

TOWN OF WINCHENDON



Finance Committee

Telephone (978)-297-5419

Regular Meeting/Joint Meeting with Board of Selectmen

Finance Committee Minutes

March 9th, 2020 6:30PM

Town Hall 4th Floor Meeting Room

Present: Vice Chair. Maureen Ward, David Alexander, Charles C. Corts, Douglas Delay, Keith Kent, Phillip Levine.

Absent: Chairman, Thomas Kane, Jr.

List of Documents Presented at Meeting:

- February 10th, 2020 Minutes
 - YTD Reports
-

6:30PM: Vice Chair Maureen Ward called the Finance Committee meeting to order followed by the Pledge of Allegiance.

Approval of Minutes: February 10, 2020

Charles Corts motioned to approved the minutes from February 10, 2020, 2nd by Keith Kent.

Corts (Y) Delay (Y) Kent (Y) Levine (Y) Ward (Y) Kane (A) 6-0

YTD Reports:

Dr. Ward relayed that in her discussions with Mr. Hickey earlier in the day, he said that the Homeless Transportation Budget would be corrected to more accurately reflect what was actually spent. She also questioned some over expenditures of salary lines on the school budget but also noted that it was a bottom line budget and they are well within their approved budget.

Discussion on proposed 2021 budget:

Dr. Ward noted that she discussed the proposed budget with Mr. Hickey earlier in the day. Some items of note:

- There is some confusion on approved 2020 budget numbers and what are expressed as 2020 numbers in the 2021 budget book. Mr. Hickey will add another column to reflect what was voted on and what the end result was after transfers were made.
- The large increase in the fire department budget is due to the town now being fully responsible for 3 additional fire housemen per the safer grant from three years ago.

Dr. Ward also noted that Mr. Hickey is available to meet with any member that has questions on the budget but in past the norm has been to send those questions to Mr. Kane and he will seek answers on our behalf.

Dr. Ward also reviewed upcoming meeting dates of March 10th, 23rd, April 13th and 29th.

C. Corts motioned to recess at 6:43PM, 2nd by D. Alexander.

Alexander (Y) Corts (Y) Delay (Y) Kent (Y) Levine (Y) Ward (Y) 6-0

The Finance Committee reconvened at 7:13 PM in the 2nd Floor Auditorium

**Joint Board Meeting
Board of Selectmen and Finance Committee**

March 9, 2020 7:13PM

Town Hall 2nd Floor Auditorium

Mr. Hickey informed all that the FY21 Draft Budget Presentation can be found on the Town Manager's webpage.

Mr. Hickey stated that his first priority was to produce a balanced budget while providing resources as necessary to the community. He noted that the school department budget has increased fairly significantly. Mr. Hickey noted that the Finance Committee Vice-Chair, Dr. Maureen Ward, had pointed out that the appropriations presented are based on the Fall Town Meeting capital. He also noted that there have been transfers throughout the FY20 budget that occurred after July 1, 2019. The Town Accountant has been working on providing a budget spreadsheet that presents the original approved budget with an additional column that will note revised budget with transfers for wages and other Board approved items.

The Budget process and timelines were reviewed with the Town Meeting Warrant closing on April 7th, the Finance Committee holding their Public Hearing on April 29th and the Annual Town Meeting scheduled for May 18, 2020.

Mr. Hickey indicated he anticipates using free cash to fund article 12, if it is approved by the Board and voters. He addressed the condition of the Senior Center and the options available – either renovate the building or build a new one. An engineer's study was done which revealed an estimated cost of repair of 3.7 million dollars. He also noted money allocated for the replacement of water meters in Town to a radio read drive-by system. The current meters have a life

expectancy of ten years; 25% of which have been replaced or repaired already. As meters age, they do not track the water flowing through the meter as they should which results in lost revenue for the Town. There is an existing \$40,000 in the budget which will provide for the initial purchases of new radio read drive-by water meters.

Mr. Hickey also noted that there is an option for voters is to transfer the Grout Memorial Park back to Town ownership.

Mr. Hickey detailed the annual general fund budget summary and revenue sources for the town. He noted that 90% of the Town's revenue comes from state aid and real estate taxes. He indicated the need to appropriate the debt exclusions for FY21 in the amount of \$329,503 for Police Station renovations, fire ladder truck repairs and Library access renovations. He noted the state aid for FY21 will be \$14,222,161 and outlined how that funding is allocated. He reviewed the increase of Indirect Costs which has remained historically lower than a few years ago. He reviewed the transfers from other funds to supplement the sources in the operating budgets.

Mr. Hickey presented a comparison of general fund budget uses from FY18-FY21 and explained significant changes in funding requests. In terms of public safety, the Town is now fully funding the addition of three new firefighters which was originally funded by a SAFER grant as that grant has expired. He noted an increase in personnel, which would change a DPW Foreman position to Assistant Director. There are a number of reasons for this change, primarily with all that is going on in the Public Works Department right now, the current Director could use some support and position ourselves when Mr. Gallant decides to retire, he can begin training a candidate as a replacement. The cost is about \$8,000 a year to do this. He continued to discuss fringe benefits and noted that health insurance premiums are up 3.7%. He reviewed the Capital Items and noted that all capital funding requests have been reviewed and are approved by the Capital Planning Committee.

