

**Town of Wolfeboro
Capital Improvements Program Committee
August 23, 2019
Minutes**

Members Present: Kathy Barnard, Chairman, Paul O'Brien, Board of Selectmen's Representative, Linda Murray, Board of Selectmen's (Alternate) Representative, Mike Hodder, Planning Board Representative, Robert Loughman, Budget Committee Representative, Chuck Sumner, Tim Cronin, Paul Whalen, Suzanne Ryan, Members.

Staff Present: Matt Sullivan, Director of Planning and Development, Jim Pineo, Town Manager, Scott Pike, Assistant Director of Public Works, Barry Muccio, Municipal Electric Department, Lee Ann Hendrickson, Administrative Secretary.

Chairman Barnard called the meeting to order at Abenaki Lodge at 8:00 AM.

I. Consideration of Minutes

August 13, 2019

Corrections: Page 1, Members Present; move "Paul Whalen" to "Members Absent"
Page 5, 12th paragraph; insert "as a placeholder" following "million" & strike "Paul Whalen"

It was moved by Paul O'Brien and seconded by Mike Hodder to approve the August 13, 2019 Capital Improvements Program Committee minutes as amended. All members voted in favor. The motion passed.

II. 2020-2029 Capital Improvements Program Development

Water and Sewer Utilities

2020 Backhoe; \$121,000

Kathy Barnard noted the request was not on last year's CIP submittal and that it is noted as urgent on the project form.

Scott Pike noted the purchase of such is in the Asset Management Plan vehicle replacement schedule for 2022 however, the Solid Waste backhoe is on its way out. He stated it has been discussed whether to sell the Water & Sewer Department's backhoe to the Solid Waste Department and purchase a new backhoe for the Water & Sewer Department next year.

Matt Sullivan stated the purchase of the backhoe has not been on prior years CIP because it is funded through the Water Enterprise Fund.

Jim Pineo stated he initially had issues with the submittal however, after speaking with the Town's mechanic he is more comfortable with it. He stated the mechanic informed him the Solid Waste backhoe has a hydraulic issue and overheats and if the Water & Sewer backhoe is kept on the road it will need to be repinned and bushed and will require two tires within the next two years. He stated he asked Dave Ford to trade in the Solid Waste backhoe.

Paul O'Brien asked what the sale price would be if sold to the Solid Waste Department.

Scott Pike stated the trade-in value is approximately \$10,000.

Paul O'Brien questioned policy regarding inter-department transfers.

Scott Pike stated this would be the first time the Department has done such.

Paul O'Brien questioned asset transfer vs. sale; noting such should be discussed further.

Suzanne Ryan asked how the user's rates are affected when equipment is purchased from the Enterprise Fund.

Matt Sullivan stated the rate is based on a certain level of capital investment.

Suzanne Ryan expressed concern for water and sewer rates.

Scott Pike noted that a lot of bonds are being paid off in upcoming years.

Suzanne Ryan asked if quotes from other companies have been received.

Scott Pike replied yes.

Jim Pineo stated there will be a RFP; noting there are only 4-5 manufacturers of backhoes.

Paul O'Brien asked if the backhoe is used 100% by the Water Department.

Scott Pike replied no, the equipment may be used by the Sewer and Highway Departments.

Paul O'Brien asked how the capital costs are apportioned and expressed concern that the Enterprise is paying for the asset however, it is being used for roads. He stated he wants to know if the Town should be doing such.

Scott Pike stated the equipment will be used by the Water Department 99% of the time; noting the Highway Department may use the backhoe once every three months to clean out culverts.

Suzanne Ryan stated this has been a previous discussion of the Budget Committee.

Robert Loughman asked if the Enterprise Funds have a Capital Reserve Fund for capital purchases.

Matt Sullivan stated the funds and rates associated with Enterprise Funds

Paul O'Brien stated the price charged for units of water pays bills and generates a surplus for capital expenses.

Chuck Sumner asked if the equipment could be refurbished.

Scott Pike replied no, the backhoe is 20 years old and rusted out.

Paul O'Brien asked how the asset would be paid for and feels the water rate payers should not pay for the total cost.

