

**Village District of Eastman
Commissioners' Meeting–Village District of Eastman Office
3 PM NOVEMBER 3, 2010
Minutes**

In attendance: Commissioners Bill Sullivan and Bob Fairweather, Treasurer Dave Wright, District Manager Bill Weber and Officer Manager Pat Conroy. Clerk Lorie McClory arrived at 3:30 and Office Manager Conroy left.

Notes from the DM on the agenda:

This meeting has been scheduled to address the 2011 CIP and budget only.

The distribution and water treatment numbers were derived from historical data and budget discussions with the field personnel. The field crew further submitted for our consideration items over and above the baseline budget which will be shown on the draft budget form in the notes column at the meeting.

FINANCIAL REPORT:

1. An interim P&L indicates we are in line and on target to meet our budget for the year end. The billing shows a lot of water was used since the last billing cycle.

MANAGER'S REPORT:

1. Meter reading was completed Oct. 29. DM Weber and OM Conroy got the new software up and running for this billing. The new software support was very good. Statements show that 18% of the water pumped was unaccounted for.
2. The chemical waiver package was sent back to the state, (2 weeks ahead of deadline) and confirmed as complete.
3. The "Environmental Review Notification" has been published per state regulations. This was a requirement of the SRF loan. District residents may question or comment on the project as it relates to an environmental impact by either contacting the DES or the district from 10/26/10 through 11/25/10. The state has determined that the project will be granted a "Finding of No Significant Impact" if there are no adverse concerns raised during the 30-day period. The notice was published in the Union Leader and Valley News Tuesday, 10/26/10.

NEW BUSINESS

1. An open house will be held in 2011. The operators will not use overtime for this.
2. DM Weber had provided a calendar including all of the dates necessary for the next annual meeting to meet our legal requirements. However, the Annual Meeting cannot be held on March 23 because the person asked to be interim moderator has a conflict.

BUDGET QUESTIONS FROM 10/20/10 MEETING

1. Commissioner Wood had asked for a cost comparison regarding the backhoe, purchase v. rent from local contractor. DM Weber provided the following information on the agenda:

The average amount of times we have needed to rent an excavator from an outside source has been 6, each year for the past 6 years and the average cost of the rental (backhoe only, no trucking, sand, or gravel) has been \$900.00 or a total each year on average of \$5,400.00. This \$900.00 is in line with my earlier external cost factor of \$1,250.00 to replace or repair a valve with the 1. Rental, 2. Our work force, and 3. Our inventory. If we do the complete job with our equipment and no outside help our internal cost is approximately \$250.00 inclusive of our backhoe for a curb stop or small valve.

If a new excavator (track machine w/360 degree swing) costs \$40,000 and the life expectancy is 10 years +/-, the cost is \$4,000.00 per year. Add in maintenance over the life of the machine \$15,000.00 (includes 1 new set of tracks and 1 bucket) this puts the cost so far @\$5,500.00 per year. Insurance would add another \$300.00 per year for a total of \$5,800.00.

There are numerous advantages to having a mini excavator in our garage at our disposal, it's here and ready to go, we can work on our schedule, and can save a small bit of money over the long term. If we use an outside source (rental) we still have to wait for Dig Safe, (3 days) unless emergency, we eliminate all of the cost items associated with ownership, and an average of 3 valve repairs we do per year have required an excavator twice the size of a mini excavator to do the work due to depth and large rocks a mini can't take care of. We would still have to contract out materials, sand, gravel, blue stone, etc.

My plan to rotate the equipment so we are always using newer more reliable vehicle's is based on a model that most municipalities use, and driving one of trucks into the ground could put the district in jeopardy in an emergency of not having the support from the equipment we have now. I recommend staying course with the rotation and save as planned for a purchase such as the backhoe.

My opinion is this: yes, I feel the district could use a small excavator; however, the numbers do not currently support it. I would like to save through the CIP process for 2-3 more years and perhaps look for a 1-3 year old "off lease" machine at that time. Cat sells machines like this with full warranties and the cost can be as much as 33% lower than new.

