

**TOWN OF ROWLEY
FINANCE COMMITTEE**

**Minutes of Meeting September 13, 2016
Rowley Town Hall**

Members Present: Lawrence White, Chairman, Sharon Emery, Vice Chairman, Janet Bridges, Peter Censullo, Dennis Roy

Members Absent: Paul Jalbert, Jami Snow

Others Present: MaryBeth Wiser, Water Superintendent; Bernard Cullen, Water Board Commissioner

1. Call to Order: Larry White, Chairman, called the meeting to order at 7:20 pm.
2. Minutes of July 12, 2016 – Roy moved to accept the meeting minutes of July 12, 2016. Bridges seconded and the motion was approved 5-0.
3. Announcements – White made the following announcements:
 - Community playground installation will be held at Eiras Park on September 17. Volunteers are needed.
 - Triton District Communications Meeting is scheduled for October 6, 2016.
 - Fall Special Town Meeting Warrant is open for the November 14 STM.
4. Appointment with MaryBeth Wiser, Water Superintendent – Wiser attended the meeting to recap the FY16 budget and review the status of the FY17 Water Department budget. The Committee was in receipt of the July & August 2016 appropriation report for the total budget but will review this report at the next meeting.

White began the discussion with a request for clarification on the FY16 Water Department Sales Report. At the last meeting there were questions whether certain items related to used were in dollars or gallons; Wiser answered those questions.

Roy questioned this report re the monthly revenues received compared to the general ledger from the town accountant. Roy went over numbers from the general ledger and the memo from Sue Bailey stating a shortfall of \$76,000. He asked what the final revenue was so the FinCom would know the final expenses.

Wiser reviewed the Income Statement that was prepared using numbers from Sue Bailey. White stated that the Water Department has adjusted their budget taking into account staffing issues.

There is a surplus due to lack of staff, but the department is still budgeted for fully staffed. Roy pointed out that they are using that surplus to offset deficit of \$200K, which would be needed this year if the department was full staffed.

Wiser said they had some encumbrances from FY16 funds to cover costs of ongoing projects approved by water commissioners that they haven't been able to complete. Roughly encumbered \$342,000. This took into consideration the water treatment plant flood which happened in FY16. The BOS allowed them to encumber that to take care of unforeseen costs not covered by insurance. This number will change if all the money is not needed. All of the projects listed were approved by the Board of Water Commissioners.

Bridges said that based on the fact that rates didn't change, it appears that there were not a lot of new hookups. She asked if Wiser was concerned the department will run into the same situation this year. Wiser said they have decreased the operating expenses by 10%; they decreased some line items and put off projects into FY18 to offset increases in indirect costs.

In looking at revenue, Roy pointed to a downward trend and is concerned that with the drought and water conservation, the negative will be in the double digits. Wiser said she has been and will continue to watch spending. Purchases that were absolutely needed to be done have already been purchased (i.e., hydrants). Wish list items are at the bottom and will be cut out of budget if necessary. Wiser stressed that she will watch spending.

Roy expressed concern that last years' maintenance account (line item 61-451-5400-000) was one total number, not broken down. Because of this, the FinCom can't compare to last year's numbers for services. It is almost 40% of the budget with no breakdown. Wiser explained that a separate report would have to be generated within Peachtree. She noted that included in her meeting materials is the Purchase Order log which will give an overview of some costs.

Wiser discussed her work with Carol Soucy to streamline the budget and use features in Peachtree that will provide real-time accounting for the department. They will begin the use of electronic requisitions which should result in better tracking for accounting and tie to inventory as well.

Roy asked about the status of outstanding projects, i.e., water tower, repair of water tank, pavement of property, etc. Wiser reviewed the Project Status Update that was included in the meeting packet. All of the capital projects approved at Town Meeting are being worked on and are underway.

Wiser discussed the unforeseen costs for paving 401 Central Street. When they got into the project it was determined that they had to treat the storm water. The Water Board has asked BOS for a warrant to transfer funds from stabilization to an article for this purpose. There is about \$673,000 in the stabilization fund. Roy asked if they could use that money to reduce the

rates. Wiser replied that the money is used only for capital projects; this is the purpose of the stabilization fund so the rates do not go up.

