

Meeting Minutes: Rate Committee

September 17, 2025, 0700

12 Williams Street

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1. Rate Presentation and Public Communication

- A discussion took place regarding the public presentation of financial figures, with a recommendation to reflect a "zero" baseline for public meetings, even if internal calculations are based on inflation.
- It was emphasized that projected figures should be clearly tied to specific projects.
- The committee is working on CIP (Capital Improvement Plan) projects with managers, but the current list is not completed.
- The goal for public presentations is to simplify complex information to avoid overwhelming the audience, focusing on essential details (e.g., "A to F" rather than "A to Z") while maintaining thoroughness. Transparency is important, but a balance is needed to keep the audience engaged.
- A summary document for the upcoming October meeting will be provided.

2. Capital Improvement Projects (CIP) Update

- **Process:** The committee utilizes a rigorous internal process for ranking projects, metaphorically called "CIP death match," where projects compete, and the most vital ones are prioritized. A detailed spreadsheet, referred to as "Frankenstein's monster," is used to manage and rank projects across the water, sewer, and stormwater divisions.
- **Current Status & Challenges:**
 - Two rounds of CIP prioritization have been completed.
 - Initial cash projections for capital spending indicate approximately **\$1.5 million for storm water** (sufficient for four projects) and **\$2 million for wastewater**.
 - The **drinking water cash balance is projected to decrease** from \$4.6 million last year to \$2.6 million this year, raising concerns about the sustainability of current spending levels.
 - Many projects involve **costs shared among multiple divisions**. If one division faces a budget shortfall, projects requiring shared funding (such as a dump truck or a multi-year bathroom/locker room remodel) may be delayed or cancelled.
 - Only a portion of the projects needed can be addressed due to budget and capacity constraints.
 - Challenges include difficulties in finding reliable contractors, the high costs of pavement restoration for road-related projects, and limitations in engineering capacity for design and oversight.
 - Unexpected needs, such as truck replacements or broken equipment, frequently arise, underscoring the importance of maintaining adequate reserves and operational flexibility.
- **Future Planning:** A prioritized list of projects is expected to be ready by this Monday. Board members will receive a preliminary list before the October meeting to allow for review and potential adjustments.

3. Financials and Budget Considerations

- **Rate Increases:** The concept of a 3% rate increase was discussed, linked to CPI, but concerns were raised that this might not keep pace with the actual needs of projects. It was suggested that increasing rates from 3% to 10% would allow for greater investment in projects.
- **Debt & Grants:** The option of securing debt for emergency needs exists, with current debt being steadily paid down. Utilizing private funding sources like TD Bank for shorter-term borrowing (e.g., 10 years) can reduce total interest paid and simplify compliance requirements for contractors.
- **Grants for PFAS:** **Andy has been instrumental in securing nearly \$8 million in grant money for PFAS work**, which significantly offsets the overall remediation costs and demonstrates the invaluable nature of these funds.

- **Power Costs:** Annual solar credits, amounting to **\$30,000 to \$40,000**, help manage power expenses and highlight the commitment to alternative energy sources.

4. PFAS Remediation Update

- **Treatment System:** Approximately **\$880,000 is allocated for six metal tanks and associated internal equipment for PFAS removal**, with an estimated 26-week lead time for procurement. A Maine-based contractor has been selected for this work.

- **Well Projects:**

- **Riverside Drive:** One of the two wells will be rehabilitated; the other is considered a "lost cause" due to excessively high hardness levels, making comprehensive treatment economically unfeasible. The overall project, including filters and building improvements, is estimated to cost around \$1.5 million. The rehabilitated well is expected to produce approximately **1 million gallons per day**, enhancing water quality and system redundancy.

- **Triangle Well:** An existing well is becoming plugged, and a new test well will be drilled nearby next week, following necessary approvals.

- **Overall Goal:** The ultimate objective is to achieve **zero PFAS levels where possible**, acknowledging that while the physical removal of PFAS in their specific case is relatively straightforward, the logistical and regulatory process to implement solutions is complex.

- **Well Inspection & Cleaning:** PFAS funding will be utilized to **clean and inspect all wells** to ensure their optimal performance. An old well from 1955 (likely at Brookside/Triangle) requires replacement rather than just cleaning due to its age and condition.

- **Justification:** All PFAS-related expenditures, including efforts to find new well sources, are justified to funding agencies as integral parts of the broader remediation strategy.

5. Operational Challenges and Budget Impact

- **Health Insurance:** Identified as a major budget concern. An increase of 10-15% is anticipated for the municipal employees' health trust, currently, 15% is factored into the budget as a placeholder. Long-term forecasts suggest health insurance costs could eventually surpass employee wages.

- **Staffing & Housing:** Difficulties in retaining staff were noted due to competitive wage pressures and the high cost of housing.

- **Permitting Delays:** Federal permitting processes are experiencing significant delays due to reduced staffing at agencies like the EPA and Army Corps, leading to project backlogs.

6. Feedback on Recent Rate Increase

- The recent 3% rate increase, which took effect with the August billing cycle, has generated **minimal negative feedback** from the public.

7. Specific Project and Department Updates

- **Wastewater Plant:** A new line item has been added to the financial forecast to specifically allocate funds for "replacement and maintenance" at the wastewater plant. This aims to address depreciation and ensure adequate reinvestment in plant infrastructure.

- **Water Options:** An updated summary of "water options," detailing monthly charges and other pertinent factors, should be completed before the October meeting.

8. Board Member Observations

- The newest board member has a better understanding of the extensive work performed behind the scenes, beyond just attending meetings or observing rate adjustments, which highlights the organization's commitment to transparency.

9. General Notes

- The primary driver behind all budget decisions is the continuous balancing act between available cash, public tolerance for rate increases, and other financial pressures faced by citizens.

- The high cost of living, particularly housing, and its impact on workforce attraction and retention was a point of discussion.
- The potential Kmart development project, if realized, is viewed as a significant positive for the community, although other local development projects face hurdles with approvals and inspections.

Action Items:

- **By Monday (for Board Meeting):** Finalize the priority project list for presentation.
- **By October Meeting:**
 - Prepare comprehensive summary documents.
 - Update water option calculations and summary.
- **Ongoing:**
 - Refine 2026 project planning and budget adjustments.
 - Tweak the display of grant and forgiveness funds for reporting to Ken.
 - Drill a test well at Triangle next week.
 - Utilize PFAS money to inspect and clean all wells.
 - Continue to build 5% for salary/benefit projections and 15% as a placeholder for health insurance increases into the initial budget.