

**NEW SHOREHAM SEWER COMMISSION  
ANNUAL FINANCIAL MEETING-MINUTES**

**Monday • June 20, 2016 • 4:15 p.m.**

**Town Hall, Old Town Road, Block Island**

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**PRESENT** were **SEWER Commission members: Peter McNerney (Chair), Steve Draper (Vice Chair), Brad Marthens, Martha Ball, Tom Doyle and Kathy Szabo (Alternate).**

**ABSENT** were: **Terri Chmiel (Alternate)**

**ALSO PRESENT** were: **Sewer Superintendent Chris Blane, Water Superintendent John Breunig, Town Manager Nancy Dodge, Finance Director Amy Land, Deputy Finance Director Mona Helterline, Legal Counsel David Petrarca, Administrative Assistant Kara Stinnett, Karen Leroy (Canvasser) and Lars Trodson (BI Times)**

**Notice of the Sewer District's Annual Financial Meeting and Eligibility of Voters was posted April 27th and in weekly issues of the Block Island Times Newspaper on April 29, May 6 and May 13. The proposed budget was reviewed on May 9 and May 16, and a Public Hearing was held on May 23 and the proposed budget was posted May 25. Copies of the proposed budget were available at the Town Hall, Island Free Library, Police Station, New Shoreham Wastewater Treatment Facility and Town of New Shoreham's website**

**(www.new-shoreham.com).**

**Twenty-three (23) electors of the New Shoreham Sewer District registered at the meeting to vote.**

**Sewer Chair P. McNerney called the New Shoreham Sewer District's Annual Financial Meeting to order at 4:18 p.m.**

**The proposed budget included the costs of maintaining, repairing and operating the sewer collection system and the sewer treatment plant. This included reasonable reserves for such purposes, renewals and replacements as well as the principal and interest on all sewer bonds and notes of the Town when due.**

**A. Land reviewed the proposed sewer budget for FY 2016, highlighted as follows:**

- On the revenue side the sewer has a proposed increase of 1.5% with no increase in the fixed customer charge. Again the customer charge is equal to your debt service. The overall total is proposed at \$1,628,113 which is posed to increase 3.2%. The septic disposal fees will be decreasing due to a decrease in volume of the septic transport. The third line is the water contract line, which again is the same line we saw on the water side for reimbursement of wages, benefits and taxes.**

- On the expenditure side for sewer there is a little bit of tweaking up and down on some of the operating lines. There aren't any significant changes or programs to the sewer operating budget; there were some changes in wages and changes in staffing. Across the board we are looking at a 2.5% increase in wages on the benefits side the employees are also seeing an increase in the health insurance premium share to 8%.

As far as major expenditure lines including; system maintenance, capital equipment and the contingency lines, this is how the sewer best meets its needs. Sometimes those needs are unanticipated so it is good to have those pockets of money to allow the Plant to respond to emergencies and throughout the year as there are not emergencies, then they can start to take off the list of planned capital projects that the Superintendent has proposed to the Commission.

When the budget was put together a new line was introduced where the revenue exceeds the expenditures by \$43,354 and that is the Contribution to reserve line that you see. While the Sewer had done a great job to close the gap between operating revenues and operating expenditures there is still a gap in the reserve levels. Rather than looking at a rate decrease the Commission decided to hold onto these reserves and continue to build the surplus of the company to the projected reserve level each year. They adopted these reserve levels throughout the budget process and the sewer has a target reserve of 1.7 million where the actual reserve level at the end of last year were just above \$500,000. So that \$43,000, which is revenue in excess of operating expenditures, will go to continue to grow that

reserve level.