White summarized that the Water Department is looking for a warrant article for \$27,500 needed for storm water management compliance that was not foreseen. The paving cost came in as expected. It is not an oversight of the water department. Wiser said that whenever you make a repair or an improvement, you need to comply with the most recent regulations.

Wiser also discussed the \$225,000 transferred from stabilization to comply with the Mass. DEP Sanitary Survey Compliance. There are three deficiencies in Table B and two recommendations in Table C. Roy said that he has the same concerns as the BOS. He stated he did not read the letter but believed that as long as you reply to DEP, they will not make you do all projects at once. Wiser said that she has a due date of Friday to comply, not just reply. DEP was adamant that the Water Department comply because DEP feels what is in report is serious enough. Wiser explained the details of the work the DEP asked them to do, including redeveloping well no. 2. Wiser said she feels these due dates for compliance are unattainable. There is much preparation work to be done and coordination with other agencies, i.e., the Conservation Commission.

Wiser stated she felt, that with everything going on, the Water Department did well and has come a long way over the past two years. There were no violations. Wiser feels that these are housekeeping items for the DEP but if these issues are not addressed, they will move up to Table A. White commented that the DEP appears to not understand how town government works. He commended Wiser on the work she has done in responding to the DEP.

Censullo asked for an explanation of the 4-log credit calculation. Wiser replied that it is a mathematical calculation in relation to disinfecting practices and further explained this DEP recommendation. Wiser went on to explain the focus on Well #2. When the treatment plan was off, about 80% of the sources were offline. Well #2 does not have enough capacity to sustain fire flows and consumption use for extended period of time.

Bernie Cullen, Water Board Commissioner, asked Wiser when she expects to hear back from the DEP, as by the time they review and respond to her letter, the due dates may have passed.

White said there were some questions at BOS meeting in which they didn't want to approve warrant articles without target completion dates. Wiser's response to the DEP does have target completion dates, but the dates may not be acceptable to DEP. It is incumbent upon the town to start the work on the Article process to support this work because it only gets worse and more expensive.

Wiser said that is correct, if it doesn't go forward at Fall Town Meeting, her letter is mute. She will have to go back to DEP and let them know that if it goes to Special Town Meeting, projects will be pushed out a year.

Censullo asked Wiser if she knew anything about the vacant gas station near Well #2. She is not aware of any activity at this time.

Roy thanked Wiser and Cullen for attending and answering questions. Wiser replied they are happy to come to the FinCom at any time and is always available to answer questions. Roy asked them to keep an eye on the revenue.

Cullen said that previous commitments on billable usage can well change because of drought and conservation efforts. In addition, with high June and July bills, water usage is down with a change in behaviors. White noted the billing cycle change to be implemented soon.

5. Next Meeting: Tuesday, October 18, 2016

6. Adjourn – Emery moved to adjourn. Bridges seconded and the motion was approved unanimously at 8:40 pm.

Respectfully submitted,

Theresa Coffey
Finance Committee Secretary

Documents Attached:

- Agenda September 13, 2016
- Notices: Eiras Park Playground Installation; Email from Patricia Morelli re: Triton District Communications Comm. Meeting; Memo from D. Eagan re 2016 Fall STM Warrant
- Draft Minutes of July 12, 2016
- Documents related to the Water Department:
 - General Ledger July 2015 to June 2016
 - Income Statement 12 Months Ending June 30, 2016
 - Encumbrance Form
 - Actual & Budgeted Expenses & Encumbrance July thru August 2016
 - Sales Reports FY16 and FY17
 - Purchase Order Log
 - Estimate of Probable Construction Cost 401 Central Street Paving and Stormwater Improvements
 - Project Status Update – August 2016 by Tata & Howard, Inc.
 - Tata & Howard, Inc. to MaryBeth Wiser dated September 6, 2016 re Budgetary Estimates, Sanitary Survey Compliance Projects
 - MaryBeth Wiser to Mass. DEP dated September 12, 2016 re PWS #3254000 2016 Sanitary Survey Response with Compliance Plan Section B – Deficiencies
 - Appropriation Report July to August 2016