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3 **BENNINGTON SELECT BOARD**  
4 **BENNINGTON FIRE FACILITY**  
5 **130 RIVER STREET**  
6 **BENNINGTON, VERMONT 05201**

7 **JUNE 2, 2018**

8 **MINUTES**

9 **SELECT BOARD MEMBERS PRESENT:** Thomas Jacobs-Chair; Donald Campbell-Vice Chair; Jim Carroll;  
10 Carson Thurber; Chad Gordon and Jeanne Conner.

11 **SELECT BOARD MEMBERS ABSENT:** Jeannie Jenkins.

12 **ALSO PRESENT:** Stuart Hurd-Town Manager; Dan Monks-Zoning Administrator and Assistant Town  
13 Manager; Melissa Currier-Finance Director; RJ Joly; Larry Gates; 4 citizens and Nancy H. Lively-  
14 Secretary.

15 At 8:05am, Chair Thomas Jacobs called the meeting to order.

16 **1. WARRANTS**

17 *Jim Carroll moved and Carson Thurber seconded to accept the Warrants as submitted. The*  
18 *motion carried unanimously with Jeannie Jenkins absent.*

19 **2. FW 2019 WATER & SEWER BUDGET WORK SESSION**

20 *THE WATER FUND BUDGET -*

21 Mr. Hurd stated the following budget information:

- 22 • The Water Fund Budget proposed increase is 6.5% primarily due to increases in health care, a  
23 slight increase in depreciation, a payment to the Highway Fund as we now share the cost of  
24 the DPW facility, and operational cost increases.
- 25 • We propose to continue our efforts to increase pressure to the higher elevations in the former  
26 Village by extending an 8" water main down Harwood Drive and Putnam towards Weeks  
27 Street and installing the crossing at South and Prospect Streets before the new State paving  
28 job.
- 29 • We did not see a drop in usage and have gained approximately 150 new customers following  
30 the PFOA water system expansion.
- 31 • The proposed rate increase is 2%.

32 *DETAILS ON WATER FUND LINE ITEMS ANSWERED/EXPLAINED BY MS. CURRIER, MR. HURD, MR.*  
33 *GATES, AND MR. JOLY AS FOLLOWS:*

34 Ms. Currier:

- 35 • Depreciation is figured at 50% of the annual amount to depreciate the first year an asset is  
36 acquired and then at 100% in following years.
- 37 • When fluctuations in depreciation occur, they are offset by capital expenditures and/or  
38 transfers to reserve.
- 39 • The SVC project was fully depreciated in FY18 so the FY18 drop in the budgeted amount  
40 reflected that at \$617,000 - down from the actual depreciation amount of \$635,874 in FY17.
- 41 • The depreciation increase in FY19 to \$628,000 is based on anticipated capital projects  
42 including the Dewey Street project.
- 43 • The allocation for the Water Fund transfer to the Highway Fund of \$28,500 was figured from a  
44 portion of salary, expenses that have been moved into the new facility, and a "guesstimate" of  
45 admin. Fuel and electric at Burgess Road will be zero to help offset the \$28,500 amount.  
46 Also, the expense to the Water Fund is revenue to the Highway Fund to offset their additional  
47 expenses by taking in water and sewer in the new facility.
- 48 • There is no relationship between the contingency fund and the transfer to reserve.
- 49 • The budget amount of \$20,000 equals the FY18 budgeted amount of \$20,000 which is used to  
50 replace and/or repair meters within the system. Actual expense in FY17 was \$16,900 and  
51 some of this expense is offset with revenue when residents purchase the meters.
- 52 • The Transfer to Reserve is proposed at \$459,940 - an increase from the FY18 budgeted  
53 transfer of \$227,940. This is made up of capital purchases of \$349,000 during FY19 and  
54 \$110,940 into reserve for FY20.
- 55 • To lower or cut the reserve transfer to eliminate a 2% rate increase this year will only  
56 necessitate a 5% rate increase next year, and is "not forward thinking".
- 57 • After taking \$80,000 for the waterline extension project, we will have \$150,000 that is  
58 restricted for a water system project only.
- 59 • If we don't do a project, or the cost comes in at less than expected, that excess amount  
60 budgeted will go into the reserve. Conversely, if a project goes over budget, that excess will  
61 come out of the reserve.