The school budget was then presented with Mr. Hickey noting that the budget has gone up only \$5,900 primarily due to Indirect Cost being \$270,000 more than in FY20. He reviewed a side by side comparison of what the School's Indirect Costs are for FY21 vs. FY20.

Mr. Hickey informed the Board the actual number for Monty Tech came in at \$839,000 and he would modify the budget from the original number used of \$842,239. He noted this appropriation continues to drop presuming there are less students going.

Mr. Hickey noted that the Water Department will not require a rate increase with the Winchendon/ Ashburnham Water Treatment bond being paid off in FY20. The draft FY21 budget includes \$75,000 of capital to begin to replace the thirty year old water plant equipment with Ashburnham also contributing the same amount. Mr. Hickey concluded at some point we will need to replace the water main, but he doesn't know if there is a need to do so in FY21 at the expense the Town will incur to do so.

Mr. Hickey moved on to present the Proposed Wastewater Fund Budget, which requires a rate increase of 5.89%. The Town of Winchendon is beginning to address an EPA mandate that requires the Town to separate pipes that lead from the storm drains, ensuring that one pipe leads

to the wastewater treatment plant and the other pipe takes stormwater. The budget is asking for \$35,000 to begin to address this issue as the Town is currently risking facing a \$60,000 annual fine enforced by the EPA. Mr. Hickey explained that for each storm drain, there must be two pipes underground. One pipe will lead to the Wastewater Treatment Plant for treatment and disposal and the other pipe will connect to a stormwater drainage system. Stormwater would then be directed to areas in Town that would allow the water to safely be absorbed. Current illegal drainage systems, such as sump pumps illegally discharging into the town right of way, will be addressed in order to comply with our permit. Mr. Gallant clarified that forty years ago, these drainage setups were allowed. Ten years ago, the EPA introduced the Clean Water Act which mandated that the town must start cleaning up the drainage system, first the larger cities and now the smaller towns. As such, the Town is now facing the financial challenge of complying with both MS4 and I/I regulations at the same time. Mr. Gallant indicated that every drain will need to be tested, and the department is currently working on mapping out the locations of all drains. We will have to build retention ponds before they go into a river. The Town has ten years to come to full compliance with these regulations. Unfortunately, the Town only faces two options – pay fines mandated by the EPA or upgrade our system to come into compliance. In order to provide a sense of the increase, Hickey indicated that without the costs of these upgrades, the wastewater rate would only increase 1.57%. The increase is mainly to fund the \$35,000 to begin to address this issue. Selectwoman Anderson asked about being charged a sewer fee when she is watering her yard. Mr. Hickey answered that residents have the option of purchasing an outdoor irrigation meter which does not charge a wastewater fee. It is a \$500 initial purchase that also requires a \$50 backflow inspection twice annually. Unless irrigating on a significant basis, the cost of the meter and the backflow inspections will cost more than the sewer charged on used water. If upgrades to the drainage system is not approved by the voters then the work would not proceed and the town would face the risk of incurring fines.

Selectwoman Anderson asked how much money the Town saved when the wastewater treatment process was privatized. Gallant answered that the department saved \$14,000 just for the first two reports Veolia has done for them. Hickey will provide both boards what the wastewater budget would be if we retained Town employees working at the Wastewater Plant and compared to Veolia operating the plant. Mr. Hickey indicated that he was unsure how the EPA settled on the \$60,000 fine that they charged the City of Gardner, and that he would check on the formula and share it with the Board at a later date.

Resident Michael Mimnaugh came before the Board and expressed that he had worked on the civilian side of the water operating system in Leominster. He stated that should voters not pass the proper funding and the Town fails to comply, EPA conducts site visits yearly and a fine will be issued.

After further discussion, Selectwoman LaBrie offered her own recent experience as a homeowner on private septic. She indicated that the cost of installing a new septic is a similar price to what a homeowner would pay in sewer bills over the span of thirty-three years. While nobody wants to pay wastewater rates, there are benefits to being a customer on the Town's water and wastewater systems. Mr. Hickey presented an overview of comparable towns regional to Winchendon and what they charge for water and wastewater fees. Of these towns, including Ashburnham and Templeton, Winchendon had the third lowest fees.

Next, Mr. Hickey reviewed his proposed Transfer Station budget, which is seeing an increase in use by the Town residents. He noted that fiscal years 2018 – 2021 saw Monadnock Disposal as the contractor for the Transfer Station. There was a significant increase in their cost; so the Town is investigating similar vendors that can provide the same services at a competitive price. Finance Committee member Mr. Kent asked what the Town is incurring annually for the cost of cleaning up trash that is dumped in Town. Mr. Hickey stated that the DPW budgets \$7,500 a year, which has not yet been used in full, but would be charged to pay a contractor to clean trash disposed of in the public way.

Mr. Hickey thanked the Department Heads for their assistance in helping develop the budget and their concern for the amount of money they ask for and what is being asked will be used wisely.

C. Corts motioned to adjourn the finance committee at 8:42, 2nd by K. Kent. The board unanimously voted aye.

Alexander (Y) Corts (Y) Delay (Y) Kent (Y) Levine (Y) Ward (Y) 6-0

ADJOURNMENT:

The Finance Committee adjourned at 8:42PM

Tom Kane, Chairman

Maureen Ward, Vice-Chair

David Alexander

Charles C. Corts

Douglas Delay

Keith Kent

Philip Levine