

**Board of Finance
Regular Meeting
Tuesday, June 8, 2010**

Present: Board of Finance members Reggie Smith, Jr., Dan Charest, Jim Fitzgerald, Alesia Kennerson, Laura Sundquist, Alternates Dr. William Rieger, Roy Litchfield; WPCA Members Steven Hanright, Joe Nerney, David Rosengren, Bob Krzys, WWTP Building Oversight Committee Member Bud Butler, New Hartford Treasurer Gordon Ross, First Selectman Dan Jerram, Town Bookkeeper Annie Witte, Administrative Assistant Christine Hayward.

Absent: Chairman Ben Witte

Reggie Smith Jr. called the meeting to order at 7:08, noting Chairman Ben Witte had requested that he (Reggie in Ben's absence, serve as Chairman for the meeting.

Mr. Smith was seated for Chairman Ben Witte and Alternate Roy Litchfield was seated for Reggie Smith.

Opportunity for Public Comment:

No comments

Bookkeeper's Report:

Town Bookkeeper Annie Witte presented a status report on the fiscal year end. She stated that there were no surprises and no status changes on expenses or revenues. Everything appears to be on track towards ending the year on a positive note. The collection rate is at 98.38%. Ms. Witte said that she would present a revenue update at the July meeting. Expenses will not be finalized until July/August due to the fact that invoices for June expenses still trickle in up until then and bills for fiscal year 2009 – 2010 will still be getting resolved. Line item transfers will occur in September and at that point, she will have an estimate of the surplus amount. Auditors will begin "testing" (the initial steps of the audit) on Monday. Mr. Charest asked if the legal line item would be expended beyond what was originally anticipated for overages. Mrs. Witte replied that there were no additional 'out of the ordinary' legal expenses anticipated.

Treasurer's Report:

Gordon Ross distributed a summary of the accounts and the balances therein. He stated that there was nothing to report – no concerns.

First Selectman's Report:

First Selectman Jerram stated that "we are in the home stretch" of our budget year. He said that he has been guarded with 'letting any money go' but is at the point where there are no additional 'surprises' and has made contact with Galasso to resurface Burwell Road. The total cost of the project is roughly \$82,000. Some of the funding will come from this budget year, with the remaining funds being secured from FY 2010-2011 budget. There will be an additional expense of catch basins on the road. They will be raised and some may be replaced. Mr. Jerram will send a letter to the homeowners on the street informing them of the impending work.

Mr. Jerram was pleased to report that the pending legal claim regarding the Land Use Administrator has been resolved. An agreement between the parties (the town and the employee) was signed on June 1 and is now considered to be official due to the fact that the timeframe for either party to opt out has passed. The agreement accepts his resignation but withdraws any claims for any accrued time payouts. The First Selectman noted that this agreement resolves a pending legal claim (due to grievances being filed which are now

considered to be withdrawn), defers benefits that normally are due at retirement and avoids legal fees. The Land use administrator will be allowed to collect his retirement benefits (pension).

Mr. Jerram informed the Finance Board members that in addition to resurfacing some of the neediest roads using budgeted funds, he will be coming back to the Board of Finance after July 1 to revisit his request to use the CRRA refunded money to pay for the repair of Steele Road. Jerram explained his strategy that Kinsey may be the next road (after Burwell) to be attended to; followed by Southeast. Steele may be reserved for next spring. Jerram noted that this would allow time to complete the Browns Corner project and also noted that he is hesitant to 'front load' all of the projects in case of an unexpected emergency.

The First Selectman stated that he had a conceptual agreement in place with the Town of Burlington to share the services of the assessor. The assessor will remain a full time Town of New Hartford employee who is contracted out to Burlington on a 50/50 basis. The services of the assessor will be sold to Burlington. The compensation package will be shared 50/50. Dan Charest asked how this affects the pension. Mr. Jerram stated that he checked with the pension board and asked them to provide him with the contribution amount needed to fund the plan for this employee. Burlington will share this cost. Mr. Jerram explained that prior to entering into this arrangement to share an assessor, he had performed a study to see what staffing levels existed in area towns. He noted that most comparable towns only have 1 full time employee in the assessor's office; 2 full time employees seems to be obsolete. Jerram said that he would report back to the Board of Finance when a finalized agreement was in place.

WPCA concerns:

Acting Chairman Smith announced that he would serve as moderator during the discussion of WPCA concerns. He stated that everyone would be afforded an opportunity to talk. He would begin by having each Board of Finance member state their concerns. The purpose of the discussion is to gather information. Mr. Smith said that he felt it was important to make sure that the debt service expenses are covered and would also like to see a plan to pay back the \$140,000 loaned to the WPCA.

