

Devens Economic Analysis Team ("DEAT")

**Minutes of February 11, 2011 Meeting
7:30am - 9:00am
Fireplace Meeting Room, Old Library**

Orville Dodson, Clerk

Members Present: Orville Dodson, Duncan ("Sandy") Chapman, Steve Finnegan, Victor Normand, Paul Green, and Maureen Babcock. Also present as an invitee was Steve Colwell of the Harvard Finance Committee and Ron Ricci.

Victor Normand called the meeting to order at 7:30am. The meeting opened with the approval of the minutes for the prior meeting (1/26/2011). Steve moved that we approve the minutes. Paul Green seconded and the members voted unanimously to accept.

The meeting began with old business:

Victor reported that he hadn't been able to reach Harold at Devens for arranging a meeting with the Devens assessor. Steve Colwell reported that he had no further breakdowns to present on the current Harvard Town Budget.

Steve Finnegan distributed to all members a CD containing Harvard's Town Budget, the recent School Committee population forecast study/report, the most recent Devens budget, and the Devens Annual Report for 2010. Steve summarized the School Committee report, mostly pointing out that Devens would add the current 56+18 students plus 74 more for the planned 176 new housing units at Devens plus perhaps 60 more for Vicksburg Square, yielding a total of less than 200 students from Devens. The School Committee report forecasts Harvard student population falling by 344 in the next ten years. Victor remarked that the DEAT report will have education costs holding steady (constant) so, even with future Devens students added, the DEAT report will still be conservative on education.

Victor distributed an updated spreadsheet. It gives the Ayer police chief's Devens estimate from 2008 for policing Devens and adds that to current Harvard police cost of \$1.055 million to produce the Devens plus Harvard police cost estimate. Steve Finnegan noted that his CD from last fall contains a copy of the Ayer police chief's estimates in a memo from him dated 2008. Victor noted that the only numbers we really want from Devens are its assessment numbers.

Victor asked Steve to draw up a list of documents we'd like to post on the town's website. Paul recommended that we put a table of current Devens budget items (from '10 or '08) and, beside each, our estimate of that same item's cost at Devens.

Moving on to new business, Victor asked Paul to report upon his and Duncan's recent visit with Jim Moore who manages utilities at Devens.

First off, Paul reported that Devens utilities ("DU") is electric, gas, water, sewer, and conduits/poles. DU serves Devens proper with all of these. It also provides water and sewerage to MCI Shirley and parts of Ayer and Shirley. There is language in Devens' foundation law ("498") covering utilities. DU is a member of ISO New England. While DU is officially responsible for providing all utilities, it

subcontracts out all actual operation and maintenance – for example, National Grid to operate and maintain DU's electric. By law, DU can provide gas and electric to only Devens proper. It can provide water and sewerage to anyone. DU has a great and mostly new physical plant and good redundancy. It has 2 large electric feeds and 2 gas feeds. Many of the large industrial plants put in at Devens estimated and asked for more water and sewer than they are actually using so DU currently has considerable excess water and sewerage capacity. Utility rates are set by the MassDev Board of Directors. We can get those current rates from George at MassDev.

DU is currently paying 2008 natural gas prices which are higher than current spot prices. Water and sewerage are still in subsidized mode. Water has recently crept up close to breakeven.

DU is permitted for 4.8 million gallons per day of water; it is currently using .7 million per day. DU has 50 miles of water lines. DU is permitted for 4.8 million gallons of sewerage; it is currently using .7-1.0 million per day. Sewerage is a full water treatment plant and yields useable waste water.

The build-out of DU is almost complete except for Salerno Circle. DU is holding Salerno for a company to come in and create a “campus” there.

DU is currently loosing some money. Water is cash positive; sewerage will forever be cash negative. Paul and Duncan's meeting with Jim went for 2 hours. Paul remarked that Jim is a true fount of knowledge. This concluded Paul's report.

Victor remarked that the two questions that will arise at town meeting about DU will be: 1) Is DU self sustaining (ie. Will it be a burden upon the town)? And 2) If it is self-sustaining, will it be throwing off any revenues to the towns (Harvard, Ayer, Shirley)?

Victor and Paul remarked that, with Devens' utilities mostly in place, Devens is in a great position for bringing in industries since it is offering land with full utilities already in place.

Victor asked Paul and Duncan to find out a few more things about Devens' utilities. He suspects DU is self-sustaining except for sewerage so do water and gas throw off enough “profit” to cover sewerage? Also, what capital spending monies does DU need to repay to the state and other parties? Further, try to obtain the very detailed appraisal of DU that MassDev did several years ago. Finally, municipal utilities typically pay “in lieu of taxes” monies to their town each year, in the range of 1-4% of utility's revenue. Will DU be able to do that?

Ron Ricci asked Victor when he'd like to have us put onto the Board of Selectmen agenda. Victor said we'll decide that at our next meeting.

It was then moved and seconded that the meeting adjourn. All members voted in the affirmative and the meeting did adjourn at 9am.