

**Finance Committee Meeting
March 5, 2008
7:30 PM
Municipal Center – Selectmen's Conference Room**

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NORTON TOWN CLERK

Present: Chairman, Lee Tarantino; Vice-Chair, Michael Thomas; Pasquale Barletta; Thomas DeLuca; Jackie Desrochers; Wayne Graf; Paul Helmreich; Philip Zawasky; Town Manager, James Purcell.

Absent: Robert Bouchard.

Call to Order

Meeting was called to Order at 7:35.

I. Approval of Minutes

Motion was made by Mr. Helmreich to approve the March 3, 2008 Finance Committee minutes as written. Second by Mr. Zawasky. Vote: All in favor, with Ms. Desrochers abstaining. **Motion carries.**

II. New Business

A. Enterprise Fund for Sewer Department -

Mr. Donald Brown and Mr. Duane Knapp, both of the Water/Sewer Department, appeared before the FinCom to request the support of the FinCom in moving the Sewer Dept. into an Enterprise Fund for FY '09, as the Water Dept. is already successfully doing so. Mr. Brown stated that in the past year the Sewer Dept. came very close to covering their own costs. Also, the town has newly gained 90K gallons worth of flow from the town of Mansfield, valued at \$3.2M.

Mr. Brown said that the town currently has 1500 users and by the time the town enters the new Inter-municipal agreement with Mansfield and Foxboro, the goal is for the town to have 7500 users. Mr. Brown said that the \$35.00/gallon sewer connector fees would be the "seed" money for starting the Enterprise Acct. There is a new development of homes being built off of Newland St. (Turtle Crossing) that will provide much of this money.

He stated that one of their goals is to get the cost off taxpayers and onto sewer users.

Mr. Brown said that the Sewer Dept.'s plan is to (1) provide the seed money upfront, (2) use an existing and usable mapping plan for districting the town, and (3) provide these districts with fair rules and regulations, taking into account those residents who may have recently put in new septic systems.

Mr. Purcell stated that the sewer charges cover the sewer dept.'s operating budget, and that there is only about a \$60K difference between revenues and expenditures, not including employee benefits. Mr. Brown said that there are a couple of strong possibilities of bringing in significant revenue if the Enterprise Fund is passed (ex - Campanelli property).

Mr. Brown said that there are a couple of things that need to happen in order for the Sewer Dept. to become an Enterprise Fund: (1) the Warrant article for the Tri-Town Sewer Authority has to pass, and (2) The Sewer Department needs to gain new users (with user connection fees) to cover operational costs.

Motion was made by Mr. Helmreich to enter into Executive Session with the purpose of discussing negotiations that the Sewer Department is involved in relating to establishing an Enterprise Account, and then to reconvene back into open session. This was done under reason #6 for 'Convening Executive Session' which reads: "To consider the purchase, exchange, taking, lease, or value of real property if such discussion may have a detrimental effect on the negotiating position of the governmental body". Second by Mr. Zawasky. Role call vote: All in favor. **Motion carries.**

8:00 - The Finance Committee entered Executive Session.

8:20 - The Finance Committee returned to Open Meeting.

Mr. Brown said that, if needed, the Sewer Dept. could cover the \$60K needed for FY'09 with their present 1500 customers, with a minimal increase in fees.

He said that a resident's quarterly sewer bill is equal to 95% of their water reading.

Mr. Knapp said that residents would be made to hook in to the sewer system if the house is sold or the Title V fails. He also stated that Norton has in excess of 50% Title V failure.

Mr. Brown went on to explain the proposed Tri-County Agreement: the 3 towns – Norton, Mansfield, and Foxboro – would own & operate the plant, the interceptor in their town, and the recharge fields. There would be board members from each town who would be appointed by the Selectmen and Water/Sewer Dept. officials. Norton would have 2 Board members, Mansfield would have 3, and Foxboro would have 2. Votes would need to pass by a 2/3 majority. Each town would pay a Capacity cost (based on the town's allocation), as well as a Treatment cost (actual use).

It was mentioned that the Water Fund is a modified Enterprise Acct. and will eventually convert to a full Enterprise Acct.

Mr. Tarantino stated that he feels that this Sewer Article need to be very concrete, with all questions answered, before the FinCom should vote on whether or not to support it for the Town Meeting in May.

B. Land Swap Article on Town Warrant –

Mr. Knapp provided the FinCom with a map detailing the present location of the 2 pieces of land being requested for swapping. One piece of land has the old water tank on it, and the other has the new water tank on it. Mr. Knapp said that the old tower will come down once the cell and communication devices have been removed. He said the Water Dept. would be responsible for taking the tower down even though the swap will already have taken place.

C. Mr. Purcell discussed the effect of taking Sewer off of the town's budget.

He reviewed how ProRata calculations for the Water Dept. are formulated (included handout).

Mr. Purcell pointed out how the Water Dept.'s borrowing of \$5M has benefited the town's budget because the entire \$5M was not immediately used and therefore it was invested, earning the town over \$150K. He went on to explain the term "arbitrage" as borrowing money at a lower rate than one invests it at, yielding a profit.

Mr. Purcell said that he wants the budgeted money for the water dept.'s gas to be put right into their budget, so they pay on a direct pay basis.

Mr. Tarantino pointed out that a town cannot put money into an Enterprise fund, so the Sewer dept. will have to raise rates if their budget is short.

D. Mr. Purcell reviewed the town's year to date performance, with a **Recap of Local Receipts** (handout).

Excluding motor vehicle excise tax, the town is 4% ahead of what should have been collected to date. There is still \$1,650,000 to collect for motor vehicle excise tax for FY '07 and FY '08. Mr. Purcell pointed out that the Investment Income has been greatly affected by the substantial interest rate cuts.

Mr. Purcell said that the areas in which the budget could see some upcoming changes are: Sewer, Investment Income, and Medicaid Expenses.

Mr. Purcell said that the town will borrow \$8M for Water projects on July 21st (FY '09).

Next Meeting

The next meeting is scheduled for Monday, March 10, 2008 at 7:30pm.

Mr. Helmreich and Mr. DeLuca will give an update to the committee on what is happening with the AdHoc Committee.

Mr. Thomas and Mr. DeLuca will attend the March 13, 2008 Selectmen's Meeting, which will involve an Executive Session discussing the deployment of Public Safety personnel.

Adjournment

Motion was made by Mr. Zawasky to adjourn at 9:45 pm. Second by Mr. DeLuca. Vote: Unanimous. **Motion carries.**

Respectfully Submitted by:


Sara Lyons, Finance Committee Secretary