues to date are \$249,027. We will need to come up with a revenue estimate for Fiscal Year 2017 to use in calculating the amount to transfer to WPCF Capital Stabilization.)

5. Storm Drain Repair-\$+/-500,000 as a very preliminary number-this is a main drain line and siphon that go under canal.
 - a. Parts of this are plugged with sand and debris. If collapses it will shut down First Light, Southworth, and the hydro plant.
 - b. This drain line is a storm drain line that happens to occasionally carry sanitary sewer water when the CSO overflows. Fixing this could also stop some of the Inflow & Infiltration, and could also help out the plant in other ways.
 - c. Mr. Trombley considers this a taxation expense rather than a sewer rate expense because the storm drains come under the DPW. Another option would be to split the costs between the taxpayers and sewer users.
 - d. CDM is very strongly recommending that this be done this fall during the canal shutdown.

Minutes

Selectmen Moved:

To approve the minutes of February 3, 2016.

Vote: 2 In Favor 0 Opposed 1 Abstained

Selectmen Moved:

To approve the minutes of February 10, 2016.

Vote: 2 In Favor 0 Opposed 1 Abstained

Consider Updating Revenue Requests

- The Governor's State Aid estimates shows an increase of \$37,999
- Ms. Olsen is willing to increase Local Estimated Receipts by \$35,000
- Using both of these new numbers would result in an additional \$35,404 to the GMRSD Affordable Assessment, and \$37,595 to the Town
- Assessors may have better estimate for new growth by March 2nd. It is very uncertain that this would have any substantial increase.

Finance Committee Moved:

To increase the fiscal year 2017 revenue estimates by \$37,999 for State Aid and \$35,000 for local estimated receipts, and as result increase the Fiscal Year 2017 Affordable Assessment for the Gill-Montague Regional School District by \$35,404.

Vote: 6 In Favor 0 Opposed 0 Abstained

Topics not anticipated within in the 48 hour posting requirements

- Mr. Hanold had volunteered as DPW Facility liaison, but would like to be relieved of that duty. Mr. Garrison will talk to parties involved so see if his schedule would accommodate the additional responsibility.
- FCTS –Overall enrollment has dropped slightly, and the overall assessment increased about 5%.

Next Meeting:

- February 24th – Capital Improvements, BOS, Accountant

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

February 17, 2016

Page 5 of 5

- March 2nd – GMRSD
- March 9th – FCTS, Final Vote Schedules I & II
- March 16th – Use of Reserves
- March 23rd – CIC
- March 30th – Vote all appropriations and funding sources,

Future Items:

- BOS Budget- staffing, potential transition, and funding
- Discuss how to handle process for the appropriation for WPCF Capital Stabilization Fund, use of revenues from solid waste process.
- Financial Policy regarding annual appropriations to Town General Stabilization Fund/OPEB Trust Fund
- Revisit and rework affordable assessment concept to include both school districts.

Meeting adjourned at 8:10 PM

List of Documents and Exhibits:

- Minutes of February 3 and February 10