

MINUTES

OF THE

FINANCE COMMITTEE

TUESDAY, AUGUST 4, 2009  
7:00 P.M.

TOWN OFFICE BUILDING  
16 JAN SEBASTIAN DRIVE  
UPSTAIRS MEETING ROOM  
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Present: Hank Tuohy, Bill Diederling, Glenn Pare', Paul Kilty, John Vibberts, and Veronica Mooney

Absent: Tom Hickey, Paul Sylvia and Ellen Yaffe

Also Present: Mr. Dunham, Superintendent of Schools Dr. Mary Ellen Johnson, School Business Manager Ms. Michelle Austin, members of the School Committee and School Dept. Maintenance Supervisor Skip Tetreault.

Meeting called to order at 7:00 p.m.

**ITEM #2**  
**APPROVAL OF MINUTES**

Deferred to later in the meeting.

-Mr. Tuohy thanked the Finance Committee for their support of himself for Chairman and Bill Diederling as Vice-Chairman.

**ITEM #3**  
**TOWN MANAGERS REPORT**

Mr. Dunham handed out information and gave an update of the Reserve Fund account.

-Mr. Tuohy noted that the School Committee is present to discuss the Waste Water Treatment Plant at the Oak Ridge School and how to off set the cost of repairs. They are requesting a Reserve Fund Transfer to offset the cost of the repairs.

-Chairman of the School Committee Bob Simmons gave a history of the Oak Ridge School Waste Water Treatment Plant issue.

-Mr. Skip Tetreault School Department Maintenance Supervisor offered additional background information. Per the Mass. Department of Environmental Protection Agency, we need to do the repairs within 90 (ninety) days or we can not occupy the building. We could pump the tank but we are not sure if the Mass. DEP will authorize this. The Cost to repair the plant will be \$190,000. We are requesting a Reserve Fund Transfer of approximately \$140,000. We are looking at insurance and other options but we have to get the funding now, we cannot wait for recovering.

-Mr. Vibberts asked when the issue was first noticed.

-Mr. Tetreault noted that back in December they repaired some parts of the plant. Approximately \$23,000 was spent at that time but we knew it was a band aide. We now have about another 4 to 6 sections that have failed. The Mass. DEP has required we replace the whole thing which is 32 total sections. Four of which have been replaced – we do not have to replace the 4 sections we replaced in December.

-Mr. Tuohy noted that we are looking at the Reserve Fund which is roughly \$300,000. If \$190,000 comes out, that drains that fund. \$140,000 is being requested. The \$300,000 has to take care of a lot of other problems in town.

-Mr. Diederich asked how this relates to the Forestdale School Plant? When could we expect this type of thing from the Forestdale Plant?

-Mr. Tetreault noted that the Forestdale Plant is not showing this type of wear at this time but the Mass. DEP is amazed that we got this much time without issues.

-Mr. Diederich trying to clarify the matter offered that...you don't expect the Forestdale Plant to have the issue in the near future but the Mass. DEP is surprised that we got as much time as we got. These seem to be conflicting statements. It appears both of the Plants have out lived their lives. As far as the incident of them failing, is that something we can prevent in the future?

-Mr. Tetreault, yes.

Mr. Diederich asked what the \$140,000 is made up of. Compared to what the State says is non-compliant, that 'may' be done.

-Mr. Tetreault – this money is not going anywhere else.

Mr. Kilty noted that Mr. Tetreault has done an incredible job with the schools. Mr. Tetreault is remarkable.

-Mr. Tetreault mentioned that there are a lot of new waste water processes out there and better ways to do things. He and Health Agent Dave Mason will be discussing the waste water treatment plant issues with the State. Maybe in years to come there maybe alternatives to treat this with out the large treatment plants we have now.

-Mr. Dunham gave a brief overview of the Town Meeting approved funding of the waste water treatment plants at the Oak Ridge and Forestdale Schools including an explanation of secondary and tertiary treatment. After the \$300,000 is funding was approved, the School Business Manager at that time worked with Health Agent Dave Mason to prove to the Mass. DEP that, that the flow of waste was slow and the work to go from secondary to tertiary did not have to be done. The funding that was already approved at Town Meeting was put it in a separate account for the waste water systems because we did have a feeling that at some point the Mass. DEP would say we have to upgrade from a secondary to a tertiary system. Over time that \$300,000 has been used to fund any work that had to be done on the treatment plants. Right now, after some bills that Mr. Tetreault has, there is roughly a balance of about \$50,000. This is where the money came from but once we spend the 'kitty' that has been there almost 12 years, it isn't going to be there when things come up.

-Mr. Tetreault noted that some of the funds have gone to pump the tanks which costs about \$3,000 each time.

-Mr. Tuohy – what about the insurance money and going after it.

-Mr. Kilty asked questions relevant to the time frame that these problems were discovered and reported and who were they reported to?

-Mr. Tetreault explained that a problem occurred back in the winters of 2006 and 2007 when, an outside contractor, who was the overseer at that time, brought it to the attention of the School Department and then the contractor would have been responsible for notifying the Mass. DEP. Any time the flow is interrupted the Mass. DEP must be notified.