Member Kennerson stated that her main goal of the discussion was to protect the taxpayers. She wanted to make sure that the WPCA could cover their debts and abide by the deal they agreed to. Her major concern is that there not be any financial burdens placed on the taxpayers due to lack of progress by the WPCA to increase revenues.

Member Fitzgerald remarked that he has concerns with what type of systems will be in place to protect the capital investment made. He questioned who will be in charge of overseeing that operations are in accordance with the O&M manual and who will keep track of equipment warranties, replacements, etc. He noted that there is an integration between finance and operations. He stated that he hears talk of adding additional members to the WPCA, but cautions that in addition to "bodies," there needs to be automations in place. Fitzgerald reiterated his stance that the water and sewer operations are big business and there needs to be the infrastructure in place to support this.

Member Sundquist stated that her concern is that the Board of Finance and the WPCA do not work well together. She noted that there appears to be a lack of respect with regards to the WPCA and their attempts to do what they need to do. She stated that the WPCA needs to be trusted and allowed to carry on without having to explain everything they do.

Member Dan Charest agreed with Mrs. Sundquist, adding that it should not be, nor has it been the function of the Board of Finance to get into the minutia of the WPCA. He stated that it used

to be part of the role of the First Selectman to report to the Finance Board on behalf of the WPCA. Charest commented that the Board of Finance has a fiduciary responsibility to the taxpayers and therefore they do need to know that there is a good financial plan going forward and someone “needs to get the arms around it.” It is his opinion that the First Selectman should be that person.

Mr. Fitzgerald commented that he “wants nothing more than to make sure that the WPCA has what they need in order to do what they need to do.” He has noticed that there seems to be a “he-said, she-said” problem within the group and that impedes their ability to get things accomplished. He clarified that his biggest concern is the need to know that things are OK based on the revenue stream and the known expenses.

Acting Chairman Reggie Smith asked if any Board of Finance member Rieger or First Selectman Jerram had any commentary to offer prior to hearing from members of the WPCA in attendance at the meeting. Neither Rieger nor Jerram wished to speak at the time. Mr. Smith allowed the members of the WPCA to speak to the Board.

WPCA member Bob Krzys replied to the concerns expressed, stating that the WPCA is cognizant of the challenges ahead in meeting the debt service requirements. He acknowledged that the WPCA has relied on one individual to do the engineering services (RFP) and the financing. He also acknowledged that there are challenges to be faced with adding additional lines and users. Krzys stated that in the past there has been a relationship between the Selectmen and the WPCA and at this point feels that it is missing. He commented, for example, that the WPCA was not even aware that they were on the agenda of the Board of Selectmen meeting for that evening.

WPCA member Rosengren addressed the Board of Finance. He responded to the concerns of the Board of Finance regarding the financial status of the WPCA and stated that “there is currently a \$130,000 surplus in our coffers right now.” He added that anyone who had questions regarding the financial state of the WPCA could ask the bookkeeper to show them the balance in the account at any time.

Rosengren informed the Board that due to the efforts of the WPCA, a \$4 million grant was obtained even though “people in this room were opposed to it.” He went on to say that the Building Oversight Committee “throws grenades and then comes to Board of Finance meetings to complain about inaction.” He continued to defend the WPCA and noted that the WPCA has been accused numerous times of not having a 5-year plan in place, however, he believes this to be a false statement and believes that the plan has been presented to the Board. He distributed a document to the Board of Finance and stated that this was the information he believes had been presented quite a while ago. (note: some Board members thought that they may have already seen it and others stated it was new to them). Mr. Rosengren said that the timeline for having an operator in place is not as tight as what some would have the Boards of Selectmen and Finance believe; the current operator is contractually obligated through October. Rosengren noted that there are six or seven companies interested in bidding on services for the WWTP plant. The plant, according to Rosengren will not only be easier to run, but will also be cheaper to run. The expenses associated with running the new plant will be less than what they are now, he elaborated. WPCA member Rosengren stated that one of the major challenges the WPCA has faced is the lack of members. He said that they only had 4 members until recently and they had to meet 2 or 3 times per month in order to get things accomplished due to not having quorums at the meetings. Rosengren stated that conversations with DEP personnel have confirmed that paperwork for the Clean Water Funding is being processed and that there is nothing that the WPCA needs to supply to DEP in order for the process to continue. He also remarked that,

contrary to what has been stated, funding opportunities for line extensions do not expire in July. There will be opportunities for funding through the USDA. Rosengren noted that the two newest members of the WPCA will be following up on funding issues. Mr. Rosengren explained that each member of the WPCA has expertise in their own area and noted that each shares his knowledge and then the WPCA works collectively on issues. He asked that if any one has any questions or concerns regarding what the WPCA is doing, they should bring the issues directly to the WPCA.

