

TOWN OF GROTON FINANCE COMMITTEE

Minutes of Meeting Held September 18, 2012

Legion Hall, 75 Hollis St., Groton, MA 7:00 p.m.

Present: P. DiFranco, G. Green, J. Crowley, R. Hargraves, M. Flynn, S. Webber, J. Prager (Chair), P. DuFresne (Town Accountant, Recording), V. Jenkins (Finance Director)

Absent: None

Guests: Mark Haddad (Town Manager), Tom Orcutt & Carol Quinn (Lost Lake Sewer Committee), and Bob Rafferty (Engineer – Woodard & Curran)

Documents available at the meeting: Minutes of Meetings held September 6, 2012
Comprehensive Wastewater Mgmt Plan – Lost Lake
Fall Town Meeting Warrant as drafted 9/13/2012
Debt Service Budget Analysis

The meeting was called to order by Mr. Prager at 7:00 p.m.

Review of Lost Lake Sewer Project- Mr. Haddad summarized the three articles currently on the warrant for the upcoming Town Meeting. Article 5 sets the area of the new sewer system, Article 6 requests an appropriation of 12.9 million dollars for design and construction costs, and Article 7 authorizes the Town to negotiate an inter-municipal agreement with the Town of Ayer for wastewater treatment. Ms. Quinn explained the goals of the project: to provide a cost effective wastewater management system for Lost Lake residents, and to promote a sustainable solution for clean drinking water. While town water is available to some residents in the area, most have private wells. Discussions about extending water infrastructure to all of the Lost Lake area have been abandoned for both economic reasons and an inability to meet capacity needs for an additional 345 homes. Sewering this neighborhood will help to reduce nutrient loading in the lake, as well as supporting economic development at the Four Corners (Shaw's/Dunkin Donuts intersection). Ms. Quinn stated that while data on contamination occurring in wells is not gathered routinely, there is evidence to indicate that some private wells have been affected. Additionally, part of Lost Lake is within the Zone 2 protection area of the Whitney Well.

Mr. Rafferty provided information on the degradation of the lake water due to excessive weed growth from increased phosphorous levels. Approximately 25% of the phosphorous occurring in the lake is from ground water (from failing septic systems), and the other 75% is a result of runoff from Martins Pond Brook and other sources. He stressed that sewerage the Lake area will not by itself correct the water quality issues at the Lake. A complete solution would address storm-water runoff and control of chemical fertilizers (and other phosphates) in the zone of influence. Mr. DiFranco wondered whether the Lake wasn't merely responding to a natural progression in its life cycle. Mr. Rafferty agreed that this is not an unexpected development, however, as a "managed" lake it should have been addressed a long time ago. Recreational use of the lake has effectively been ended. Mr. Haddad mentioned that a sonar

treatment for weed control in the lake is being considered. Mr. Rafferty mentioned that dredging of the lake is another option, although very costly (especially if the sediments to be disposed of contain gasoline additives or lead). The group briefly discussed the manner in which nitrogen studies have been done on the lake. The presence of nitrogen in drinking water wells is a hazard (especially for young children) that must be addressed if found in amounts greater than 10 milligrams per liter. It is not currently known how many private wells may have a problem with nitrogen levels. Mr. Orcutt said that the solution to this problem would be to dig a new bedrock well or install a reverse osmosis treatment system. If Whitney Well were ever found to have a nitrogen problem, it can be assumed that most of the private wells at the Lake are also affected. Mr. Prager wondered what the actual threat was to the Whitney Well. Mr. Rafferty replied that while Whitney Well is so far unaffected, the levels in the lake appear to be going up although it is difficult to arrive at a firm number to support this. Mr. Webber summarized the problem saying that although there is no guarantee that sewerage of the Lake would ultimately save the resource, there seems to be sufficient evidence that a threat exists. Mr. Rafferty agreed saying that the Town must decide the level of risk that it is willing to accept, however, the lake will die if nothing is done. The Finance Committee discussed the phosphorous level charts included with the project packet from Woodard & Curran. They agreed that this information should be more clearly presented for Town Meeting. Mr. Rafferty explained that the most valid readings were taken in the 1980's, and since no mitigating steps have been taken since then, it seems reasonable to assume that the levels have not dropped. The Town qualifies for 0% funding because of the nutrient problem in the lake, although the application is currently wait-listed. The project is currently approved for an SRF loan for 20 years at 2%. The serious nature of the weed problem on the lake contributed to the relatively quick resolution of the Inter-Basin Transfer dilemma; the Commonwealth has agreed to a mitigation plan involving dam controls.