-Mr. Kilty noted that the November 2008 problem, this is really a problem that is specific to the problem at hand.

- Mr. Tetreault noted that when the plant was brought back on line, everything was fine.

-Mr. Kilty – then what happened in November 2008?

-Mr. Tetreault – that is when those sections began to fail. I got quotes for the work. The Business Manager was made aware. The State was contacted. The Business Manager met with the School Committee.

-Mr. Tuohy asked again where we are with the insurance money.

-Mr. Dunham offered that the claim has been filed with the Town's insurance company. They will look into it and advise the Town.

-Mr. Tuohy asked about the warranty on the treatment plant.

-Mr. Tetreault noted that he will look for the paper work on it.

-Mr. Simmons mentioned that this is more like incident coverage not parts or warranty coverage.

-Mr. Kilty asked what the time frame would be to get the information?

-Mr. Simmons noted that they will report back as soon as they have any information.

-Ms. Austin, School Business Manager, noted that the claims adjuster is Mr. Tom Donaldson thought that it would be a viable claim.

-Mr. Diederich offered that even if, in the end, it is a viable claim, it doesn't help us in the short term. If we get some insurance money we can re-adjust the books.

-Mr. Kilty noted that we have a time line necessity and that is why we are looking at the Reserve Fund. Why wasn't this brought before the Capital Improvement Planning Committee a long time ago? Mr. Kilty has been on the CIPC

for three years. The Committee had minimal at best requests from the School Department and nothing to do with the Waste Water Treatment Plant.

-Mr. Simmons offered that it was not an issue before this. Now we don't have a choice.

-Mr. Kilty asked if Mr. Mike Baker, Chairman of the CIPC, has been contacted?

-Mr. Simmons – no, it is a question of time. This is an emergency.

-Mr. Tetreault mentioned that he met with Mr. Baker and Mr. Dunham regarding the Waste Water Treatment facilities and they have been put on the capital list in the past.

-Mr. Diederling talking about funding options...is not in favor of using the Reserve Fund. Possible funds should be transferred from Stabilization. The problem is that it takes time that the schools do not have. Do we agree for is their option to the school department for a single department in the budget you can transfer funds from within the budget. You could float this repair out of the school budget until we could get a Stabilization Fund transfer at Town Meeting at then back fill the school budget with that. Mr. Diederling asked if that is technically doable?

-Mr. Dunham – yes, but it does require a 2/3<sup>rd</sup>s vote of Town Meeting.

-Mr. Simmons noted that we cannot get a 2/3rds vote at Town Meeting we have a problem with the budget. It is a huge risk for us.

-Mr. Kilty offered an option to do a Reserve Fund transfer now and then suggest to the Board of Selectmen that, once our Free Cash is certified, a Fall Special Town Meeting could vote to reimburse once the Free Cash gets certified.

-Mr. Diederling offered a Capital Exclusion as another option.

-Mr. Vibberts – are there any options from the State Mass. DEP? Possibly from the State environmental fund?

-Mr. Dunham noted that it is only for Town wide systems...10's of millions of dollars.

-Mr. Vibberts asked what the terms are like with any contract we might sign for the work?

-Mr. Tetreault noted that we may not have to lay out any money up front.

-Ms. Austin noted that contractors usually want process billing; terms, payment within thirty (3) days of completion of work.

-Mr. Dunham noted that, for most contractors, we have to certify that there are funds available to pay for the contract.

-Mr. Vibberts noted that we can certify that the money is in the Reserve Fund.

-Mr. Tuohy asked Mr. Tetreault if he has an idea when the parts would be coming from the time he placed the order?

-Mr. Tetreault – it would take about two weeks...construction would take three to four weeks. We are also going to be pumping. It costs about \$3,000 each time these tanks are pumped.

-Mr. Diederling doesn't think there is a cash flow issue. The feeling is that it doesn't get back to the school department budget; that the Special Town Meeting may not approve it.

-Mr. Vibberts thinks it is a cash flow because of the need to write the checks.

-Dr. Johnson noted that if they could have some reassurance that the school department will be reimbursed...most of the school department budget is personnel.

-Mr. Tuohy noted that we are all in agreement that this needs to be done.

-Mr. Diederling noted that the work will be done.

-Mr. Diederling's thoughts about taking money from the Reserve Fund – It would be unwise because we have already identified other sources of revenue, the Reserve Fund should be a last resort. Unwise because if you look at the history of the Reserve Fund...we know that there are going to be other demands on the Reserve Fund such as Police and Fire overtime, Snow & Ice tap into the Reserve Fund. If we take from the Reserve Fund for this we are cutting the by ½ already. There is likelihood that we may face 9C cuts from the State this year. Decreasing the Reserve Fund so early in the year is not a good idea.

-Brief discussion of State Aid and the Cherry Sheets.

-Mr. Pare' noted that as far as using the Reserve Fund, he agrees with Mr. Diederling. This is the smallest Reserve Fund we have had in years and we are looking at cutting it down almost in half with this request.

