

TOWN OF IPSWICH  
Finance Committee  
Meeting of March 3, 2022  
Remote

With a quorum present, the Chair called the meeting to order at 7:40.

Finance Committee members present: Michael Dougherty, Joseph Bourque, Rob White, Emily Smith, Janice Clements-Skelton, Walter Hartford, Christopher Doucette, Jamie Fay

Not Present: Michael Schaaf

**1. Citizens Queries – Walter Hartford**

- There is an open chat room for any citizens queries.
- No citizens queries.

**2. Acceptance of Finance Committee Minutes – Michael Dougherty**

- No minutes to approve.

**FY23 Budget Reviews: Water, Water Treatment, and Wastewater**

**3. Water – V. Halmen**

Audio was not available for the first 45 minutes of the meeting. Vicki discussed creating a new position so that there can be two people available to solve problems instead of just one. Vicki said this position is an enormous amount of responsibility and the debt service is overwhelming. Michael D. said one of his biggest concerns is that ¼ of this person's salary is coming out of the newly established WUMP. We decided as a community to move forward with the WUMP program to help mitigate water usage with new hookups, and now we are automatically tapping into that to pay for a salary. Mike asked for the numbers of that fund, the current balance, what we have been getting for receipts and what we have been paying out. He said he wants to know if it is sustainable and is concerned that if the town puts a pause on development at Town Meeting, this will halt funding for this program. Michael said the water rate this summer is already going to be so high, along with increasingly high electric rates. He said he would rather see this money going to people that are already working in the department, and pay them overtime. Vicki said everyone is overextended, she has worked in this department for a long time and they need more help. She said people are outraged when pipes break, or when roads have to be closed to fix things, or when they don't have enough help to fix things, and they do not feel supported by the local government. We also have a lot of things that need to be improved and fixed, and that's just the reality. Chris suggested having a small new position instead of a larger position, and then have other people in the department doing extras on overtime. Vicki said some of the requirements of the new position are outside of their capacity and training.

Chris said it seems like understaffing is a serious problem throughout the town. Emily said they keep talking about grants to help with salaries but it would be helpful to see numbers. Janice said every one of these increases is going to affect everyone else not getting increases. Insurance went up this year and inflation overrode increases, so people actually took a pay cut this year, which makes it difficult to add positions. Jamie said people are paying a lot for water and yet they don't get to use it a lot of the year because of water bans. He said he thinks this position would help get more water to people, which would be a benefit, and he understands that other people in the department are not trained for this position. Jamie said he is concerned about the projects that they are going to try to take on with the limited staff that they have and he doesn't understand how they plan to do it all. Vicki said they also work with consultants, but even that is a lot of work to manage. Janice said she wonders if the current employees could do some additional training so that they could take on some of the additional responsibilities instead of hiring someone new.

Vicki continued going through the budget and said that Brown's Well is going to be treated now so the operations are going to have to be extended, which will cause some overtime. They have also accelerated the schedule for the automatic meter infrastructure replacement system because they are seeing failures to the system. This will move the budget up to the current year vs. spreading over a few years as originally planned. There are also funds in this year's budget to hire additional help to make the replacement happen at a quicker rate. Additionally, the department is not making OPEB contributions this year because they are in a surplus position of \$300,000. This budget needed a rate increase which was approved by the commissioners last month, the increase will be in effect May 1<sup>st</sup>. Vicki showed future projections for OMN and capital, they are fairly level but long-term debt goes from \$1M to \$3.7M in debt service.

#### **4. Water Treatment – V. Halmen**

Vicki gave an overview of the budget for Water Treatment. Like water, this budget also includes salary increases for both inflation as well as market adjustments. The salaries are not competitive and there are several people retiring in the department over the next few years. In order to be competitive and get people that are highly skilled, we will need to raise salaries. Rob asked how many people have left the department for more competitive salaries, Vicki said there have been two in the last year and another one the year prior. Vicki said that overtime is going up by 20% for the extended plan water treatment plant operations. Jamie asked how it will be funded, Vicki said currently the way the contract reads, they do staggered shifts and when someone is out, or on weekends, they will be paid overtime. Walter asked if there is any crossover of skills between water and wastewater, Vicki said there isn't a lot but she is trying to get people cross-trained. Jamie asked why they don't hire someone on a part time basis for the summer months. Vicki said this isn't the permanent situation, they are reacting on the fly, it's hard to know the cost because of the variability of the demand. But we know the wells we have operational right now cannot sustain summer demand. Emily asked if salary comparisons are included with what they have from HR. Vicki said she provided those to Tony. Michael D. asked about the increase of \$130k in equipment, Vicki said that is the metering. Rob asked why they didn't have to fund OPEB, Ray explained that the enterprise departments fund the full commitment to OPEB, and he showed a chart to show how OPEB is overfunded for future liabilities. Ray said they try not to overfund it because it's like a trust fund and it's very difficult to get the money out if they need it.