Mr. Rafferty presented the current financing plan which involves basing betterment charges on EDU's per parcel. An EDU (equivalent dwelling unit) is an aid to apportioning costs and is defined as one single family residential household of up to three bedrooms. There are 384 total EDU's spread over 359 parcels. The Four Corners area is allowed by the State to be part of the project because of the economic development benefit. This will help reduce the cost burden to the Lost Lake residents as Four Corners will assume approximately 214 of the total EDU's. Without a Town contribution, betterment costs to the residents are estimated to be between \$968 and \$1,182 per year. With a taxpayer contribution of 25% (voted by the Board of Selectmen at their last meeting), the betterments drop to between \$726 and \$887 per year. (See cost analysis spreadsheet attached). Mr. Haddad explained that there are one-time costs of approximately \$766,417 within the current year's tax levy which could be set aside for a future contribution to this project without triggering a tax rate increase (see attached Debt Service Budget Analysis). Mr. Prager noted that this only holds true provided the school district controls its budget.

The group discussed the current estimate of betterment costs and other associated fees. Construction costs will vary depending on property characteristics. Rates will vary based on flow to be measured through metering of private wells. The rates are estimated to be between \$300 and \$500 per year and should be significantly less than the rates currently charged in the center sewer district. All residents will be required to purchase a grinder pump. Mr. Haddad explained that the treatment plant in Ayer has available capacity of 800,000 gpd; however, our flows will be capped at 125,000 gpd in order to meet state IBT requirements. The Lost Lake residents were generally not in favor of the project based on the survey which outlined a financing structure that did not include any taxpayer contribution. There has been no subsequent survey done since the Board of Selectmen voted to support a 25% taxpayer contribution. Mr. Prager argued that there is no particular reason to offer assistance to the Lost Lake

residents if there is no clear town-wide benefit to the project. Other town residents who have failing septic systems understand and accept that homeownership involves making these kinds of repairs to your property. Mr. Green disagreed, saying that as a community resident he feels that it is his responsibility to offer assistance to others in the community, especially when an argument can be made that there is a town resource that is at risk (specifically the Sargisson Beach). Mr. Haddad said that the Town is still exploring alternative funding sources such as the USDA and the Community Development Block Grant. Mr. Prager asked how firm the 12.9 million cost estimate was, and Mr. Haddad felt that this was a conservative estimate. Mr. Rafferty, Ms. Quinn and Mr. Orcutt left at this time (8:35 pm).

Review of Town Meeting Articles – The Finance Committee discussed and took positions on the Town Meeting Warrant Articles as follows:

Article 1 – Payment of Prior Year Bills: On a motion made by Mr. Webber, seconded by Mr. DiFranco, **the Finance Committee voted in support of Article 1. The Vote: 7-0-0**

Article 2 – Amendments to FY2013 Budget – TO BE WITHDRAWN – NO VOTE

Article 3 – Deposit of \$250,000 from Free Cash to Capital Stabilization – Mr. Haddad briefly reviewed the capital plan for FY2014. Mr. Prager asked whether this transfer was in keeping with the written financial policies. Mr. Haddad replied that it was. On a motion made by Mr. Webber, seconded by Mr. Hargraves, **the Finance Committee voted in support of Article 3. The Vote: 7-0-0**

Article 4 – Deposit of \$500,000 from Free Cash to Stabilization – On a motion made by Mr. Webber, seconded by Mr. Hargraves, **the Finance Committee voted in support of Article 4. The Vote: 7-0-0**

Article 5 – To Create Lost Lake Sewer District – As it has no financial component, the Finance Committee took no position on this article.

Article 6 – To Authorize \$12.9 million for Design & Construction of Lost Lake Sewer Project – Mr. Webber moved that the Finance Committee vote to support Article 6, and Mr. Green seconded the motion. The Finance Committee discussed the current funding plan whereby the Town would contribute no more than 25% (or approximately \$196,000) from taxation with the remainder to be paid by betterments. Mr. Prager believes that those not living within the proposed new district should not have to contribute. Mr. DiFranco added that people who own homes should expect to have to make their own repairs for septic and other major systems. Mr. Green argued that there is a town wide benefit when consideration is given to the environmental impact of not correcting the septic failures in that area of Town. Mr. Prager countered that any septic system failure has an environmental impact and all such systems need to be replaced or repaired periodically. Most homeowners in this situation have no recourse but to pay for this out of their own pockets. Mr. Webber argued in favor of citizens of the community reaching out to help others in the same community. He said he would support the 25% Town contribution to the project. Mr. Prager wondered where the help is for all the other community members who have to replace their own systems without Town funding. Mr. DiFranco would like additional information regarding what portion of the proposed project costs would be spent addressing the storm water run-off and land control issues. Mr. Webber mentioned that the creation of this sewer district would have the added effect of increasing the value of the properties impacted and would make currently non-buildable lots buildable. Mr. Green felt that the economic benefit to the Four Corners area and the possibility of protecting the lake make the project viable. There is a definite benefit beyond providing a wastewater solution for the residents of Lost Lake. It would be less expensive for

