

TOWN OF HARVARD

Finance Committee

Minutes

Meeting Date: August 17, 2011

Meeting Place: Town Hall

Members Present: Marie Fagan, Heidi Frank, Steve Colwell, George McKenna, Rudy Minar, Alice von Loesecke, Alan Frazer

Others Present: Tim Bragan-Town Administrator

Meeting Time: 7:05 pm

Adjournment Time: 8:10 pm

Discussion and Actions

- Marie Fagan opened the meeting at 7:05 pm
- Tim Bragan discussed STM tomorrow night for borrowing an additional \$540,385 for the center sewer project. This has been approved by SRF. The Town authorized 2 million for this project in 2009. The new total borrowing is at \$2,540,385. Circuit breakers from 2009 requiring further action prior to project construction are the following:
 1. If the amount of the Betterment increases by more than 10%
 2. If the total amount of the projected Town Operating and Debt costs increase by more than 10%
 3. If the financing assumption of an interest rate of 2% over the 20 year time period is not realized
- Number two above is being triggered with Town debt costs increasing by more than 10%. There will be a 62%/38% split with private/town. Private comes to \$1,575,038 and Town comes to \$965,346. We have spent \$337,000 so far for engineering, re-engineering, and permitting. This was paid by Reserve Fund Transfers and was not eligible for SRF.
- 2011 projected Betterment Cost Impact per unit is \$18,530. 2009 projected was \$17,000. Estimated Betterment Units are 85.03. This may go down to 82. Based on 85 Betterment Units, this is an increase of \$1,530 (excluding interest and taxes). The 38% Town portion based on the average \$561,415 homeowner value, there is tax increase of \$7.30/year.
- What if a NO vote at STM? Our SRF would go away, and we would have to reapply. Would delay project by at least 2 years. The cost of the project to the Town would roughly equal \$1,400,000 with interest rate at market rates ~4%, not SRF 2%. Total cost over 20 years would be \$1,989,420. The current model with the added \$540,384 would consist of a total cost over 20 years at \$1,168,068.
TOTAL ADDED COST TO TAXPAYERS \$821,352 over 20 years if a NO

- vote.** Municipal buildings would have no septic solution and re use would be severely restricted. There would also be mounded systems in Town Center.
- George McKenna moves to support Article 1 Town Sewer Design And Construction Supplemental Funding. Vote is 5-0-1. Also, a 5-0 vote for George to be spokesperson at STM.
 - Liaison update with George at last MBC meeting. They have narrowed it down to 4 firms for Operations Manager.
 - Meeting adjourned at 8:10 pm.