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## Town Council Finance Committee Meeting Minutes

Minutes of Meeting September 5, 2019: 6 PM to 7 PM

Committee Members Present: Steinberg, Schoen, Griesemer, Bahl-Milne, Pam, Theilman, Povinelli, Hegner (Theilman, Povinelli and Hegner are non-voting resident members)

Committee Members Absent: None

Staff Present: Guilford Mooring, Sonia Aldrich, Sean Mangano

Amherst Media Videos of the Finance meetings are available at:

<https://amherstmedia.org/content/amherst-finance-committee>

1. Chair Steinberg called the meeting to order at 6:00 PM.

Steinberg announced that a Public forum for the Hickory Ridge is planned for September 23; Steinberg stated that the Finance Committee could allow the public forum to take place before consideration, the Council will not vote on the item until October 7. He explained that this meant that today's meeting would focus on Centennial and the Purchase of a school bus. Plus review of the timeline for future Finance and related budget meetings.

2. Centennial Water Treatment plant borrowing

Guilford Mooring, Superintendent of Public Works presented information about the Plant. He spoke off slides that included details regarding the Town's water supply and previous engineering studies.

Mr. Mooring spoke about the history of the water management act authorizations, which allow the town to use up to 4.55 million gallons per day (mgd). He described existing water sources and limitations, including water drawn from less stressed and more highly stressed water shed areas. Without Centennial, the Town will lose 1.5 mgd. If we take Centennial offline, it will be harder to get it back as we would lose permitting for the site. Heavy use times Sept, Oct, and April. The presentation charts provided details for each well and the ground water source.

Expecting a revised water permit in the next year or so. Goal is to make sure that human use and animals and plant use do not put too much stress on the available water supply. Highly stressed water shed. Pelham reservoirs are not as stressed. Don't want to lose the least-stressed areas of the water shed. Sunderland is slightly less stressed. Stress level impacts the permitting process. The report and Town concluded that it is best to take more water from the less stressed basins.

The wells are permitted for 4.4 mgd, actual use is 1.69 mgd.

Alternatives:



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1. Automate well 4 and baby carriage. Automation makes it easier and more usable. Have decreased chemicals used to treat the water. Need to give them backup power, add control system.
  2. Upgrade Centennial. Has been in need upgrade for over 15 years. Have to pump water uphill to the facility. Small fixes are expensive and don't maximize the functionality of the plant. Project is to take the plant down, new plant and building. Upgrade gives 1.5 mgd. Mooring described the specific changes to filters and other upgrades needed for the plant.
  3. Replace well 5. Located in the higher stressed area with the other wells. Still must be permitted through DEP, which they may not approve. Could spend a lot to upgrade the well and then DEP may not approve taking more water from there.
  4. Develop well in Sunderland or other Northwest areas of Town. Potential properties may be for sale. These must also be permitted and then wells must be connected to the water system. The challenge would be whether or not the Town received a permit and the costs of connecting
- 5-8. Connect well 6, but cannot run wells 6 and 4 at the same time. Atkins WTP would require expansion of WTP and connection. Dredging Atkins reservoir is an option but there is a risk of puncture. Connecting to MWRA is extremely costly and subject to MWRA rules and regulations, and water would require treatment.

See alternatives summary in Chart Presentation.

The report and Town concluded that Centennial is the best option for securing future water supply. List of recommendations included in the slides along with estimates of replacement and repair costs. Initially thought would just need partial steps that could occur at different times periods as of 2017.

Recommended upgrade Centennial.

Steinberg asked if there was further explanation of the estimated cost of \$10-11 million construction costs because higher than initial. Mooring responded that estimate of \$11 million includes the study costs of up that would include permits. The estimate now includes a much more flushed out and total costs.

Committee discussed how the estimates were calculated and the anticipated impact on water rates. Griesemer asked whether have already accounted for the impact on future water rates. Mooring responded not yet – the total price could well come down once designed and ready to go out to bid.

Griesemer further asked if most of the costs include equipment. Mooring responded that the building is incidental – most of the costs is the equipment.

Schoen: Questioned the total costs and asked for more information about how the cost went from the 2017 report to \$11 million. Asked if there is another report that has the higher level. Asked if Finance has seen this report? Mooring responded “no” not yet seen the revised estimate – this includes adjustments on page 35 of the report and since then decided needed total replacement.



Schoen then asked about potential impact on water rates. Finance receive Preliminary estimate for water rates increase of 3.5% to finance the engineering study, how do we figure out how to calculate the new water rate? Can we “extrapolate”?

Mooring: No cannot simply multiply. The rate increase estimates include other changes, salaries and new contract. It also includes current capital which the Fund will be paying off.

Schoen: first rates increases would include cost of engineering study. Can we estimate how that would affect the rates over the next several years once we go ahead with the construction project?

Mooring: Yes, could do a guess. It would be about 4 years before this project hit the budget for actual construction. Yes, it would be possible to estimate the impact of debt financing for the full project.

Steinberg noted that the Amherst water supply study from 2017 is available on the Town website

Pam: question about the design costs, \$692,000. Trying to figure out why it is so high.

Mooring responded that it is not high, typically 10% of project cost is engineering. This is the not to exceed number, so won't be coming back for more \$. Covers everything they have to do.

Griesemer: compared to other building designs, this is higher than projects like the Fire Station & DPW because of equipment and internal process designs.