WPCA member Steve Hanright informed the Board of Finance that, as a new member of the Board, he was still going through a ‘learning curve’ and that he needed some time to digest things before being able to comment on the effectiveness or ineffectiveness of the WPCA.

Member Joe Nerney stated that David Rosengren made some good points. He agreed that there are individuals who “only look at one side of the story.” He also agreed that there are communication problems within the WPCA. He believes that all members on the Authority should have e-mail and also believes that all members should be reachable and accessible. Mr. Nerney stated that the WPCA is not a bad group ---- it is composed of good people who try to do their best. Nerney clarified for Mr. Rosengren the reasoning behind the entire WPCA not being informed of the BOS discussion regarding the WPCA earlier that evening. Mr. Nerney stated that as he understood it, there were concerns expressed at the last Board of Finance meeting regarding the operations of the WPCA. At that point in time, it was decided to invite the Chairman of the WPCA to appear at a Selectmen’s meeting. Nerney stated that it was a productive discussion. The Selectmen were notified that the WPCA may need additional assistance in completing some of their tasks and it was suggested that the WPCA consider forming subcommittees to help them. It was made clear that the WPCA would be responsible for choosing the appointees to any subcommittee formed by them.

Mr. Nerney told the Board of Finance that he had been present at the pre-bid conference earlier that day. He felt that it was a difficult process; especially since bidders had questions that did not get answered. He was not sure if they expected to receive the answers on site or not, but he thought it was an awkward process. The questions that were asked were specific in nature and will affect the proposals submitted. Mr. Rosengren interjected that the pre-bid conference was not unusual in its format. He noted that questions will be answered prior to having bids submitted. Nerney commented that one of the challenges that will be faced by the WPCA is the running of the new plant, stating he hopes that a good contract, a good operator, and good rates for the users are in the future of the WPCA.

Roy Litchfield distributed a spreadsheet showing profit/loss for the WPCA since 2002. He noted that the WPCA has a history of running “in the red.” He expressed his concern regarding the WPCA’s ability to pay back the loan that was given to the Authority. He stated that the system needs to be self sustaining so that the non-users do not have to foot the bill beyond what was originally promised at the referendum. Litchfield noted that a WPCA budget had been sent via e-mail to various individuals and it shows that the WPCA is projected to make \$17,000 profit this year.

Acting Chairman Smith asked the WPCA members present if they felt that the WPCA would be able to make the USDA payments. Mr. Rosengren stated that there will be a Public Hearing scheduled in June and rates will be set at that time. He added that there is a structural problem due to the fact that the user base is so tiny. The rates will be set so that obligations can be met.

Rosengren referred back to the 5 year plan document he had distributed earlier and stated that the plan shows the WPCA is not in dire straights as people have been led to believe. Mr. Fitzgerald noted that the 5 year plan needs to be updated. He would like to see it revised yearly and carried

out 5 years from the current date. Mrs. Kennerson asked where the additional users shown on the plan come from, stating that the projections show 60 additional users by the end of fiscal year 2011 and 85 additional users by the end of 2012. She stated that she was only aware of 79 potential users being identified thus far. Mr. Rosengren replied that the plan is for line extensions. Mrs. Kennerson asked where the expenses for the lines were shown on the projection.

First Selectman Jerram ended the discussion by stating that there is still “an elephant in the room” as there are unknowns that exist. The cost of an operator and the cost of running the new plant are only projections. The 5 year plan is based on projections only and things could change. **He asked the Board of Finance if they were prepared to think about “what if the costs become too prohibitive for the users?”** Mr. Smith agreed that the Board of Selectmen and the Board of Finance may need to get involved, but added that there are still too many unknown factors to make any decisions yet.

The Board of Finance would like to have Bill Michaud present at the next Board of Finance meeting since he is the individual who has taken on the budgeting aspect of the WPCA.

MOTION: by Fitzgerald, second Sundquist to adjourn at 8:28 PM.

Unanimous.

Respectfully Submitted,

Christine Hayward, Administrative Assistant