#### **5. Wastewater – V. Halmen**

The Wastewater department focuses on collection and treatment of water, last year they collected and treated 300MG of water. The system is over 60 years old and replacement should begin now to avoid an emergency. Wastewater is a 24/7 operation. The department has applied for a Federal BRIT grant to replace the station and relocate it. The grant is a 75% federally funded grant so the town's portion would only be a little over \$4M instead of \$17M. Jamie asked, if they are successful in getting this grant, are there other costs associated with this? Vicki said there would be an option to relocate and replace the force main. Rob asked what would happen if it blows, Vicki said it would be catastrophic for anything on the river including the beaches and the clam beds. Currently they are working on replacing both blowers, there is a bond article for this annual town meeting for \$6M to replace the blowers and to do maintenance and repairs to the tanks, as well as to build in energy efficiencies. Vicki also went over successful projects from the past year.

Wastewater is also an enterprise fund. The budget, revenue, and surplus are the same as water. Emily said she looked at the performance measures from 2017 to 2021, she asked about the septage reduction and if it means they are losing customers. Vicki said septage is an additional revenue stream and it is for people that are on septic systems. They have their systems emptied by a company, and those pumping vendors buy tickets to dump the waste at the wastewater plant. It is a great source of additional revenue for the town, however it can upset the plant if they aren't careful. Because of this the Wastewater Department has found it's best to put controls in place and ask companies to follow certain rules, which some have chosen not to do. For FY23 there is a 2% increase, as well as debt service increases due to the Ipswich River interceptor and siphon, the town wharf pump station, the collection system, and the aeration system. Supporting this budget will stabilize surplus into the future. Vicki provided a table to show water asset replacement, as well as charts to demonstrate rate increases and future projections of O&M capital, long term debt, rate increases, and surplus. Vicki also showed rate comparisons. Jamie asked how the new position could help wastewater, Vicki said there is a lot of grant money available for wastewater, they also have a lot of work to do with community education. Michael asked if the commissioners voted on rates, Vicki said yes. Mike asked how the subcommittee and commissioners voted for the new position. Vicki said the subcommittee supported both budgets with the new position included. Mike asked if Vicki has the numbers in the WUMP, Vicki said it's about \$100k. Mike said his biggest concern is ¼ of this person's salary is coming out of the WUMP and it's not guaranteed to take in any specific revenue each year.

#### **6. New/Other Business – Michael Dougherty**

- Mike asked Tony if he could put together all of the salary increases in the budget for everyone to see.
- Rob mentioned getting the school budget books from Dr. Blake, Tony said he thinks it is available on the school's website.
- Mike said he would like to have a FinCom meeting with two items on the agenda. One would be to get an update from the Essex County Retirement System, and the other and primary purpose would be to have a post budget review, prior to Bean Counting discussion with just the finance Committee. Janice said she thinks that's a good idea and she asked Tony to also provide the impact to the tax rate if everything in the budget passes. Janice said

we usually do this during the report but it's too late to change things then. Mike said he also thinks that Bean Counting is usually too late to implement changes before they are set in stone, so he would like to move it up a week or two. Joe and Jamie said they agree with this idea. Chris said we should have an idea of what we might do ahead of time if it is decided that the budget is too large. Janice said she is concerned with how many positions need salary increases and noted that the importance of the positions are the role, not the person, and if the position doesn't pay enough for someone they can find a higher paying position elsewhere. It happens all the time in businesses and we can't afford raise salaries every two years just to be the most competitive. Emily said perhaps we could create one position under Tony that is just for writing grants, and that person could help all departments. They would be measured on their success; their compensation would be driven by the number of grants they get. Michael D. said something he has noticed is that a position is often funded by a 3-year grant, but nobody checks up on it after the three years when the grant disappears.

- Joe suggested the group takes a moment to reflect on the tragedies in Ukraine. The group adjourned and had a moment of silence in reflection the lives lost in Ukraine.

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#### **11. Adjourn** – Michael Dougherty

- Motion to adjourn made by Rob seconded by Joe.  
→ *Vote: Motion passed unanimously, 8-0*

Respectfully Submitted By  
Alyson von der Esch  
3-16-22