GM: Yes, correct. This is an industrial building, all industry. Requires technical design and permits.

Bahl-Milne: what changed after the 2017 report, as the report recommends not upgrading Centennial

GM: 2 things changed. Can't put everything we want in existing building, but it won't fit inside. Originally were going to keep the building size. Second change was that the current plant was hit by lightning and controls were shorted and burnt, discovered that more needed to be replaced. New pieces purchased would not communicate with old and thus needed to stop and redo the entire plant.

Steinberg referred to a chart with dates and Council meeting dates. Ultimate goal is to take a vote before the 10/7 Council meeting. Centennial will be subject to public forum discussion along with Hickory Ridge per charter requirement. The Finance committee goal is to take vote before the October 7 meeting. If we decide that we are going to have a 9/24 meeting, will have an opportunity to take up both of those items – Centennial and Hickory Ridge - after the public forum. Do you want to take action or prefer to have it postponed until 9/23?

Griesemer responded that she would prefer to hear from the public before we vote. This would mean that Finance not take a vote until 9/24.

Steinberg: regardless of regular schedule, is committee available for 9/24 at 2:30?

Schoen: She advised that the Finance Committee report be modified to referenced p 35 for project costs. Asked that full costs be displayed in the Public Forum presentation so people understand where the numbers are coming from and why we need the plant and where the costs are coming from.



Steinberg: The original report and Finance Committee report provide context for forum discussion at the council meeting. He recommended that the Report also be revised to include the decision to vote on September 24.

Pam: Can we also add to the report what happens if we don't do this

Mooring: Yes, the answer about the consequence of waiting is that since taking centennial offline in standby status Amherst will have 5 years until facility goes into a non-permitted category and must go through State permitting process again. Uncertain about how the permitting process will go. May not get permission to have a plant that operates the way we want it to.

Steinberg added that if we don't do something we take a risk of losing investment made over a long period of time in the Pelham system. He suggested that he would work with vice chair, Schoen, to revise the report so it captures current circumstances and that FC final decision is on hold until after the Public forum. He suggested that we have a motion to suspending recommendation made at 7/23 meeting until after the public forum.

MOTION Griesemer that we suspend the recommendation until after public forum, seconded by Schoen.

VOTED 5-0 – agreed to suspend previous decision to support funding for engineering work on Centennial Water Treatment Facility.

Schoen requested that the Public Forum add documentation about how we get to \$11 million project cost. Get input from Mooring to provide to the Council. She also requested that the presentation provide an estimate of the impact of the full project on future water rates.

Bahl-Milne asked if we wanted to get input from non-voting members. Steinberg responded that assumption is if there non-voting members have an opinion on a motion or want any additional discussion, urges non-voting members to comment that if they could vote.

Griesemer noted that the full council will have a presentation on the 23<sup>th</sup> and public forum.

### 3. School Bus

Sean Mangano representing the Schools: He referenced the memo he prepared along with the proposed order.

School bus breakdown last year, quote was \$30,000 to repair to old bus. After discussion, decided to request purchase of a new bus rather than repairing 10 year old bus. Down to one spare bus, takes 2-3 months to secure a new bus. Wouldn't pull any new funds from the Town. Schools have sufficient funds from capital expenditures authorized in previous years but not spent. Proposes to repurpose funds to buy a new bus.

Steinberg this is a proposal to use unspent capital funds to enable purchase of the bus. Council can reauthorize the funds for use for another purpose. The amount listed is sufficient to purchase a bus if



gas or diesel. Questions about electric or hybrid bus, currently electric busses cost more than \$350,000, which is more than the source identified.

Pam question about gas vs. diesel. Mangano, some advantages to gas.

Schoen are there hybrids? Mangano has done research with three dealers and found that there are not hybrid school busses available to the district at this time. Source thought these will be coming soon, Price of electric busses has risen due to steel tariffs.

Schoen if we repurpose funds for this amount, does that preclude us from shopping around. More generally, is there a total amount of funds on the books that could be re-purposed.

Mangano Ms. Aldrich looks at old appropriations to see what can be returned.

Schoen noted that it would likely be useful to have this available at future JCPC meetings if not a trivial amount. This is a topic for the future.

Steinberg this is repurposing previously appropriated funds, so this does not fall under the public forum category of the charter.

MOTION Griesemer seconded by Pam to recommend the repurpose and appropriation order for \$90,000.

VOTED 5-0 in favor.

#### 4. Other Business

Chair Steinberg repeated that Hickory Ridge will not be taken up tonight.

#### 5. Public comment – none

#### 6. Future Finance Committee Meetings

Proposal has been made to set a regular meeting schedule for the year: Meet Tuesdays the day following the Council meeting Monday to begin at 2:30. Group agreed to the change in starting time.

Griesemer suggested sending out a proposed schedule of Finance and Budget related meetings based on Council meeting dates.

Public question what will be presented to the Public regarding DPW and decision timing. Steinberg explained that there will be a presentation made on 9/9 at the Council, and then on 9/23 at the public forum, DPW Centennial and Hickory Ridge. No decisions by Fin Com until September 24 and then vote by the full Council on 10/7.

Meeting Adjourned at 7:07 for 5 minutes and will reconvene to meet with the JCPC.

Draft Minutes by Athena O’Keeffe 9.22.19. Edited and approved by Schoen 11/1/2019. Materials referenced during meeting: Centennial Plan Charts and School Bus Memo and proposal.