

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING
February 12, 2014

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Meeting Date: February 12, 2014
Location: 1 Avenue A, Turners Falls MA

Called to Order: 6:00 PM

Finance Committee Members Present: John Hanold, Michael Naughton, Sharon Kennaugh, Lynn Reynolds, Greg Garrison and Lisa Adams.

Selectmen Present: Mark Fairbrother, Michael Nelson and Christopher Boutwell.

Others Present: Town Administrator Frank Abbondanzio, Town Accountant Carolyn Olsen, WPCF Superintendent Bob Trombley, WPCF Operators John Little, Mike Little, and Tim Peura, Paul Gilbert and Bob Button from CDM Smith, DPW Superintendent Tom Bergeron and Jeff Singleton.

Minutes

It was requested to add "The committees agreed that this was worthy of future discussion." At the end of the 2nd paragraph of page 3 of the minutes.

Finance Committee Moved:

To approve the minutes of January 29, 2014 as amended.
Vote: 5 In Favor 0 Opposed 1 Abstained

Selectmen Moved:

To approve the minutes of January 29, 2014 as amended.
Vote: 3 In Favor 0 Opposed 0 Abstained

WPCF Budget

Previously submitted questions and answers are incorporated in the minutes of January 29, 2014.

- Mr. Trombley included current staffing in the operating budget, and submitted 2 additional staff-related expenses. The first is to place current staff on a higher pay grade and the second is to increase staffing levels by two people; one full time and one at 25 hours per week.
- DEP recommends that a plant of our size have 11 full time employees.
- The town is currently involved in a consent order.
- Current laws regarding pump stations require that all pump stations be inspected daily, but Montague only inspects them 3 days per week. The current pump station regulations are currently being revised, which may reduce the required inspections. The Town would need one additional person just to inspect all pump stations daily.
- Mr. Trombley provided a handout showing the impact on sewer rates under various scenarios. There were four scenarios presented: the current budget request, the current budget adjusted for grade increases for current employees, the current budget adjusted for the increased staff levels, and the current budget adjusted for potential savings due to the new sludge reduction process. The handout also provided the amount of retained earnings required to limit rate increase to 3% for each scenario.
- The sludge reduction process has the potential to save a net amount of savings from sludge disposal less increased electricity costs. The current revenue increase could reasonably reach \$400,000 per year, which would more than cover the cost of additional personnel.
- The electrical cost has increased around \$35,000 per year as a result of the sludge reduction process. The plant is in the process of making some changes that are hoped to reduce the electrical cost to the budgeted amount for Fiscal Year 2014.

