



Finance Committee

Finance Committee Meeting Minutes
Wednesday, August 26, 2009 @ 6:00 pm
Larkin Hall at the Provincetown Center for Coastal Studies
Called to Order: 6:03 pm

Membership:

P	E	U	Name	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Thomas Coen, Chair	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ann Maguire, Vice Chair	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Virginia Ross	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Thomas Thurston	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Frederic Biddle	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Philip Gaudiano	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gabrielle Hanna	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Daniel Hoort	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	David McChesney	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Erik Yingling, Alternate	<input checked="" type="checkbox"/> Voting Arr. 6:07
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Oliver Kamm, Alternate	<input checked="" type="checkbox"/> Voting

(Note: **P** = Present **E** = Excused **U** = Unexcused)

This meeting was filmed and is available on DVD at the Provincetown Television office.

Also Present:
David Guertin, DPW Director
Dana Faris, DPW Finance
Coordinator

Order of Business:

1. To conduct a Public Hearing on the September 14th Special Town Meeting warrant articles.
2. To make recommendations on the September 14th Special Town Meeting warrant articles.
3. To outline the Committee's "Letter to the Voters".

4. To review the minutes of prior meetings as time allows.
5. To consider any other business that may legally come before the Finance Committee.

Mr. Coen called the meeting to order and opened the public hearing at 6:05 pm.

Public Hearing on the September 14th Special Town Meeting warrant articles

Mr. Coen read the public hearing notice, as published in the August 12th and 19th issues of *The Provincetown Banner* into the record.

“In accordance with §5-2-1 of the Provincetown General By-Laws, the Provincetown Finance Committee will hold a **Public Hearing on Wednesday, August 26, 2009 at 6:00 pm** at the Provincetown Center for Coastal Studies, Larkin Hall, 5 Holway Avenue, Provincetown, MA to hear comments from the public on the September 14th Special Town Meeting Warrant Articles. Copies of the Special Town Meeting Warrant Articles are available for inspection in the office of Town Manager/Board of Selectmen, Town Hall, 16 Jerome Smith Road, Provincetown, MA.

Comments may be submitted in writing to that office no later than Monday, June 24, 2009, or in person at the hearing.”

Mr. Coen noted that no written comments were received. He also noted that no members of the public were present.

Article 1. Water System Capital Improvements – Borrowing Authorization.

Mr. Faris distributed the attached documents to the Committee members.

Mr. Guertin opened the discussion by giving an overview of the new federal Environment Protection Agency’s (EPA) groundwater filtration regulations, the grants that are being requested from the U.S. Department of Agriculture (USDA) to help us meet the new requirements, and the 25% match that Article 1 will fund. He also noted that the USDA will not make the grants until Article 1 has been approved by the voters.

A lengthy discussion ensued. The key points include the following:

- The state Department of Environmental Protection (DEP) is also proposing to regulate the levels of manganese, iron and other contaminants in the near future. Manganese and iron are the cause of “brown water” and corrosion of water lines, requiring annual flushing.
- Various financing options for the Town’s match are being explored. The USDA offers 40 year financing at 2.375%. The total cost would be \$5M versus \$3.5M using shorter term bonding. Refinancing the USDA borrowing after five years is allowed.
- The Water Enterprise Fund reserve has a balance of approximately \$750K that can potentially be used to pay some of the debt service in the initial years, thus deferring a rate increase for water users. For each \$100K of debt service water rates would increase, on average, 10%. Use of the reserve now could affect other future projects such as the mandated redundant water source.
- The USDA is anxious to distribute federal stimulus money quickly in order to create jobs. Provincetown is uniquely qualified due to its small population and high unemployment rate.
- Is there a maintenance plan in place for the new plant and infrastructure?
- Unaccounted (lost) for water currently averages 25%. The DEP is going to mandate a 10% maximum. The primary cause is deteriorating individual property connections to the water mains. The extent of the problem needs to be determined and a plan put in place to replace them.

Mr. Coen closed the public hearing at 7:06 pm.

**Recommendations on the September 14th Special Town Meeting
warrant articles**

**Article 1. Water System Capital Improvements – Borrowing
Authorization.**

There was a brief discussion and clarification of the issues prior to the vote.

Motion # 1: To recommend Article 1 in the amount of \$2.7M.			
Motion By: Ann Maguire		Second By: Philip Gaudio	
For: 8	Against: 0	Abstain: 0	Recuse:

Article 2. Prior Year Bills.

The Committee is waiting for the details from the Finance Director and will vote on at its meeting immediately prior to the Special Town Meeting.