the owners at Four Corners to pay the proposed betterments than it would be to construct a new septic system there. Mr. Prager noted that there are empty units at Four Corners now that could be filled with businesses that do not need a great deal of sewer capacity, especially now when interest rates are so low. He wondered what the actual cost to the Town would be if nothing were done and the Whitney Well became contaminated over time. The fact that the lake has a weed problem is not as compelling an argument in support of the project as is the potential contamination of the Whitney Well. Mr. DiFranco said that if the value to the Town lay in the economic growth expected at Four Corners, then the Town share should be 25% of the 32% that was to be charged to those properties. Mr. Webber reminded the group that the increased assessed value for all the affected properties would in turn benefit all the tax payers in Town. Mr. Prager agreed, but said that an easier way for the taxpayers to get a benefit would be to allow the Lost Lake residents to pay 100% of their own project. Mr. Haddad added that most property appraisers don't agree that a property is worth more with town sewer than with private septic service. *Mr. Green moved the question, and Mr. Webber seconded. The vote carried unanimously (7-0-0).* **The Finance Committee voted against the original motion to support Article 6. The Vote: 3-4-0**

Article 7 – Authorization for IMA with Town of Ayer – As it has no financial component, the Finance Committee took no position on this article.

Article 8 – CPC Funding Accounts – Ms. Jenkins informed the group that it is possible that additional state matching funds may be available this year, in which case the total of these accounts may increase. The actual figures are not known at this time, but the increase may be as much as \$40,000. On a motion made by Mr. Hargraves, seconded by Mr. Webber, **the Finance Committee voted to support Article 8. The Vote: 7-0-0**

Article 9 – CPC Grant Recommendation for Conservation Fund – The Finance Committee discussed the request of the Conservation Commission for \$25,000 to augment their land purchase fund. They are planning a purchase of land on Chicopee ROW for \$716,000 which could be partially offset by a state grant. The Committee members expressed concern that the fund would be totally depleted should the purchase take place without a subsequent grant award. Mr. Hargraves and Mr. Prager felt that the purchase of the land should be contingent on the grant money being received. Mr. Green mentioned that the Conservation Commission has been criticized in the past for requesting funding from CPC with no specific land purchase in mind. Now that they are negotiating for a particular parcel, it seems only right that the Finance Committee should be supportive. The Finance Committee deferred taking a position on this article until Town Meeting.

Articles 10 through 15 – As these contain no financial component; the Finance Committee took no position on these articles.

Article 16 – Establish Affordable Housing Revolving Fund – On a motion by Mr. Crowley, seconded by Mr. Hargraves, **the Finance Committee voted to support Article 16. The Vote: 7-0-0**

Article 17 – Repair Squannacook Hall Septic System – Mr. Haddad explained that the Town needs a solution for Squannacook Hall which has been sitting empty for some time. There is currently some interest in the property and transferring ownership would be easier if it was Title V compliant. A brief discussion ensued regarding whether the property could in fact change hands without a valid Title V certificate. Mr. Haddad offered to research this question further. On a motion by Mr. Green, seconded by Mr. Webber, **the Finance Committee voted against supporting Article 17. The Vote: 0-7-0**

Article 18 – Conservation Commission Acquisition of Land on Chicopee ROW – The Finance Committee deferred taking a position on this article until Town Meeting.

Article 19 – Funding for Design of Replacement of Fitch’s Bridge – The Finance Committee felt it might be worthwhile to explore alternative financing options for this project, including fund-raising efforts. On a motion by Mr. Webber, seconded by Mr. Hargraves, **the Finance Committee voted against supporting Article 18. The Vote: 0-7-0**

Articles 20 through 25 - As these contain no financial component; the Finance Committee took no position on these articles.

Article 25 – Offset the Tax Rate – Mr. Haddad advised the Finance Committee against using Free Cash to offset the tax rate this year, especially as the district school assessment is not yet known. The Finance Committee deferred taking a position on this article until Town Meeting.

Approval of Meeting Minutes -On a motion by Mr. Webber, seconded by Mr. Crowley, the Finance Committee voted unanimously to approve the minutes of their meeting of September 6, 2012 as drafted. **The Vote: 7-0-0**

Mr. Prager adjourned the meeting of the Finance Committee at 9:52 pm.

Respectfully submitted,

Patricia Dufresne, Recording Secretary