- This process has allowed the plant to self-consume the sludge produced by the plant as well as the sludge coming in from out of town. To date the plant has spent only \$10,000 of the budgeted \$200,000 for sludge disposal. After this winter ends there will be a much better idea of whether the process will work year round. No sludge has been moved off site since June 13, 2013.
- There are no contracts in place for accepting the sludge coming in from out of town, but it is based on market need. We are the only plant in the region that accepts the sludge, so there is a huge need for disposal of these materials. We currently receive about 5 million gallons of sludge annually from within Franklin County. Other towns outside Franklin County also made inquiries. It's still undetermined how much the town can take in, and how much revenue can be raised.
- Mr. Hanold asked about the meaning of "within our permit" or "within our consent agreement" and whether we are overreaching the limits. There is not a current Consent Order, so there is no issue of overreaching those limits. Regarding our permit, we have had minor violations in September and October. The state has been willing to work with the plant because they are very interested to see if the sludge reduction process will work, and they have not had any issues with the recent violations.
- One of Mr. Trombley's biggest issues is how the staff is compensated. We began the process in 2008. The staff that we have has grown and evolved the process, and if we want to keep such motivated and competent staff we should be willing to compensate them accordingly. There will be two positions opening locally soon, and Greenfield is headhunting one of our employees who has been instrumental in the implementation of the process. Mr. Trombley is of the opinion that something needs to be done for the staff to keep the core staff here.
- Ms. Reynolds believes the impasse came as a result of the Pay and Classification study, and that some things got set in stone. She asked who has the authority to address Mr. Trombley's issues. The Selectboard has the authority and can not speak to the pay issue since negotiations are currently in process.
- Mr. Naughton asked for clarification about the requests for increasing staffing levels. One reason to need more staff is to satisfy DEP regulation about pump station inspections, another is to improve the work being done on sludge reduction. The plant currently has a seasonal full-time laborer and a part-time clerical position filled by an employment agency. This is allowing time to evaluate how those changes will impact the plant to see if those are the correct changes to make on a permanent basis. So far the experience of the additional staffing has lead Mr. Trombley to be strongly in favor of continuing that staffing on a permanent basis. The new, temporary staff, are not affecting the pump station inspections. Another option regarding pump station inspections would be remote monitoring, but that would require additional expenditures to set up.
- Mr. Trombley reviewed his handout on budget options and resulting impacts on sewer rates.
- Mr. Abbondanzio noted that none of the options include any new pump stations or other major capital projects. All of the options do include the Fiscal Year 2015 debt service for the repairs resulting from the Industrial Park sewer line replacement.
- Mr. Trombley clarified that option #3 with requested grade increases would impact 4 operators and the laboratory technician.
- Option #4 is the result of reducing the budgets for sludge disposal and chemicals, and estimating increased Fiscal Year 2015 user fees from sludge disposal.
- Ms. Reynolds would like to see an operating budget request incorporating all of the options. Ms. Reynolds feels that Mr. Trombley has made very strong arguments for both the pay grade increases and additional staff, and would like to see a budget that reflects all of the options combined.

- Mr. Trombley said that the plant is also doing a compost trial. If it can be turned into a saleable product it could further increase revenues. The plant is also considering trying to produce bio-diesel for sale.
- Mr. Trombley says they currently don't have to run the Fournier Press unless they want compost, but it's still a necessary and useful device. Their sludge reduction process is working so well, that they actually need the outside sludge. Once the process is completed, the results can be put into the river without violating any regulations.
- Mr. Abbondanzio asked about the resale value of the Fournier press. Mr. Trombley said they should never get rid of it. It can also be used to reduce the volume of sludge received from other towns.
- The bio-diesel process would generate revenue because haulers will pay 17 cents per gallon to drop the raw product, then once the biodiesel is generated it would be a free fuel source for the town.
- Mr. Hanold said that if the processes are saving money, that should be reflected in the budget.
- Mr. Naughton asked if the plant will be able to take in additional sludge from other towns if things keep working. That is a possibility, but there are hurdles to be gotten over, so it will be a year and a half before Mr. Trombley will be comfortable expanding the sludge we take in.
- The Fiscal Year 2014 estimate is \$204,000 in revenues for sludge received from other Franklin County towns. Fiscal Year 2013 revenues were about \$ 60,000. Septage revenues are also higher this year.
- Ms. Adams asked if there was any further information on the cause of the Industrial Park emergency. This is still being looked at.
- Jan Ameen from FCSWMD has said that the cost savings through October was over \$39,000 for just four of the towns bringing their sludge to Montague.
- Mr. Trombley and CDM Smith met with the Capital Improvements Committee this afternoon to discuss replacing two or four pump stations at an annual cost of \$100,000 per year in debt service per pump station beginning in Fiscal Year 2016 for up to 30 years. There are 8 pump stations in total. Looking at replacing two centrifugal pumps from the 1960s, and if we did 4 we would also replace the two centrifugal pumps from the 1980s. If the replacements aren't done, the town runs the risk of significant emergency costs if one of the pump stations fails.
- There's a potential of a \$7 million dollar loan to replace pump stations. Because Montague has qualified for certain things, a portion of what would be borrowed would be provided back to the town as a grant. That amount has been as high as 25-30% in the past, but it is now much lower, but could result in a 2.5% loan being interest free.
- It currently takes 2 people (because the controls are underground in a confined space) 3 hours to inspect all the pump stations. If all 8 were replaced, and controls were brought above ground, one person could do all pump stations in one day. If there were also alarm and system monitoring remotely available at the main office, personnel would only have to physically go out to each pump stations a few days a week. The improved operations would improve relations with DEP. Newer equipment would result in fewer failures, and less staff time needed for repairs. The staff is willing to do some of the work involved in replacing the ejector pump stations.

