

## **Brandon Sewer Commissioners Meeting June 28, 2021**

**NOTE: These are unapproved minutes, subject to amendment and/or approval at the subsequent board meeting.**

**Board Members In Attendance:** Seth Hopkins, Tim Guiles, Brian Coolidge, Michael Markowski, Tracy Wyman

**Others In Attendance:** Dave Atherton, Bill Moore, Stephen Cijka, Jackie Savela

**Others in Attendance via Zoom:**

### **1. Call to order**

The meeting was called to order by Seth Hopkins - Chair at 8:04PM.

#### *a) Agenda Adoption*

**Motion** by Brian Coolidge/Tracy Wyman to adopt the agenda. **The motion passed unanimously.**

### **2. Approval of Minutes**

#### *a) Sewer Commissioners Meeting – June 14, 2021*

**Motion** by Tracy Wyman/Michael Markowski to approve the minutes of the June 14<sup>th</sup> Sewer Commissioners' Meeting. **The motion passed unanimously.**

### **3. Consider Approval of 2021/2022 Budget**

Jackie Savela stated there is not a lot that changed. Dave Atherton advised that Sue Gage, Jackie Savela and he met to review the budget and the major change being budgeted items like engineering contracts will be more like capital budget items. Seth Hopkins confirmed the change to the highlighted lines is they are made to be spent in full and designated for a purpose in the budget line. Mr. Atherton stated they have been budgeted every year, but some years not used and is pointless to track those lines. Mr. Hopkins stated there would be more like a sinking fund. Mr. Atherton advised they are going to be using USGA funding as part of the plant operation that will likely require some other type of reporting. He has talked to the bond bank and we need to have enough to maintain for the bond for the wastewater upgrades. Mr. Atherton stated we need to be budgeting for a 60 year old plant that did not get the proper maintenance. Mr. Hopkins asked what was proposed for the bond and whether it will take care of the deferred maintenance. Mr. Atherton is concerned there are some things missing like the Newton Road pump station and the pumps in the plant itself. Tim Guiles stated when discussing the funding, the Town was going to bond and be paid through the users. Mr. Atherton stated it will be \$340,000 a year that we need to start paying back and is a 10% increase in the users' rates. He noted the sewer users are going to be surprised when their bills go up as much as they do in five years. There is the

Newton Road pump station that requires funding and Mr. Atherton wants to meet with the design engineers to discuss. Mr. Guiles questioned some of the figures from a budget making process as part of developing a budget is predicting as close as possible. Mr. Guiles provided examples such as the overtime that is budgeted at \$5,000 and the department spends about one-half. Mr. Guiles asked why the figure is not put in at \$2600.00. Mr. Atherton stated there are high flows that can't be predicted that will require overtime. Michael Markowski stated this year may be closer to the higher amount especially with a serious upgrade to the sewer plant as there will be maintenance to do during shut-downs. Mr. Guiles stated a lot of these lines are relatively small but creates a budget that is not as tight. Mr. Guiles also questioned the propane line and Mr. Atherton advised that the propane has already increased from \$1.16 to \$1.50. Mr. Guiles also questioned the electric usage. Mr. Atherton reported this line item has been going down because the solar credits have been reallocated to the wastewater department and the program has been doing well. The cost used to be much higher but the solar project reallocation has reduced it significantly, but it is not guaranteed. Mr. Atherton stated this budget is more difficult than some of the other budgets to estimate. Mr. Guiles thinks the theory of a budget is to use past performance to predict future performance. He noted some lines are off by twice as much and cumulatively it creates a \$100,000 difference in the items he is talking about. Steve Cijka stated it is flow variable, and if it does not rain or if there are no sump pump issues or joint breaks, we could come to a closer estimate of the budget. All the things discussed are flow variable and if we could control the water coming in we could control the costs more. The cost to fix the sewer lines is as much as \$1 million a mile. Mr. Cijka stated this town is not the only one in this situation as there are other towns experiencing issues with their wastewater systems due to age or issues with items such as trees. Mr. Cijka advised he has been here for 33 years and they used to do things to the penny and were always in a deficit when things went wrong. As the system ages, there are more things that are going wrong. If the Town made a capital budget, it would be shocking how much money would be needed, as it would likely cost \$40 million to fix everything. There are a lot of problems with the system and there have been a lot of things done the best they could be done but it will need to be corrected at some point in time. We have to look at what is at its worst and patch it up to keep going. The system is very expensive to maintain. Dave Atherton noted he understands where Mr. Cijka is coming from as the Town has a problem with an aging structure and wastewater plant. He noted the items discussed are small compared to the bond issue. Mr. Guiles would rather put money aside as a contingency rather than put money in line items that do not make sense, as they seem to be irrational budget items. Mr. Atherton stated if a capital line was included, it should be \$2 million dollars, but the users can't afford that. Tracy Wyman thought a good job has been done on the budget and requested to move the question.

