

**TOWN OF EAST WINDSOR  
WATER POLLUTION CONTROL AUTHORITY**

**Minutes of Budget Workshop April 9, 2014**

**Members Present:** Paul Anderson, Tom Davis, Chuck Riggott, Dave Tyler and Kirk Montstream

**Others Present:** Superintendent E. Arthur Enderle III, Chief Operator Ed Alibozek, Paul Dombrowski, Woodard & Curran and Recording Secretary Laura Michael

**Time and Place**

The Budget Workshop was held at 4:00 p.m. at the WPCA Admin Building, 192 South Water St, East Windsor, CT

Mr. Enderle handed out copies of the 2014-15 draft budget. He explained that this was the leanest budget he could come up with. He went over each line item detailing which had increases and which had decreases. Mr. Enderle then went over the revenue side of the budget; sewer use charge revenue and non-sewer use revenue. There is a loss of approximately 150 units this year; revenue is down and expenses are up. Mr. Enderle reported that this past year with the CIP money, they were able to do 2 roofs, heating and air conditioning systems; pump rebuilds and pump station work. Mr. Alibozek explained they also purchased Moyno pumps and rehabbed the clarifier. Mr. Enderle reported that this upcoming budget year he plans to do another roof, finish the work on the Industrial Park Pump Station, upgrade the Route 5 Pump Station and rehab the chlorine tanks.

Paul Dombrowski, Woodard & Curran, provided a draft of a 10 year CIP Plan. He met with WPCF staff last Friday and revised the plan according to staff input. Mr. Dombrowski explained that Mr. Enderle's budget doesn't reflect the CIP Plan. Mr. Anderson stated that it won't have an impact on this budget. Mr. Enderle explained that he has budgeted \$200,000 for CIP this year but going forward they will need to plan how to budget. They will need to reach out to financial people, perhaps Webster Bank, for advice. They need to start planning for the 2015-16 budget now. Mr. Enderle explained that he whittled down the CIP line to the bare bones. He asked that the Board come to a conceptual agreement; to look at the concept and not at the cost. They don't have to do everything at once but they do need to plan and schedule.

Mr. Tyler felt that money left in the O&M budget line items could be used to offset the CIP costs. Mr. Enderle explained that the O&M budget is separate from the CIP. Mr. Tyler questioned that amount budgeted for pump station maintenance. Mr. Alibozek explained that the cost of the wet well cleaning are included in this line item. Mr. Tyler suggested applying the surplus from 2013-14 to the 2014-15 budget. Mr. Alibozek explained that they don't get an audited amount until much later; it could be applied to the 2015-16 budget. Mr. Tyler suggested come June 1<sup>st</sup> if there is money left in a line item using it to buy parts. Mr. Dombrowski suggested putting the surplus into the CIP now. He explained that the WPCA needs to build it reserves. There should be a reserve fund of 50 – 75% of their O&M budget but there is currently only 40 – 45%. Mr. Enderle stated that they have hit the FCC fund hard and it is below where it should be.

Mr. Dombrowski explained that the CIP Plan numbers are large; \$8.4 million. It is a 10 year plan and once they go through the cycle they will have to do it again. Mr. Tyler feels that the WPCA will need participation from the Town. Mr. Anderson agreed. These are large projects that benefit the Town. Mr. Enderle explained that the WPCA can't rely on the Town. Mr. Riggott

agreed. Mr. Dombrowski asked the Board to look at what the Town has funded; two thirds of the cost of the plant expansion and half the cost of the North Rd Sewer Project. Not many towns have come close to doing that. Those projects encouraged growth within the town and increased the user base. The CIP Plan is for improvements not growth. They are rehabbing the existing and there is no benefit to town growth. Mr. Tyler felt they should at least approach the town. Mr. Enderle explained that going forward they need to have a plan.

Mr. Dombrowski provided a priority list of recommended improvements for the treatment facility and for the pump stations. Woodard & Curran and the WPCF Staff have placed a priority level on each improvement. Improvements rated with a priority one will be completed in the first three years, priority two in years 3-7 and priority 3 in years 8-10. Mr. Alibozek reported that the WPCF staff has received compliments on their maintenance of the facility from company reps. Mr. Alibozek asked Mr. Dombrowski what it would cost to re-build this facility. Mr. Dombrowski answered approximately \$75 million. Mr. Alibozek felt that amount is huge compared to the cost of the CIP Improvements. Mr. Anderson explained that they need to get a handle on what needs to be done and talk money later. Mr. Dombrowski explained that the reserve fund issue needs to be on the radar. One substantial failure could eat up the reserves. The WPCA should have a reserve fund equal to 70% of the O&M Budget. Mr. Dombrowski suggested having a line item set aside for reserves. The WPCA will also need to look at funding mechanisms. The State has available on a first come, first serve basis a 20% grant with a 80% loan. Another option would be bonding. Mr. Enderle explained that they need to deal with this, this year and plan for subsequent years. Mr. Dombrowski asked the Board to consider keeping the retained earnings in a designated account not use it to buy down the rate. It was suggested holding a public information session to explain the rate increase and the needed improvements and putting an insert in the bills. It was the consensus of the Board to put the retained earnings into a designated reserve fund. Mr. Dombrowski suggested calling it a Capitol Reserve Fund. Mr. Tyler felt they would need to have a plan of how to use these funds. Mr. Enderle explained there is \$41,000 to start the capitol reserve fund.

The next budget workshop will be held on Wednesday, April 23, 2014 at 4:00 p.m.

The workshop adjourned at 5:40 p.m.

Respectfully submitted,

Laura Michael  
Recording Secretary