**Questions/Comments from electors:**

**K. Szabo spoke to the fact that in the last five years businesses have taken a heavy hit with the large rate increases to help balance out the sewer budget. She feels that this is not necessary this year and would like to see a cut in the Contribution to reserve in the amount of 1.5% or \$16,838.**

**MOTION made by sewer user and elector K. Szabo to cut the Contribution to reserve in the amount of 1.5% or \$16,838. Motion was seconded by K. Gaffett.**

**Discussion was as follows:**

**P. McNerney stated that yes they had a previous 5-year plan that was struggled through with huge increases, which had just ended last year. He is not sure what the future holds but knows that some of the sewer infrastructure is still 40 years old and he would like for us to never have to have the large increases that we have seen in the past. With this proposed increase for a low impact user you are looking at about a \$14.77 a year increase and about \$209 increase for a high impact user. His hope is that with these extra reserves, if an emergency comes up, the money will be there and the users will not**

have to see large increases again because of it. This is why the 1.5% is being proposed to build up that reserve level for future emergencies. M. Ball stated that at last meeting there was some discussion on the amount of money we had in the budget for Capital and how much had been expended. Finance Director Land stated that there was still \$57,000 remaining of the \$77,000 budgeted for as of YTD. Superintendent Blane stated that there are things being done and McNerney said he just signed purchase orders in and around the amount of \$20,000, so the money is being spent. Blane stated that a few pumps will be replaced, the smaller of the three being about \$7,000 to do so. He feels most of the money out of the Capital equipment will be spent by the end of the month. It is a balancing act between spending the money and waiting to make sure nothing emergent comes up. V. Littlefield stated that she is aware that there have been upgrades previously and saying the plant is 40 years old she believes to be miss leading. Blane stated that yes upgrades have been done but there are still several areas that have the original infrastructure in place. Marthens went on to say that he feels the reserve needs to be built back up and he would rather see small adjustments for the users then to all at once have really large adjustments. M. Jane had showed some concern about the USDA grants that have been applied for and was wondering where that money had gone. Blane went on to say that a lot of that money is waiting to be spent. They have several things that will be fixed or updates with that money which may include a new belt filter, adjustments to the SCADA system, new aeration and blowers and

**new lab equipment, all which are not cheap things to replace or work on. S. McQueeny also asked the question as to how the Commission is going to have an increase in the budget with no real line item to go with it. He does not feel that adding to the reserves meets this criterion.**

**A vote was called for from the Sewer District's Voters.**

**MOTION made by sewer user and elector K. Szabo to cut the Contribution to reserve in the amount of 1.5% or \$16,838. Motion was seconded by K. Gaffett. A quorum of Sewer District voters were present and the vote to cut the Contribution to reserve by \$16,838 was approved:**

**Ayes: 14 Nays: 4 Abstains: 0**

**MOTION made by K. Szabo to reduce the user fees line to \$1,122,340 to reflect the previous motion of reducing the Contribution to Reserve by \$16,383. Motion seconded by P. McNerney. A quorum of Sewer District voters were present and the vote was approved:**

**Ayes: 16 Nays: 2 Abstains: 0**

**MOTION made by P. McNerney to adopt budget as amended by users.**

**Motion seconded by K. Szabo and the vote to approve was unanimous.**

**Ayes: 18 Nays: 0 Abstains: 0**

**MOTION made by P. McNerney to set the Schedule of Sewer Fees and Charges, as amended to the following: January-March at \$11.02, April-June at \$27.55, July-September at \$44.08 and October-December at \$22.04, this will be effective July 1, 2016 for the purpose of funding the sewer budget. Motion seconded by B. Marthens.**

**Aye: 5 (McNerney, Doyle, Ball, Draper and Marthens) Nay: 0 Abstain: 0**

**MOTION made by P. McNerney to adjourn at 5:07 p.m. by P. McNerney. Seconded by T. Doyle.**

**Aye: 5 (McNerney, Doyle, Ball, Draper and Marthens) Nay: 0 Abstain: 0**

**Respectfully Submitted,  
Kara Stinnett**

**ACCEPTED: 7/18/2016**

**The New Shoreham Sewer and Water Districts are an equal opportunity provider and employer**

**If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send you completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).**