I was also asked to look into the potential curb stop CIP account. It is not needed, when these are done in house our direct cost is the inventory and when we bring in a contractor to do one of these the money comes out of "Contract Labor" and we still

supply the inventory. If anything I would bump the Inventory Hardware CIP account up another \$2,500 and leave the contract labor line as is.

During the meeting, the commissioners agreed with the analysis regarding the purchase of a backhoe and said it makes sense to defer until 2012. Commissioner Fairweather said to stay with the rotation plan for truck replacement.

2. Commissioners reviewed the proposed 2011 CIP Trust Fund accounts. Changes to the recommendations were:

- ◆ Inventory Hardware: increased from \$10,000 to \$15,000, including 40 curb stop repairs.
- ◆ Filter Media: Bedrock well 5 has improved the filter media as the source is very clean. Change goal to \$30,000; change this year's appropriation from \$5,000 to \$2,000.
- ◆ Water Mains/Valves: Change priority from 3/4 to 2/3.
- ◆ Vehicle replacement: decreased from \$10,000 to \$5,000
- ◆ Generator & Pump: increased from \$5,000 to \$8,000
- ◆ Office building: Changed schedule from 2010 to ongoing
- ◆ Security Improvement: changed schedule from 2010 to 2011
- ◆ Building maintenance: increased from \$2,000 to \$5,000
- ◆ Water Audit/leak study: changed schedule from 2010 to ongoing
- ◆ WTF Operations Study: changed schedule from 2010 to 2012; decreased from \$6,000 to \$3,000
- ◆ Computer software: decreased cost/goal from \$15,000 to \$10,000
- ◆ Curb Stop replacement: Removed this line recommendation because included money in inventory hardware
- ◆ Storage Tank Upkeep: Added this new account recommendation with the following information: Priority 3/4; Schedule 2015; Cost/Goal \$20,000; Balance \$0; Cost/yr. \$5,000; Proposed 2011 \$5,000

These changes bring the total recommended CIP investment for 2010 to \$98,000.

3. Commissioners reviewed the proposed 2011 budget. After much discussion, commissioners agreed to lower proposed wage increases from 3% to 2%. It was noted that employees received 2% in 2010. The total operations budget is up 1.6% in the current budget draft.

All totaled, operating and CIP increases for 2011 total a \$20,000 increase from 2010.

Commissioners recommended increasing the water turn-on fee from \$50 to \$75. They will also look at increasing the transfer from the unexpended fund balance from \$10,000 to \$20,000, which would result in no increase to the tax rate.

DM Weber said this year there was approximately \$18,000 in unanticipated expenses, which made it difficult to shuffle funds between lines and not exceed the bottom line budget. Commissioners recommended putting \$3,500 in contingency in the miscellaneous line item.

- DM Weber said he is having a difficult time getting reports from the Trustees of Trust Funds because they don't have information available electronically. Commissioner Fairweather said he would like to see monthly reports on each trust fund. DM Weber said he will ask for the information.

Commissioner Fairweather made a motion that the district adopt as part of the official minutes the following spreadsheet entitled "Trustee Reimbursement Spreadsheet Nov. 3, 2010." Commissioner Sullivan seconded the motion. Unanimous approval.

Trustee Reimbursement Spreadsheet November 3rd 2010	2009	2010	
Inventory Hardware		9779.55	
Water Mains/Valves		13260	
Meter Replacement		2300	
Generator & Pump	3520	2052.34	
Computer, Software, Upgrades	1920	3268.8	
Office Building		3995.64	
Security Improvement	2653.24		
Building Maintenance		3000	
TOTALS	8093.24	37656.4	45,749.60

Commissioner Fairweather made a motion that the district manager request the Trustees of the Trust Funds for the Village District of Eastman reimburse the district \$45,749.60 as shown and totaled on the Trustee Reimbursement Spreadsheet Nov. 3, 2010 Commissioner Sullivan seconded the motion. Unanimous approval.

Meeting adjourned at 4:50 p.m.

Respectfully submitted,



Lorie McClory