

Official

**BUDGET COMMITTEE MEETING
MINUTES**

**Hooksett Town Hall
35 Main Street
Tuesday, April 19, 2011**

CALL TO ORDER

Chairman Miville called the meeting to order at 5:30 pm.

ATTENDANCE

Chairman Miville, T. Keach, N. Comai, K. Hughes, T. Lizotte, JR Ouellette, V. Lembo (Council Rep.) and D. Argo (School Board Rep.)

D. Pearl and J. Hyde excused

APPROVAL OF MINUTES

March 3, 2011

V. Lembo motioned to accept the minutes of March 3, 2011. Seconded by K. Hughes. Vote unanimously in favor. D. Argo abstained

April 9, 2011

V. Lembo motioned to approve the minutes. Seconded by JR Ouellette. Vote unanimously in favor. Kathy, Nancy, Dana, Tom abstained.

PUBLIC INPUT

None

NEW BUSINESS

RSA 32:11 – Emergency Expenditure for Sewer Clean-up
Sid Baines and Bruce Kudrick

S. Baines requested approval of an emergency expenditure and over expenditure. Our financial advisor has taken stock of all available monies at the Hooksett Waste Department of which \$480,000 is set aside for payment of the debt due next April. That will be the regular debt payment for the next 20 years. We have \$247,888 in the capital replacement account. The funds include \$118,000(Bridge restoration), \$131,053.83 (Sludge) and \$452,568.13 (Plant expansion) for a total of \$991,000. We have contracts out with Enpor for \$125,000, a second contract for \$89,000, \$14,000 for yard clean up after the event, \$7000 from Hampton Beach clean-up raking and \$3700 for Hampton Beach State Park clean up. There are bills coming in. The \$991,000 should handle everything except the Massachusetts bills. We are going to put a deadline of October 1st for the bills to induce their arrival and then we will have a handle on the total cost. The DRA has informed us that we must go through a procedure to obtain Budget Committee, Council approval prior to approval from DRA. If we don't get approval from at least 5 members of the Budget Committee, we have to go to Court for the approval.

We are not talking about impacting the taxpayer at this point. The \$991,000 is all the money the sewer department has and will front the money for the first wave of payment. Once we get insurance payments, we will be able to replace the money. Kruger, Penta and Grey's Engineering are the three other entities involved in this event.

We are anticipating reimbursement of a large amount. Hopefully we won't go to court. We have a meeting a week from today in Massachusetts with Kruger that will give us some results. We hired Hoy Tanner to give us the overview of what caused the event and who caused it. They will tell us what has to be done to correct the event so it won't reoccur.

S. Baines: After talking with DRA, once we get money from other entities, including insurance, we will deduct that from the \$991,000. Kruger has committed to \$150,000 and Grey's has committed to \$50,000. If we could have them cover the Mass bills, we would still have the \$991,000 in tact. Then the insurance would come in.

V. Lembo: I read there are disks in Maine?

S. Baines: There are only a few which were picked up.

K. Hughes: What will happen if you drain your account? What if you have another calamity? You will not be able to pay for repairs.

S. Baines: Yes, but we hope to replace this money with insurance money.

N. Comai: In April, the \$450,000 was transferred from where?

S. Baines: We have a stimulus grant and a loan with the Dept. Of Revenue. That money doesn't come in until after you make the payments. So you borrow from other accounts to make the payments and then put it back.

N. Comai: You are zeroing the accounts. Will the lines remain?

S. Baines: We will keep a few dollars in the account to keep them open. We are just looking for permission to expend. We are not going to zero out the accounts.

M. Miville: Is it correct that DRA is requesting that you remove all this money?

S. Baines: No, it will take that money to pay our loans and the bills that are coming in. At this point, no one is stepping up except the Sewer Commission, so we are going to pay the bills and then after we can hammer out whom else will pay.

T. Lizotte: Is this an emergency expenditure or an over expenditure? Is this saying that you are spending over what you allotted or budgeted?

S. Baines: Over what we are budgeted and the money is in reserve accounts.

V. Lembo: I thought I read a memo that said you can't spend capital reserve funds?

S. Baines: If that is the case, it will be adjusted when we go to DRA. Our financial advisor went over this carefully.

JR Ouellette: If no one is willing to pay, who will bear the burden, the town or the rate payer?

S. Baines: The rate payers, but after we go belly up, it is the town's responsibility after we can no longer pay.

JR Ouellette stated that the whole town benefits from the Sewer and the town should be responsibility. It is an asset for the town when Commercial is coming to town.

T. Lizotte: Where does LGC come in with the collection process?

C. Granfield: It was determined; I think in the forth coming year, if there is another Charter Review Committee, they should look at this because ultimately the Town is responsible. The way it is set up isn't the most correct way. The legal and insurance, they are covered under the town's insurance. We own all the buildings and it is under the town's umbrella. Initially the Attorney General's office contacted the town but later between the Sewer attorney and the town attorney it was decided that the Sewer attorney would handle it and they had the environmental expertise. They are handling the insurance issue.

T. Lizotte: The Sewer attorney is the liaison to LGC?

C. Granfield: yes.

M. Miville: What is the autonomous part of the Sewer Department?

S. Baines: It is the elected part. When it was established in the late 60's, it was a Town Waste Water Treatment plant with elected officials. Those officials had the same rank as the Selectman and just ran the Sewer Department and the Selectman ran the Town. The operations are autonomous and the buildings belong to the town.

V. Lembo: On the plant expansion reserve fund, is that what people have bought reserve for?

S. Baines: No, that money cannot be used for this.

T. Lizotte: The Plant expansion reserve is rate payer money?

S. Baines: Yes.

M. Miville: The \$991,000 is rate payer money.

S. Baines: As far as I know, it is all ratepayer money and they are footing the bill.

D. Argo: The remedy, whatever happened at the plant, the cost to fix?

S. Baines: That will have to come out of the \$991,000. The cost for the engineering study will come from the \$991,000 (\$18,800). The other study will be done by Kruger and Penta and Grey's. We will meet next Thursday.

D. Argo: So this could happen again?

S. Baines: We have put in safety measures since that time.

K. Hughes: Have the missing disks been replaced?

S. Baines: No, but Kruger said they would replace at their cost.

t. Lizotte: Is there any opportunity to create revenue through processing other towns?

S. Baines: Yes, one which we discussed last week but it involves hazardous waste but we are not sure we could get rid of the waste.

N. Comai: Page 2, it looks like there has already been a lot of movement of money.

S. Baines: As I explained, when bills are due and we have to wait for stimulus money. We have to pay the bill until we get the money. We then reimburse those accounts.

N. Comai: What is different tonight?

S. Baines: This is going to be expended money.

T. Keach: The Commission and the Town Administrator acted responsibly and promptly and thank you for doing this. Hopefully we can move forward.

M. Miville thanked Mr. Baines for their improved communication.

V. Lembo: Dan Pike has been instrumental in handling this issue.

M. Miville read the cover letter into the record to Kevin Clougherty.

K. Hughes motioned to approve the application of emergency expenditures pursuant to RSA32:11. K. Hughes seconded by T. Keach.

Vote unanimously in favor. V. Lembo abstained.

Vote 7:0:1

T. Lizotte: I'm concerned that we don't have enough time to prepare for these emergencies meetings. We should have had this information yesterday. I would like that put into the rules of the committee that we have information a minimum of 24 hours prior to a meeting.

ADJOURNMENT

The Chair declared the meeting adjourned at 6:30 pm.

Respectfully submitted,

Lee Ann Moynihan