“Letter to the Voters”

The Committee briefly reviewed the draft layout of its letter to the voters. Mr. Coen said he would have a draft out to the Committee members for review by the beginning of next week.

Minutes

The Committee reviewed the minutes of its August 10th, 3:00 pm meeting.

Motion # 2: To approve the minutes of the August 10 th , 3:00 pm meeting, as presented.			
Motion By: Ann Maguire		Second By: Dan Hoort	
For: 8	Against: 0	Abstain: 0	Recuse:

Other Business

There was a brief discussion of the budget planning process that was discussed at the Committee’s joint meeting with the Board of Selectmen on August 10th. Ms. Maguire expressed concern that we need to get the process started soon. Mr. Coen agreed to talk to the Town Manager to arrange a meeting with her, the Finance Director, Ms. Maguire and himself to discuss our approach.

Next Meeting:	Monday, September 14, 2009 @ 5:00 pm
Adjourn:	7:30 pm
Minutes by:	Thomas Coen

Approved by  on September 15, 2009
Thomas Coen, Chair



September 14, 2009, Special Town Meeting Article 1, Borrowing Authorization for \$2.7 Million Water Enterprise Fund

The Water Department is poised to take full advantage of this unique opportunity for stimulus money funding for capital projects. With permission from the Board of Selectmen, a grant application has been submitted to USDA Rural Development in the amount of \$10.4 million by the Public Works Department. Given the town's low population and our high unemployment—important thresholds for Rural Development—as well as our previous success with USDA, we have good reason to be optimistic. This USDA Rural Development program is being funded by the American Recovery and Reinvestment Act (ARRA), commonly known as federal stimulus money, and is specifically for water and wastewater. USDA is administering this program for the Environmental Protection Agency (EPA). The maximum funding for USDA grants is 75%, and requires that the town have approved the remaining 25% local match. Simultaneously with the water application, the town is submitting another application for \$12 million of wastewater system capital improvements. While the necessary borrowing authority for wastewater is in place, based on last April's Special Town Meeting vote to proceed with Phase 3, no such borrowing approval exists for the water enterprise fund. The purpose of this Special Town Meeting is to correct that.

Key Financial Factors:

- Water ratepayers—not taxpayers—pay the debt through their water bills. Currently, the water system serves 3486 users: 3,088 in Provincetown, 400 in Truro.
- The water system is owned by the Town of Provincetown
- Should we receive the maximum, this new debt may have an impact in late 2011 and certainly by fiscal 2012.

Key Operational Factors:

- A water treatment plant to address high manganese levels at Knowles Crossing and high iron concentrations at South Hollow is the focus of the submission. This is our brown water that is kept in check only through spring hydrant flushing. Although these minerals pose no health risk, they do over time settle out in the system. A sudden hydrant opening, a transmission main break, or similar disturbance causes highly discolored water to migrate in our system. DEP is currently considering new regulations to regulate these minerals under “water quality” maximums. A mandated treatment program is in our future. Orleans just built a treatment plant. Harwich has one under design. Further, the treatment plant will have a “wet well”. A wet well—essentially a large tank to allow for controlled chlorine dosing—allows the operator to gauge the time duration that chlorine is in contact with our water. A new DEP Ground Water regulation goes into effect this December. Systems that do not have a wet well are more susceptible to an immediate “boil order” should a water sample taken during routine monthly testing come back positive. A less stringent rule will apply to those systems that have a wet well.
- We would also seek to raise the Mt. Gilboa water storage tank by 8 feet making it hydraulically in equilibrium with Winslow 2. This action eliminates prolonged periods of limited water changeover, which tends to make it subject to the potential growth of bacteria. To avoid this problem, we currently maintain Winslow 2 in a less-than-full state. A constant turnover is also needed during the summer to keep the water temperature as low as possible. Again, water turnover, because it’s cold water being introduced, is a safeguard against growth. Chlorine, the agent used to prevent bacteria, has a short shelf life once introduced and becomes even shorter given high water temperatures.

