

MINUTES
Special Presentation
March 27, 2008

The Board of Sewer Commissioners conducted a special presentation tonight to review Phase 2 sewer project costs, Final Sewer Betterments, the annual Wastewater Department budget, and Articles 2 and 26 that will be presented at the Annual Town Meeting on April 5, 2008.

Members in attendance tonight were Elaine Fiore, Peter Cobb, Sean Walsh and Superintendent Ken Vandal as well as the office personnel, Suzanne Richards and Diane Poirier.

Ms. Fiore began by reviewing the total project costs to complete Phase 2 sewer construction. The annual department budget was reviewed and she explained how it is directly related to sewer user fees. Ms. Fiore discussed the need for another SBR and the cost associated with constructing another SBR. With or without the Thorndike project, another SBR will be needed.

Ms. Fiore reviewed the agreement in place with Thorndike Development. She explained what Thorndike will have to provide if the plant is expanded large enough to accommodate the new development. One SBR would be for Thorndike, one SBR would be for the Town and a third would be considered reserve for maintenance, septage receiving and/or additional sewer flow. The items that are needed for Thorndike and the Town would be shared costs. Items needed solely by Thorndike would be paid for by Thorndike. If they do not move forward with their development then the Sewer Commission would seek the use of the Davis property for a new leaching field for the Town.

Ms. Fiore referred everyone to the Town of Kingston web site www.kingstonmass.org to review all of the information presented at tonight's meeting and to review the Town Meeting Articles discussed tonight.

Ms. Fiore reviewed Town Meeting Article 2 stating that the Board of Sewer Commissioners would not be supporting this article. The intention of the article is to take a significant sum of money from the Wastewater Enterprise Fund surplus revenue. The request will be to take \$400,000.00 in order to balance the budget for the Town of Kingston for this fiscal year. A Mass. Department of Revenue Bulletin 2006-05 B was reviewed, which states that in 2006 the DOR said that effective of the approval of the tax levy and tax rate for FY06, no reimbursements of startup money for the two fiscal years prior to the year at issue will be recognized as costs of the enterprise fund. This practice will continue forward. The money being requested would reimburse startup money provided to the Wastewater Department further back than the last two fiscal years. She continued with a review of the monetary contributions that have come to the Town over

the past 7 years, as a result of the completion of the sewer project. Over the past 7 years \$2,276,980.00 has been contributed to the General Fund from real estate taxes, vacant lots becoming buildable lots that generate real estate taxes, Town allocated costs paid to Town departments for their work that is associated with the Wastewater Department, 1/3 of the 2% administrative fees for the SRF loan that should have been paid by the Town was paid by the sewer customers, 7 years of maintenance contracts that the Elementary Schools would have paid if they had built their own treatment plant, 3 years of unpaid user fees that should have been charge to the 2 Elementary Schools, shellfish licenses and \$1,200,000.00 in funds from the Elementary School Building Fund that was not spent on a treatment plant and was transferred to the Senior Center Building Fund. All of the numbers associated with these items can be reviewed on the Town web site. The contributions the Town made to the Wastewater budget in FY00, FY01 and FY 02 totaled only \$589,742 of a total budget of \$3,808,324.00 over those 3 years. Kingston had free cash of \$1,803,699 in FY 03 and \$2,215,687.00 in FY04, which indicates there was no adverse impact on the Town. The General Fund receives an annual contribution from the sewer customers totaling \$325,283.00. Everyone was cautioned that it is very likely that the surplus revenue will not continue to grow once all of the properties in Phase 2 have been connected. The source of this revenue has been from septage receiving, which is expected to be drastically reduced or eliminated.

Article 26 is related to the Wind Turbine. The main reason for discussing this is the proposed location of the turbine. All of the reports that the Sewer Commissioners have seen have referred to the WWTF being the beneficiary of the energy produced by the turbine. The Green Committee says that Article 26 will only allow them to obtain more grant money, but the article states that passing it will allow the installation of a turbine at the WWTF site and that it will also authorize the Town to borrow in order to finance the project. The Green Committee cannot tell the Sewer Commissioners how much it will cost or how it will affect the WWTF. They do not know if it can safely be located at this site. Their reports say that the project is feasible if it is located at the WWTF and if the power generated is used at the WWTF. Ms. Fiore explained that the Hull project did see savings after the installation of their turbine because they paid cash for their project and did not have any finance charges.

Town By-Laws say that the setback has to be 1.5 times the height of the tip of the blade. The proposed location is not 1.5 times the height away from the WWTF or the Transfer Station. Another concern the Sewer Commission has is that the By-Laws also say that a variance can be granted to the setback requirement.

The KEMA Feasibility Study states that they were challenged to find a suitable site at the WWTF and that they are concerned with the proximity of the WWTF and Transfer Station, the setbacks to the MBTA and possible noise related issues to nearby residences. They are also concerned by icing and the potential risk to vehicles and people at the WWTF and Transfer Station. At the Green Committee presentation on Tuesday March 25th they said that ice chunks can weigh up to 1 to 2 pounds and fall off during the melting process. They also stated that wind shear imposes higher levels of mechanical strain on the blades and drive train. Their study indicated significant wind shear at this location. Community outreach efforts are encouraged but there has been limited information provided. There are still too many unknowns for the Sewer Commission to give their support to Article 26.

Q – If the Town is successful on Article 2 what would that mean to the Wastewater Department?

A – We would have \$600,000.00 left in the surplus revenue account or about 5 years left to supplement the operating budget before the users would have to pay 100% of the budget with user fees instead of reducing the rate. The budget is usually supplemented by 15% surplus revenue. Little or no more septage revenue will be taken after Phase 2 is fully connected.

Q – The Town voted the Sewer Customers down, regarding helping us out by sharing the cost of operating the plant. What percent of the project has the Town paid?

A – The Town paid 1/3 or about \$250,000.00 annually for the construction of Phase 1 and the treatment plant. The users own 2/3 of the plant. The Town pays 1/3 of the original loan but the Sewer Customers contribute to that 1/3 cost as well in their taxes.

Q – The schools did not pay user fees for 3 years. Is that now uncollectible?

A – Yes. It is uncollectible.

Q – What is the status of the Maple Street project?

A – Mr. Conant says he will break ground in 2008 and he is currently paying fees annually for the capacity for the project.

No further questions were put forward. The meeting concluded at 8:20 PM.

Suzanne Richards
Administrative Assistant