2020 Wastewater Treatment Plant Capital Reserve Fund; \$125,000

Scott Pike stated funds from the Wastewater Treatment Plant Capital Reserve Fund will address electrical system upgrades in 2020; noting the majority of the control panels are fifty years old. He noted such is identified in the Asset Management Plan for replacement.

Paul O'Brien asked if non-rate payers are impacted.

Matt Sullivan replied yes.

Jim Pineo stated sewer is not exclusive to the rate users; noting the Town helps pay for sewer.

Suzanne Ryan stated the operation is paid for by the Enterprise Fund and the maintenance is paid for by the taxpayers; noting such was devised by the BOS and not voted on by the taxpayers.

Robert Loughman stated the Town is handling improvements to the Wastewater Treatment Plant differently from vehicle replacement and noted he feels the project submittal is an equipment purchase.

The Committee requested clarification on such.

Suzanne Ryan asked if the Town has a capital reserve fund to build or purchase a new wastewater treatment plant.

Matt Sullivan stated the Capital Reserve Fund is set up to fund an Asset Management Plan to keep the existing plant operational and fund improvements for a long period of time.

Scott Pike stated there is not an immanent need to replace the facility.

Paul O'Brien requested Dave Ford submit in writing a plan for such. He asked if the Town received an award for the facility. He stated the Town needs invest more money into the facility.

Scott Pike stated the Town received an award from the EPA for the treatment of ammonia.

Suzanne Ryan requested Dave Ford also project how long the existing facility will last.

2021 Construction of High Street and Park Street; \$400,000

Scott Pike stated the project includes substantial improvements to water, sewer, drainage and paving for both High Street and Park Street. He stated the Town has run into difficulty with the contractor.

Paul O'Brien asked if there are operating costs in 2020 for the survey.

Scott Pike stated the engineering is being done in 2019.

Paul O'Brien confirmed construction only to occur in 2021.

Municipal Electric Department – Updated Cost Estimates & Energy Conservation Information

Barry Muccio stated he provided the Committee with revisions on pricing for CIP projects. He stated he received an updated quote for ME-2; noting such increased by \$20,000 (from \$260,000 to \$280,000). Referencing the reconstruction of the Turtle Island Road Tap, he stated the original estimate for such included the North Main Street reconstruction beyond the Museum which was done in-house therefore, the cost for the project decreased from \$400,000 to \$280,000. Referencing the Committee's request regarding energy loss, he stated the reduction of lost energy of 12,037 MWH, valuing \$1,367,180, directly corresponds to the ongoing voltage conversion projects which began in 2003.

Robert Loughman asked if the savings are passed onto the users.

Barry Muccio replied yes and noted the margin is adjusted accordingly.

Robert Loughman questioned the industry average.

Barry Muccio replied between 8 and 12.

Tim Cronin questioned the estimated increases in efficiencies for the future.

Barry Muccio stated it is hard to estimate such however, noted his goal is to get to 3 – 4.

Suzanne Ryan questioned the term of the current contract.

Barry Muccio replied five years, through 2021.

Tim Cronin asked if renewable power has been requested as part of the purchase.

Barry Muccio stated a goal of the Master Plan is 50% renewable however, noted such has an effect on the rate. He questioned if such would be acceptable to the taxpayers and whether an advisory warrant article should be put forth.

Tim Cronin stated they are currently the same cost.

Barry Muccio stated there is a 2% renewable energy credit.

Tim Cronin stated that when the next contract is negotiated and the rate is the same, would the consultant know to review the purchase of such.

Barry Muccio stated there needs to be further discussion and the rate payer should be asked if they are willing to pay an extra \$0.20 for renewable energy. He stated anytime the variable is changed, the price increases.

Kathy Barnard noted an error on the revised project form for ME-3 Bucket Truck; the project cost reflects \$275,000 however, it should reflect \$300,000.

III. Other Business

N/A

It was moved by Robert Loughman and seconded by Mike Hodder to adjourn the August 23, 2019 CIP Committee meeting. All members voted in favor. The motion passed.

There being no further business before the Committee, the meeting adjourned at 8:57 am.

Respectfully submitted,

Lee Ann Hendrickson

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