62 Mr. Hurd:

- 63 • The real estate taxes on lands the Town owns in Pownal, Woodford, and Stamford are  
64 estimated at \$11,740 plus Operating Permit costs of \$32,000 equal the FY19 budget amount  
65 of \$45,260. These lands have been entered in the Land Use Program so we will see reductions  
66 in coming years. \$45,260 is a decrease from the FY17 actuals of \$54,167.
- 67 • Electricity is budgeted \$4,500 over the FY18 budget based on our usage so far this year. It is  
68 equal to what the actual FY17 amount was.
- 69 • The waterline extension for \$120,000 (Dewey, Harwood & Putnam Street Tie-In) must be at  
70 least started by December 2018, and it made sense to do the South Street Crossing for  
71 \$160,000 prior to the State's paving project instead of ripping up new highway.
- 72 • The only place to cut the FY19 water fund budget would be by cutting the \$110,940 transfer  
73 to reserve and not in operating costs. To cut the transfer to reserve to ~\$55,000 would  
74 eliminate the 2% increase in the rate.

75 Mr. Gates:

- 76 • The hydro generator is run as much as possible to keep electric costs down.

- 77 • We will be getting a GPS mapping unit of our entire infrastructure for \$3,000 and updated  
78 confined space entry equipment for \$3,000. The Sewer and Highway Funds are also  
79 contributing to these purchases. The maps are from the 60's and GPS is mandatory for any  
80 grants that we would get from the State. The confined space equipment is very old and the  
81 harnesses need to be replaced.
- 82 • We are adding 3 new hydrants for \$3,900 (1 is in stock) and a number of flushing hydrants  
83 for \$5,000. Operating supply costs continue to increase and there is an added amount in the  
84 budget for the work on Route 9 in FY18 and FY19. Hopefully the \$20,000 increase in the  
85 FY19 budget over the actuals of FY17 will not be as much of a jump when the actuals of FY18  
86 are known.
- 87 • The \$10,000 increase in Other Purchased Services is primarily due to the State paving  
88 project. Contracted costs have increased for traffic control, engineering assistance, and  
89 gravel crushing. Also included in an annual GPS fee that is split among the Water, Sewer, and  
90 Highway Funds.
- 91 • There is some very old equipment at the water treatment plant that may need to be  
92 replaced, potentially with funds from the reserve account.

93 *Board comments:*

94 Ms. Conner: Wants to keep things the way they were proposed with the 2% rate increase and  
95 \$110,940 going into reserve. This is "an insurance policy" and to decrease to \$55,000 wouldn't make  
96 that much difference to the users.

97 Mr. Thurber: Advocated throughout the discussion that his goal was to keep the Water Fund level  
98 funded. Every section of the budget went up from the FY18 budget and it is a small compromise to  
99 lower the amount budgeted to transfer into the reserve from \$110,940 to \$55,000 with a 0% rate  
100 increase.

101 Mr. Carroll: Agrees with Mr. Thurber that it is a small compromise to put less into reserve than is  
102 proposed. We are still putting some in and the residents will appreciate the effort.

103 Mr. Campbell: Feels that there are two issues - the cost of operation and evening out the tax rate  
104 over time to be self-insured. We should keep things the way they were proposed with the 2% rate  
105 increase and \$110,940 going into reserve.

106 Mr. Gordon: Feels that everything that has been asked for is needed and that we should also be  
107 responsible in setting some aside in reserve. He would like to lower the rate increase to 1% which  
108 would put \$82,500 in reserve.

109 Mr. Jacobs: The 2% rate increase on the flat rate equals \$10.64/year, and feels that we should at least  
110 keep the "cost of living increase" of 2% as proposed.