-Mr. Dunham noted that the Finance Committee only has control over the Reserve Fund

-Mr. Vibberts asked if the Committee would support a Capital Expense? Agrees with Mr. Pare' and Mr. Diederling.

-Mr. Pare' is concerned about cutting the Reserve Fund and the other options which we cannot guarantee.

-Mr. Dunham suggested the Committee take a vote of support to get the work done as soon as possible and asked the Board of Selectmen to reimburse the Schools.

-Mr. Tuohy asked, if we vote to say no on the Reserve Fund, can the School; Committee go to the Board of Selectmen to present their case for the Stabilization Fund or Certified Free Cash?

-Mr. Dunham – yes, but it is more a time factor. Suggested the Committee take a vote to support the project be start as soon as possible and send a letter to the Board of Selectmen to consider an article for the Special Town Meeting Warrant to reimburse the School Department for their costs as recommended.

If that doesn't come to pass you could always to a Reserve Fund Transfer.

-Dr. Johnson expressed concern about reimbursing the school budget. The purposed of the Reserve Fund is an emergency. Is this not an emergency?

-Mr. Diederling – yes, it is; however, it is for unforeseen or unplanned emergencies. This is neither unplanned nor unforeseen. If this was brought to our attention last November 2009; \$23,000 was spent and there was a band aid at the time. It was discussed at a School Committee meeting. If we knew last November there was an issue there might have been other options and the repair would already have been done by today. Doesn't think this is unforeseen or unplanned.

-Dr. Johnson agrees with what Mr. Diederling has said. We didn't have the mind set to get this done before this. We do need to plan ahead of time for these things.

-Mr. Tuohy – you have done the best you can with what you have, but we don't feel comfortable taking it out of the Reserve Fund.

-Mr. Kilty noted that it appears that the issue is timing. It is apparent that the schools have money to do the repairs now. The Reserve Fund transfer is not necessary. The School Department can get the work done now with the current budget. The Finance Committee has to look at the whole Town and its needs.

The timeliness is very important right now and we do have time, to a degree. If the school district has to absorb the entire cost, then we have to plan for that - Not hearing that the school department would fund the entire cost.

-Mr. Simmons noted that if the School Committee has to make cuts to the School budget, we need to do it before the school year starts. If there is a question about whether we will be reimbursed, we have to make the cuts before school starts.

-Mr. Diederling noted that with an approximately \$30 million dollars budget...no one budgets that closely. That would be a policy decision that the School Committee will have to make.

-Mr. Simmons mentioned that the School Committee still has a lot of other issues that they are dealing with.

**\*MOTION WAS MADE BY MR. PARE' THAT THE FINANCE COMMITTEE STRONGLY SUPPORT THE NECESSITY OF DOING THIS WORK AS A CAPITAL PROJECT AND THE BOARD OF SELECTMEN USING THE STABILIZATION FUND OR CERTIFIED FREE CASH AT A SPECIAL TOWN MEETING.**

Point of Order – Mr. Diederling asked if there is a secretary taking minutes of this meeting? Mr. Dunham noted that the meeting is being taped by Sandwich Community Television and a hard copy of the minutes will be typed from the DVD.

**MOTION SECONDED BY MR. VIBBERTS.**

**Discussion-**

Mr. Diederling – just to confirm what the vote is...we are denying the Reserve Fund Transfer. We support paying for the work through either Certified Free Cash when it comes available or the Stabilization Fund.

No further discussion.

**VOTE - 6 AYES/UNANIMOUS**

-Mr. Tuohy noted that Ms. Paula Johnson from Sandwich Community Television has offered to let the Finance Committee use their facility for our meetings this year. The next meeting will probably be in September.

-Mr. Kilty has spoken with Mr. Tuohy about trying to do a work shop on some of the necessary thing the Finance Committee should look for in the budget this year. There are concerns for the current year FY'10 as well as FY'11 and FY'12. We should identify what everyone feels are the key issues, present them to the Board of Selectmen and the School Committee so that everyone has a good idea where we are coming from. There was a general consensus.

-Mr. Pare' noted that tonight's issues would have been idea issues to be brought to the Conference Committee.

**ITEM #2**  
**APPROVAL OF MINUTES**  
**Deferred from Earlier in Meeting**

**\*MOTION WAS MADE BY MR. VIBBERTS TO APPROVE THE MINUTES OF JULY 7, 2009 AS PRESENTED. SECONDED BY MR. KILTY. VOTE – UNANIMOUS**

-Mr. Kilty noted that this issue with the Waste Water Treatment Plant is, at least in part, the result of not having a proper Asset Management System in place. Mr. Kilty and Mr. Baker of the CIPC presented this to the Board of Selectmen.

**8:25 P.M.**

**\*MOTION TO ADJOURN WAS MADE BY MR. VIBBERTS. SECONDED BY MS. MOONEY. VOTE - UNANIMOUS**

Respectfully Submitted,

Diane M. Hanelt  
Secretary

Approved:\_\_\_\_\_