

FINANCE COMMITTEE
IPSWICH TOWN HALL, ROOM A
25 Green Street
THURSDAY, April 21, 2016, 7:30 PM
Accepted 8/30/16

FINCOM Members in Attendance: Mitch Feldman, Chairman, Janice Clements Skelton, Kevin Murphy, Michael Schaaf, Jamie Fay, and Ingrid Miles. Rob White arrived at 7:37 pm, and Richard Howard at 7:42 pm. Walt Hartford was absent.

Call to order at 7:35 pm with 6 (six) members present. The Chair announced that ICAM was recording, and Cindy Quinn, the Minutes Secretary, was present.

Others in Attendance: Don Newell (ELD Director), Karen Repucci (ELD Business Manager), and Carl Nylen and Chub Whitten (School Committee members).

Abbreviations used: FINCOM Finance Committee, BOS Board of Selectmen, TM Town Manager, SC School Committee, ATM Annual Town Meeting, ELD Electric Light Department, STM Special Town Meeting

Documents used:

- Agenda 04/21/16 and minutes from 03/09/16
- ELD Budget from D. Newell
- ELD PowerPoint from D. Newell
- FY17 School Budget Facilities Dept. Proposed Changes, 7 pages.
- School Building Committee Feasibility from K. Murphy, 4/23/16

CITIZEN QUERIES: there were no citizen inquiries.

REVIEW OF MINUTES: the FinCom deferred the discussion of the minutes from 3/9/16. R. White arrived.

BUDGET PRESENTATION ELD

Don Newell and Karen Repucci were there to present the FY17 ELD budget. The budget encourages conservation, competitive rates, and capital improvements. Some of the proposed improvements included infrastructure, mechanical, vehicle replacement, overhead and underground improvements, transformers, and miscellaneous items.

They reviewed the chart on capital items for FY16-25. R. Howard arrived. Don is concerned about the net income and mentioned that the department will be doing a cost of service study as well as a rate study by September. There was a discussion on the rates and the revenue decrease.

Other topics covered include how the power is generated (nuclear, wind, hydro, gas/oil, etc.), electricity sales, and rates. Karen went over some of the financials, the depreciation, and the PILOT (payment in lieu of taxes). For the new meters, Don spoke about how the new systems gather information, report outages and water leaks, and allow remote readings. Jamie remarked how some parts of the new system are not utilized.

Jim Engel, 362 Linebrook Rd. and a member of the Electric Subcommittee, indicated how the Legacy system is going away, and consumers may benefit once they see their consumption. The

ELD has replaced many meters already, and homeowners can receive immediate notification on leaks.

Michael supported the ELD budget with reservations on the economic benefits, lack of cash reserve, and conservation initiatives. There was a conversation about the cash reserves and rate stabilization fund, and Don would provide additional information.

If Ipswich were to leave MMWEC (MA Municipal Wholesale Electric), the ELD would need its own rating, and Jim reminded the committee that the ELD currently belongs to the ratepayers. There was some discussion on other options, the cash on hand issue, the rate stabilization fund, and the surplus in the PPFA (Purchase Power Fuel Adjustments). If cash is low, the Town backstops the department month to month, and MMWEC has a pooled loan program. There is insurance on the equipment.

For the Linebrook Rd. project, Don outlined the involvement of the ELD to move and replace some of the poles. He talked about other projects involving underground wires, which have been deferred for more engineering. There was dialogue on betterment fees, external expenses, and the balance sheet.

REVIEW OF ARTICLE 7

School Committee Chair Carl Nylen identified some items on the school facilities listing that need attention. For the four schools and Central Office, an additional \$58,000 is needed. The article asks for \$74,000 with the difference going into the educational stabilization fund. For the future, this should be an agenda item, and the Schools should develop a better maintenance plan. Supt Hart hopes to have a more stable facilities budget in the next year. There was some dialogue on fixing the backlog of items and having a true repair list as well as the school stabilization fund.

J. Fay made a motion, and it was seconded, to support Article 3 for \$293,875. The vote was 8-0, and the motion carries.

The Essex County Technical Institute assessment is high, and Jamie recommended delaying the overlay transfer of \$75,000. Another possibility is taking the savings on the Whittier School budget for the Town and school maintenance.

There was a motion to support Article 7 at \$58,200. It was seconded and the vote was 5-3 in favor of the motion.

SCHOOL BUILDING UPDATE

Kevin updated the FinCom on the various key dates for submittal of the school sites and final plans. There was some discussion on the process, the decisions, and escalating costs. The FinCom subcommittee on finances will meet in the morning.

Carl focused on the first draft of the educational program and plan, while Kevin centered on the issues with each of the sites. For now, one school has been recommended, and the site decision is later. Carl reviewed the educational benefits of just one school. If there is one larger school, Richard was concerned about the tax impact where only 10% of the residents have kids in elementary school. More conversation may be necessary on the small school idea and the variety of factors that are part of this.

This is a tough decision, and the Town and the students have an important relationship. The votes will occur by ATM 2017, and part of the reason for continued talks is to develop consensus. Another piece in the dialogue is the length of the bond to pay for this construction, whether it is 20 or 30 years. There was a conversation on developing a chart to show those numbers, payments, and the number of years. In addition, some other factors to consider include the number of plans submitted, program needs, and the financial plan. Kevin added that the design must match the educational programs at this level.

TOWN MEETING SPEAKING ASSIGNMENTS

Mitch sent around a listing of the various speaking assignments for the ATM.

NEW BUSINESS

The FinCom report is nearly complete, but the group will reread the summaries and check the details. It is due to the printers on Monday.

It was moved, and seconded, to adjourn at 10:32 pm. The vote was unanimous.

Respectfully submitted by

Cynthia D. Quinn, Minutes Secretary