111 ***Donald Campbell moved and Jeanne Conner seconded to approve the FY19 Water Fund***  
112 ***Budget with a 2% rate increase as submitted. The motion carried unanimously with Jeannie Jenkins***  
113 ***absent.***

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115 ***THE SEWER FUND -***

116 Mr. Hurd stated the following budget information:

- 117 • The Sewer Fund Budget proposed increase is 6.3% with a 4% proposed rate increase. This is  
118 “as close to bare bones as we dare get”.
- 119 • We currently have a fund balance of \$4.7M and need to take \$50,000 from there to reduce  
120 the impact on the rates to the 4% increase.
- 121 • In FY20, we will see the first payment on a \$9.85M bond - ~\$600,000 with \$490,000 to  
122 principal plus 3% interest. We are using bond funds to purchase additional upgrades as  
123 allowed within the bond parameters.
- 124 • In the Water Fund, we currently have 8 years left on a \$7M bond for an upgrade to the  
125 treatment plant, and we are 2 years into a \$3.2M additional bond.
- 126 • Also in FY20, we should see reductions in overtime because of the GPS mapping and some  
127 operating efficiencies.
- 128 • The \$10,000 increase in Other Purchased Services is primarily due to the State paving  
129 project. Contracted costs have increased for traffic control to perform the 50 manhole  
130 repairs necessary ahead of the paving project. Also included is an annual GPS fee that is  
131 split among the Water, Sewer, and Highway Funds.
- 132 • Being more specific as to what is purchased, we have shifted any ‘small tool/equipment  
133 item’ that costs less than \$5,000 into the Small Tool/Equipment line item from what had  
134 been a miscellaneous contingency line item.

135 *DETAILS ON SEWER FUND LINE ITEMS ANSWERED/EXPLAINED BY MS. CURRIER, MR. HURD, MR.*  
136 *GATES, AND MR. JOLY AS FOLLOWS:*

137 Ms. Currier:

- 138 • The upgrade to the WWTF was completed in FY18, so 50% of the annual depreciation amount  
139 for the first year is \$195,000 with the FY19 depreciation being \$390,000. The RBC’s are  
140 depreciated over 20 years and the building is depreciated over 30 years.
- 141 • The RBC issues over the past couple of years have depleted our reserves.
- 142 • Same as the Water Fund, the allocation for the Sewer Fund transfer to the Highway Fund of  
143 \$21,500 was figured from a portion of salary, expenses that have been moved into the new  
144 facility, and a “guesstimate” of admin.
- 145 • The Transfer to Reserves is reduced to offset increases elsewhere in the budget. The entire  
146 amount of \$137,300 is on the Capital Asset Schedule for FY19.
- 147 • If we reduce the 4% rate increase, we are putting ourselves in a bad position next year when  
148 the bond payment begins. We have no reserve so any items on the Capital Asset Schedule for  
149 FY19 should be purchased because there is no way they will be able to be purchased within  
150 the next 2-3 years. The rate increase should be even higher than 4%.

151 Mr. Gates:

- 152 • Operating Supplies is down by \$11,000 due to the one-time purchase of 80 tons of sand for  
153 the sand filter. The FY18 Budget was up from the FY17 actuals because of the sand purchase  
154 (\$20,000) and needed chemicals to go along with it.
- 155 • Repair Supplies increased due to the cost for Clarifier sprockets and chains (\$20,000).

- 156 • Small Tools/Equipment is down from FY18 by \$5,000, and FY18 was double actual FY17 at  
157 \$34,000 because of the purchase of lab equipment and disinfection feed pumps.  
158 • There is \$12,870 budgeted because we will be connected to Town water. Some of this will be  
159 offset by the lack of well maintenance expenses.

160 *Board Comments:*

161 Mr. Thurber: Would like to see a way to keep the % of increase less than 4%, down to 2% or 3%. One  
162 easy talking point would be to not replace the 2009 truck for \$60,000. The argument was made that,  
163 for safety reasons, it is obsolete, and waiting another year to replace it when the bond payment  
164 begins, is not realistic.

165 Mr. Campbell: We shouldn't push off any necessary expenses to next year, and the sewer users need  
166 to know what they will be facing in years to come. Mr. Hurd stated that they will be getting the word  
167 out.

168 ***Carson Thurber moved and Jim Carroll seconded to approve the FY19 Sewer Fund Budget***  
169 ***with a 4% rate increase as submitted. The motion carried unanimously with Jeannie Jenkins absent.***

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171 ***At 10:55am, Chad Gordon moved and Jim Carroll seconded the adjournment of the meeting.***  
172 ***The motion carried unanimously with Jeannie Jenkins absent.***

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176 Respectfully submitted,

177 Nancy H. Lively

178 Secretary