Mr. Fairbrother left the meeting at 7:40 PM

Department of Public Works Budget

Previously submitted questions and answers are incorporated in the minutes of January 29, 2014.

Highway Sewer Maintenance Recommended by CDM Smith:

- Mr. Bergeron has worked with CDM Smith to come up with some cost estimates to do more video inspection and to do some lining of some of the sewer lines that were not replaced on Industrial Boulevard or Millers Falls Road. The estimates were distributed.
- For Fiscal Year 2015, CDM Smith recommends using video to inspect some lines for \$40,000 as well as cleaning out some pipes that go over the canal for \$35,000.
- CDM Smith also recommends appropriating \$175,000 for lining sewer lines on Industrial Boulevard, Millers Falls Road, and Crescent Street.
- In some areas there are still a lot of house drains attached to the sewer lines, which actually pop the lid on some storm drains.
- CDM Smith recommended to annually appropriate money to video lines and to rehabilitate designated sewer lines.
- Ms. Olsen suggested that the existing \$150,000 special article for inflow and infiltration could be re-voted for these purposes. (The article is actually only for \$35,000, funded from taxation).
- The emergency repair work averaged out at \$850 per foot versus \$65 per foot for proactive maintenance. Scans of pipes runs \$4 per linear feet.
- Mr. Trombley noted that doing this kind of work will help to reduce the town's inflow and infiltration surcharge, because if the storm water is free to go to the river it won't enter the plant and have to be treated.
- The best way to budget for these items appears to be an annual special article to cover these costs.
- The Capital Improvement Committee met with Mr. Bergeron a few weeks ago and discussed these projects. Mr. Garrison feels the line inspections are very important, and once the inspections are done re-lining can be prioritized. At this point, we already know that some areas, like Crescent Street, are in critical need of re-lining.

Miscellaneous DPW Budget Issues:

- The Allied Waste contract is confirmed with a savings of \$30,000 for tipping fees and a reduced collection cost for the first year of the new contract.
- Mr. Bergeron is very pleased that the DPW has had the discretionary DPW article each year. This fund has improved the quality of smaller equipment items. It also helps by funding major repairs so that they don't impact the operating budget.
- Mr. Naughton asked for a quick recap on town buildings, and whether there are any specific plans other than routine maintenance. Mr. Bergeron hasn't spent a lot of time looking at the buildings because the town hasn't had any money for improvements. Mr. Bergeron plans to take a look at this soon, especially the Colle which is having pigeon problems and may need roof repairs. Mr. Whiteman is very busy with several of the town buildings, especially the libraries. We need to look at the Montague Center School building – if we aren't going to sell it soon, we need to close it up.
- The replacement of the oil burner with a gas burner for town hall was a major improvement.
- Mr. Garrison again suggested establishing a capital fund and a capital plan.
- Mr. Hanold asked what position we wanted to take on the DPW handout. None of the items came up as operating budget items, but could be funded from taxation or stabilization in future years. The request for Fiscal Year 2015 for \$250,000 was completely unanticipated. Mr. Naughton suggested they be added to the budget file as two separate items.