**Motion** by Tracy Wyman/Brian Coolidge to accept the Wastewater budget as proposed. **The motion passed with one no vote – Tim Guiles.**

#### **4. Consider Change in Rate Structure**

Seth Hopkins stated the Board received an overview of the rate structure that was provided from a meeting between Jackie Savelle, Dave Atherton, Sue Gage, Steve Cijka and Ashley of the bond bank. He noted there is a request to increase the base charge to cover fixed expenses like bond payments that don't depend on usage. Mr. Hopkins confirmed the request is to leave the usage cost the same but increase the base charge. The usage will provide the sustainability but the base charge will correctly allocate what expenses go out of the Sewer Enterprise Fund. Mr. Hopkins

stated it will be \$68.00/quarter for the base charge that is up from the current \$34.00/quarter. The per gallon will stay the same and this would be a \$176/year increase per user if their usage does not change. Tim Guiles asked if this is before the bond for the project and noted that it seems that we are instantly gaining a lot more revenue and asked if the \$68.00/quarter will be enough to cover. Mr. Atherton stated this will be a start and advised that he is meeting with engineers tomorrow. Mr. Hopkins stated we are coming closer to the bond bank requirement but nowhere near meeting it. Mr. Guiles noted changing the base rate is for everyone. Mr. Hopkins stated the bond bank has indicated that because we have fixed expenses, we have to have a fixed revenue. There was less usage during COVID. Mr. Hopkins confirmed that Neshobe School is on the Town's wastewater but the high school has their own system. Jackie Savela reported the top five water users are apartment complexes. Mr. Hopkins stated the apartment dwellers are paying a rent that includes their sewer in a not-metered type of way. Jackie Savela advised the apartment owners pay a user fee per apartment, and then a per gallon for the entire structure. Mr. Hopkins thought apartment residents are likely paying a flat fee because their usage can't be metered. Mr. Guiles stated an increase in the sewer base fee could be passed on from the apartment building owners to the residents in the apartments. Mr. Atherton stated we are going to spend the money and someone has to pay it back. He wants to assure the Town is spending the money on what it should be as it is going to cost the users extra. Mr. Guiles would lean towards putting it in the base rate and Mr. Atherton stated it will depend on what the bond bank wants us to do because they are the ones that will be giving us the money. Mr. Hopkins asked if they have agreed to the 60/40 and requested the Town Manager talk to the bond bank about this. Mr. Atherton advised he will be meeting with Aldrich and Elliott to discuss the project. Jackie Savela noted the budget revenue is predicted on the change being made. Mr. Guiles suggested the Board needs to have a larger conversation about long-term planning. Mr. Atherton stated he has been wanting to have this conversation for a long time, but there is no easy way to do this as there are a lot of unknowns. Mr. Atherton noted he has been sending everything to the Board that he has received from Aldrich and Elliott and there should be more conversations as this is a big deal.

Mr. Guiles asked for additional clarification of the wastewater budget. Seth Hopkins stated this has been a longstanding position that the town treasurer has taken that this budget has to be reflected in this way with the principal payments and depreciation included as it is how government accounting is done. Mr. Hopkins stated if the lines for principal payments and depreciation could be stricken out of the budget, it would then come to balance. Mr. Guiles stated in talking about things to invest in, we should ramp up the expenses that we see coming. It was the consensus that the Board will revisit this item after the Town Manager has more discussion with Mr. Cijka, Aldrich and Elliott and the bond bank.

## **5. Adjournment**

**Motion** by Brian Coolidge/Tracy Wyman to adjourn the Sewer Commissioner's meeting at 8:43PM. **The motion passed unanimously.**

Respectfully submitted,

Charlene Bryant  
Recording Secretary