Provincetown Water System Improvements Program USDA Rural Development - Funding Request

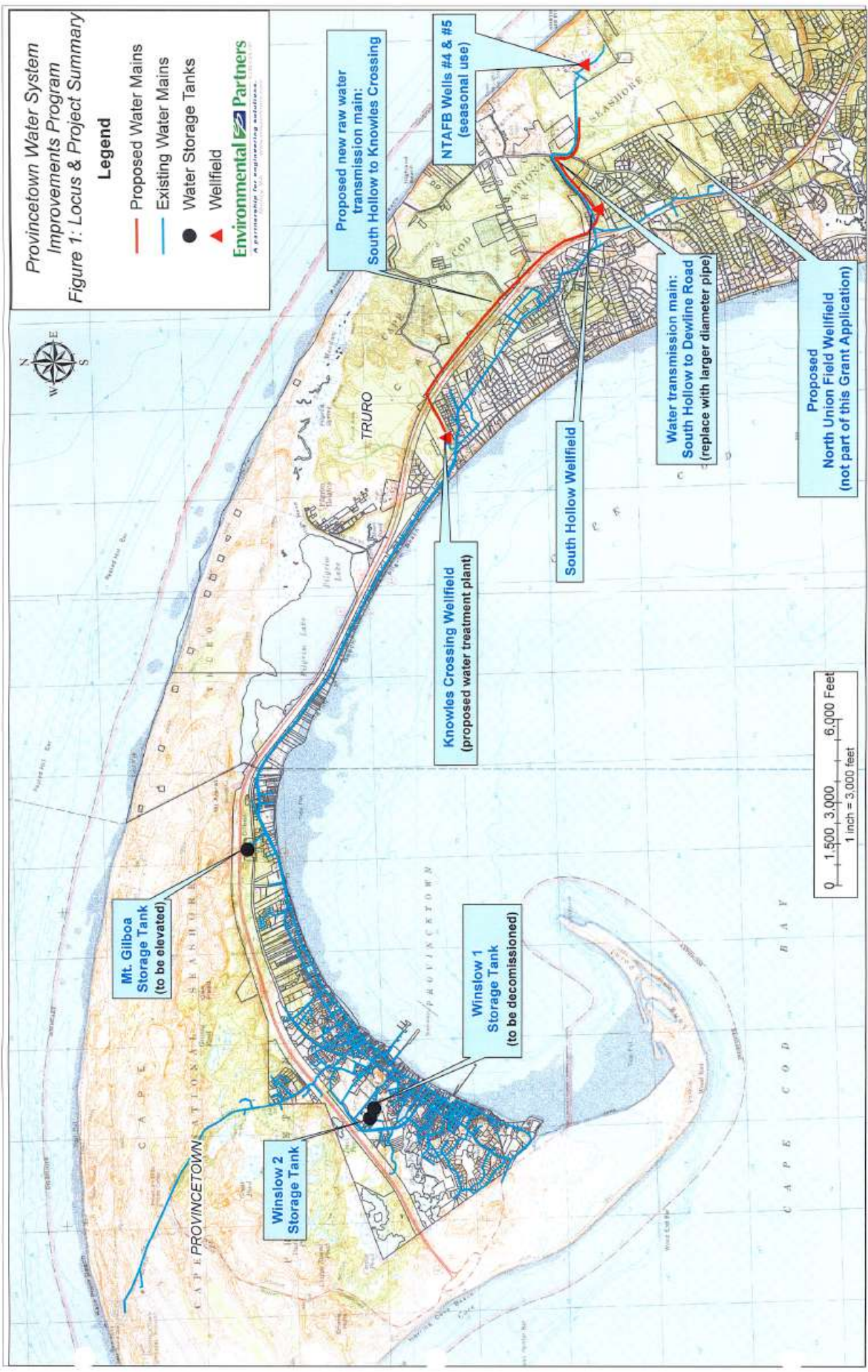
Cost Estimate - Project Summary Sheet

A. Water Quality Improvement		
1. Water treatment systems		
<i>Knowles Crossing treatment system</i>		
Raw water transmission main: South Hollow - Knowles Crossing	\$ 1,200,000	
Treatment Plant	\$ 5,930,000	
Staff, storage and vehicle storage building	<u>\$ 1,410,000</u>	\$ 8,540,000
2. Reducing the Age of Stored Water		
2.a Winslow 1 Storage Tank Decommissioning		
	\$ 50,000	
2.b Mount Gilboa Storage Tank - Raise Elevation		
	<u>\$ 990,000</u>	\$ 1,040,000
B. Distribution System Upgrades		
South Hollow - Dew Line Road transmission main replacement		
Water service replacement program	\$ 600,000	
	<u>\$ 250,000</u>	\$ 850,000
Total Grant Request, Water System Improvements Program		<u><u>\$ 10,430,000</u></u>

**Provincetown Water System
Improvements Program
Figure 1: Locus & Project Summary**

Legend

- Proposed Water Mains
- Existing Water Mains
- Water Storage Tanks
- ▲ Wellfield



**Proposed
North Union Field Wellfield
(not part of this Grant Application)**