

1 **BENNINGTON SELECT BOARD BUDGET MEETING**

2 **BENNINGTON FIRE FACILITY**

3 **130 RIVER STREET**

4 **BENNINGTON, VERMONT 05201**

5 **JUNE 17, 2019**

6 **MINUTES**

7 **SELECT BOARD MEMBERS PRESENT:** Donald Campbell-Chair; Jeannie Jenkins-Vice Chair; Jim Carroll;  
8 Chad Gordon; Bill Scully and Jeanne Conner.

9 **SELECT BOARD MEMBERS ABSENT:** Carson Thurber.

10 **ALSO PRESENT:** Stuart Hurd-Town Manager; Melissa Currier-Finance Director; R.J. Joly- Public Works  
11 Director; Larry Gates-Assistant Public Works Director; Michele Johnson-Human Resources and  
12 Contracts Administrator and Nancy H. Lively-Secretary.

13 At 5:32pm, Chair Donald Campbell called the meeting to order.

14 **1. F.Y. 2020 WATER & SEWER BUDGET WORK SESSION**

15 Mr. Campbell stated the following:

- 16 ➤ The Water Budget has increased by \$193,000 and the Sewer Budget has increased by \$253,000.  
17 ➤ ¾ of those increases are due to depreciation and transfers to reserve with the rest in electric  
18 and small increases to staff.  
19 ➤ The remainder is in small line item increases and decreases.

20 Mr. Hurd added:

- 21 ✓ "The lion's share in both budgets is either bond costs or depreciation."  
22 ✓ The transfers to reserve in the water fund are for improvements that are mandated by the  
23 State to get the pressure situation on Jefferson Heights resolved.  
24 ✓ We took some of the Fund Balance in waste water - \$115,132 - to reduce the sewer increase to  
25 10.5%.

26 Ms. Currier explained the following:

- 27 • "Depreciation is not a cash transaction but is, in a sense, a reserve, although it isn't a  
28 designated reserve."  
29 • Depreciation should have always been set aside to these funds, however, this wasn't done  
30 prior to 2014. Because of this, it "was OK" to use some of the Waste Water Fund Balance to  
31 offset a major upgrade.  
32 • Although there is depreciation from PFOA and the south end extension for \$450,000, those are  
33 not major upgrades that were planned.

- 34 • Transfers to reserves are generally from looking at depreciation and money left over from  
35 projects as a whole to set aside for future projects. These “usually remain flat” except in the  
36 case of the waste water project which was so large.  
37 • Transfers to reserves are to pay for capital projects and cannot be cut.

38 *Board questions and comments: (Mr. Scully recused himself from discussions on the Water Budget):*