- Mr. Abbondanzio said we have an increase of \$400,000 including increases for sewer costs with other additions coming up to \$800,000 so we have to set priorities. Regarding the pump station replacement, Ms. Reynolds suggested borrowing since interest rates are down. Mr. Button brought up a good point that in Fiscal Year 2018 about \$100,000 of sewer debt capacity is cleared up and could pay for pump station debt.
- Mr. Garrison noted a sewer rate increase of \$3 if all requests approved. The CIC is looking at the long term debt schedule for the WPCF under different scenarios.
- Mr. Hanold went back to the WPCF requests and asked for a consensus between the Finance Committee and Selectmen as to which options should be requested as the final operating budget.

Back to the WPCF

- Mr. Hanold feels that the operating budget as presented is short-sighted and does not include the benefits of option 4, and thinks that option 4 should definitely be included.
- Mr. Naughton suggested requesting a budget including all options, as the Finance Committee still has the option to not approve all of the expenses during budget deliberations.
- Ms. Reynolds, Ms. Adams, and Mr. Naughton are in favor of including all options. Mr. Abbondanzio said that counsel has directed that the town not do anything that looks like negotiations with specific employees.
- This leaves a budget incorporating reasonable revenue increases and budget savings from the sludge process as well as requested staff increases. Any grade changes or other wage changes resulting from union negotiations will be funded at that point. Ms. Olsen will provide Mr. Trombley with this request.

Update on status of GMRSD Budget and Assessment

- The School Committee met last night and approved the preliminary budget discussed earlier.
- Mr. Hanold stated that the increase to the towns is not acceptable. He was told that the preliminary budget always goes down. Mr. Hanold noted that we gave them our affordable assessment several weeks ago and when we meet with them they will not have much time for a substantial change in their budget.
- Ms. Reynolds is concerned that the result of their union negotiations is about a \$600,000 increase in wages and benefits, but the district did not make any staff cuts to offset this. School Choice and Charter School costs have a negative trend. Ms. Reynolds sees the only solution to the \$600,000 increase would be eliminating many positions, which would have a devastating effect on enrollment.
- Mr. Naughton noted that the current assessment to Montague is \$445,000 over the affordable assessment amount. Last year the budget as of February 12th was about \$300,000 higher than our affordable assessment and by town meeting the difference was down to about \$50,000, which was considered acceptable.
- Mr. Abbondanzio asked if there was an issue with their not recognizing some of the revenues, and asked if those monies are going into a separate revolving fund.
- The school is losing some grant money, and there are guidelines on what some other revenues can be spent for.
- Mr. Singleton has a very negative opinion of the current school budget, but really feels that we're going to be left with an unaffordable budget in May and the School Committee will say they can't possibly make any further cuts, in spite frequent warnings during the negotiation process that they were negotiating an unaffordable contract. The stability of a Superintendent

is very important, and Mr. Singleton feels that Superintendent Sullivan is dealing with a lot of problems not of his making, and blamed for it, and feels that the budget blows the long-range fiscal plan out of the water, ignoring affordable assessment (although it was shown on the budget along with the difference between it and the current budget).

- Ms. Adams feels that School Choice is a significant issue, and when her daughter's school closed she was not allowed to enroll in the GMRSD. She feels that as a taxpayer her daughter ought to be able to attend school in town.

Topics not anticipated within in the 48 hour posting requirements-

Meeting Adjourned at 9:00 PM

List of Documents and Exhibits

- Minutes January 29, 2014
- Mr. Trombley's handout of sewer rates under different budget options
- Mr. Bergeron's handout of estimated costs for needed sewer line inspections and re-linings

Next Meetings:

February 19, 2014	Libraries, FCTS
February 26, 2014	Police, Dispatch
March 5, 2014	GMRSD, Town Administrator Budget
March 12, 2014	Capital Improvements Committee, decide final use of reserves, final Schedules I & II
March 19, 2014	Vote STM and ATM recommendations
March 26, 2014	Vote operating budget and funding sources for Town, WPCF, Colle, Airport and school districts