- 39 ❖ Mr. Scully: Depreciation is figured on an accelerated rate, and Ms. Currier responded that it is  
40 straight line/half year convention - half year the first year and half year the last year with full  
41 year all of the other years, regardless of when the project was completed within the year. Mr.  
42 Hurd noted that some confusion may have occurred because the waste water project was split  
43 into two projects with the RBC portion just having been completed.
- 44 ❖ Mr. Scully: It is an advantage to depreciate most of the parts of the waste water project under  
45 one depreciation and only break out especially large cost items to depreciate separately, such  
46 as the RBC's.
- 47 ❖ Ms. Conner: Sewer Fund - The new line added to support the administrative effort of the DPW  
48 at \$21,500, and Mr. Hurd responded that this was done last year (it is not 'new') and is a split  
49 between water and sewer for the time that Mr. Joly and Mr. Gates spend in these areas. The  
50 water amount is \$28,500.
- 51 ❖ Mr. Campbell: Salaries have decreased, and Mr. Hurd noted that is because the superintendent  
52 position no longer exists.
- 53 ❖ Ms. Conner: The decrease in water usage due to the closing of SVC is offset by the increase of  
54 150 new customers due to PFOA, and Mr. Hurd agreed.
- 55 ❖ Ms. Jenkins: Is the increase in electric at Morgan Springs offset by the revenue generated, and  
56 Mr. Gates answered that we have used more this year with two pumps which has increased our  
57 rates. We're working with Efficiency Vermont and MSK and will go back to using one pump.  
58 We don't know what savings this will give us. Mr. Campbell added that we have been  
59 “disappointed” by utility costs in the last couple of budgets so we should go with the staff's  
60 recommendation of \$82,580 - an increase of \$38,000 over last year - and not consider reducing.
- 61 ❖ Ms. Conner: The Jefferson Heights project? Mr. Gates responded that we will be waiting until  
62 spring to do this because we get a better price before everyone gets busy. This is a State  
63 mandated project with an expected completion date of 2 years. The \$450,000 for the  
64 Putnam/Dewey project has already taken lower bids into consideration.
- 65 ❖ Education increase? Mr. Gates stated that the increase in water and sewer is due to sending  
66 staff to Albany for a Confined Space Rescue at \$850/person. We received a \$2,500 grant for  
67 the course and it will bring everyone up to speed on this training for several years. This is not a  
68 training that we can do in-house.
- 69 ❖ Mr. Scully: We are experiencing “the worst of both worlds” by implementing planning ahead  
70 and paying for the fact that we had not planned ahead previously. Ms. Currier agreed.
- 71 ❖ Mr. Scully: For the future, what is the difference in interest that we yield on the reserve and the  
72 interest on the cost of the bond, and Mr. Hurd answered that the bond is at 3% (2% for the  
73 bond, itself, and 1% to the State) with the interest rates at a bank being extremely small.

- 74 ❖ Mr. Campbell: Was there a reserve fund allocation for the FY18 Sliplining, and Ms. Currier  
75 responded no.
- 76 ❖ Mr. Campbell: The Electric Gate for \$13,000? Mr. Gates answered that this replaces the  
77 existing gate at Morgan Springs that has caused a workers comp injury.
- 78 ❖ Mr. Campbell: Where is the sale of Morgan Springs water on the budget, and Mr. Hurd  
79 responded in revenue under sales. This amounts to ~\$100,000 in this budget, or 3%.

80 *The recommended increase in Water rates is 7.5% or ~\$40.72/per year/per person.*

- 81 ○ Mr. Campbell: Explain the increase in the Sewer Transfer to Reserve. Mr. Gates stated that the  
82 increase is based on the ongoing upgrade of the WWTF for one ISCO pump at \$35,000 that will  
83 be installed in-house, two ISCO samplers at \$7,700 each, and the electric gate at \$13,000.
- 84 ○ Mr. Campbell: Is this the best we can do, and Mr. Hurd answered yes. We have capital projects  
85 we have to do and we can't do anything about depreciation. Last year we expected a 4 year  
86 declining increase beginning with 13% to 10%. We have calculated it out to a 10.5% increase  
87 for the next 4 years and expect to "level out" after that.
- 88 ○ Mr. Gordon: Requested that Mr. Hurd let the Board know how we compare with other  
89 communities in Vermont, and he will.

90 *The recommended increase in Sewer rates is 10.5% or \$41.69/per year/per person.*

91 Mr. Hurd will be putting together a memorandum for the Select Board meeting on June 24<sup>th</sup>  
92 with the talking points that have been raised at this meeting on how to communicate the increases to  
93 the public that would include the history of how we got here, the Select Board's in-depth review of the  
94 budgets, and the benefits the public will receive for years into the future.

95

---

96 ***Jeanne Conner moved and Jeannie Jenkins seconded to approve the FY20 Water Fund Budget as presented. The motion carried with Bill Scully abstaining.***

97

98 ***Bill Scully moved and Jeannie Jenkins seconded to approve the FY20 Sewer Fund Budget as presented. The motion carried unanimously.***

99

100 ***At 6:25pm, Jim Carroll moved and Jeanne Conner seconded the adjournment of the meeting.***

101 ***The motion carried unanimously.***

102

103

104

105 Respectfully submitted,

106 Nancy H. Lively

107 Secretary