

NORTHFIELD FINANCE COMMITTEE MEETING MINUTES

MARCH 21, 2022 6:00 PM

VIDEO CONFERENCE VIA ZOOM

PARTICIPATING FINCOM MEMBERS: Lois Stearns, Chair; Dan Campbell, Sue Kaczinski, Jack Spanbauer and Bernhard Porada

FINCOM MEMBERS ABSENT: Tony Matteo

PARTICIPATING SELECTBOARD MEMBERS: Heath Cummings, Chair; Bee Jacques, and Bernie Boudreau

SELECTBOARD MEMBERS ABSENT: Alexander Meisner and Mary Bowen

ALSO PARTICIPATING IN VIDEO CONFERENCE: Andrea Llamas, Town Administrator; Sean Cunningham, Dennis McCarthy, CFO of Thomas Aquinas College; Andrew Evans, RCAP Representative; Catherine Hurley, Charlie Blanker, Donald Glascoff, East Northfield Water Co Representative; Julia Blyth, Jeff Shander, Robin Connelly, Patter Field, Sam and Barbara Richardson, Margaret Conner, Karen Boudreau, Ted Thornton, Bethany Walker, FINCOM secretary; Tyler Bourbeau, BNCTV

Live via BNCTV & Recorded via Zoom

Stearns called the FINCOM meeting to order at 6:04pm

Cummings called the Selectboard meeting to order at 6:04pm

• **PRESENTATION/DISCUSSION ON THE PROPOSED EAST NORTHFIELD WATER DISTRICT**

- Llamas opened presentation with a slide show focusing on several key points/summary
 - Since the implementation of the recent rate increase in June of 2021, the East Northfield Water Company (ENWC) is generally cash flow breakeven
 - However, ENWC does face capital needs for repairs & upgrades in specific areas, costs associated with complying with MASSDEP's requirements for additional filtration or new water source and capital needs for projected growth of water usage
 - Since ENWC is a private company, it does not have ready access to government funding for said capital needs
 - As a new water district, East Northfield Water District, as a governmental entity, would have access to governmental grants and loans for the said projects
 - Also, transitioning to a water district, it could potentially operate at a lower cost; for example, a water district would not pay Commonwealth tax
- Llamas gave background on the ENWC
 - Owned by Northfield Mount Hermon; current reservoir and dam was completed in 1936
 - ENWC serves 283 accounts (approx. 665 individual residents based on average household size) Accounts range from Thomas Aquinas College through seasonal residents on the Ridge
 - 2018 had an unprecedented event, ENWC reported a higher than acceptable level of coliform in the water of the Grandin Reservoir before water underwent treatment and distribution to customers
 - Due to this event, MASSDEP required ENWC to enhance the treatment of the Grandin Reservoir water or obtain acceptable alternate water source
 - ENWC lacked the financial resources to comply with MASSDEP's requirements
 - ENWC is exploring enhancing the filtration at Grandin Reservoir site or obtaining water from wells near the Reservoir. Problematically, both solutions are deemed too expensive for ENWC to implement without access to public grants/loans; research is still ongoing
 - As a private entity, ENWC has extremely limited access to low-cost grants and loans which has led to the startup of investigation of transitioning the ENWC to a water district, which again, would have greater access to government grants and loans
 - For many years, ENWC has been running at a loss with the closure of the Northfield campus of Northfield Mount Hermon
 - MASSDPU approved a rate increase in June of 2021; with the full implication of this rate increase and the growing use of the Northfield Campus by Thomas Aquinas College, ENWC is now generating sufficient revenue to cover operating costs

- A pro forma, Financial Projection reveals the ENWC, if a water district, could reduce certain operating costs, obtain governmental grants/loans to finance needed repairs of its distribution system and new filtration system
- A committee comprised of Andrea Llamas, Town Administrator; Don Glascoff, President of ENWC; Andrew Evens and Jim Starboard, representatives of RCAP Solutions (a government funding consultancy); Dennis McCarthy, CFO of Thomas Aquinas College; and Thomas Baxter, Northfield Resident and highly experienced water operation administrator; all working together to investigate the feasibility and sustainability of moving the ENWC water operations to a newly formed water district and obtain government funding for any needed spending. Jeff Blake, Town Counsel from KP Law, is providing guidance to the committee as needed. Commonwealth Senator Comerford and other government personnel are providing counsel as well.
- Draft of *An Act Establishing The East Northfield Water District*. A few key points highlighted for FINCOM to see were: "The District shall, at the request of the Town, included in each budget compensation to the Town for any services rendered and expenses incurred by Town officers with respect to the district". And "A bond issued by the District shall not be included in any debt or other limitation of the Town pursuant to any general or special law. A bond issued in accordance with this act not paid by the District as it becomes due and payable shall constitute a pledge of the full faith and credit of the District and a debt of the District within the meaning of Section 23 of chapter 59 of the General Laws. A bond issued pursuant to this act shall be signed by a majority of the commission"
- Pro Forma Projected Operating Results review. There are several recent developments that make this transition to a water district feasible: ENWC is currently generating higher revenue, Specific costs, as a water district would be eliminated or reduced, and working with RCAP Solutions, these consultants provide the ability to obtain grants and loans. Pro Forma Projected Operating Results also indicated it to be a self-sustaining. Specific assumption on Revenue and Cost indicates as such. Summary of historical and pro-forma operating results spreadsheet reviewed.
- To move forward with creating this district, approval by Town voters and by the Commonwealth legislatures are required along with creating a ENWD Commission charged with negotiating the transition and operation of the ENWD. Once ENWD is formed, it will seek governmental funding before the actual transition of the operations from ENWC to ENWD. The services provided by RCAP Solutions are at no cost. The current projection for ENWD to seek grants and loans totaling \$750,000 which would ensure the ENWD, alone, is responsible for repayment. The cost of operating ENWD and repaying any loads for capital improvements will be borne by the customers of ENWD; Neither the town nor non-customers will bear any cost of ENWD.
- It is requested to the FINCOM that they recommended that the residents of Northfield meet to discuss the creation of a Water District, and as a result of that discussion, support the placement of an Article on a Town Meeting Warrant for a vote on the formation of a Water District. To be noted that this doesn't commit the Town to anything other than further work on the project as there are additional steps before the transition of operations to a new Water District. The working committee, and eventually, the Water District Commission, will continue to evaluate the financial feasibility of the project with the help of RCAP Solutions (consultants). The Water District will not take on the responsibility to operate the District until it is clear that government agencies will provide grants and loans to the water district to pay the capital cost of the planned infrastructure projects and upgrades.
- Evans, RCAP rep, provided information about RCAP and their role in this process
 - Review of USDA Rural Development goals and community needs
 - Review of basic requirements for creating a Public Water Source

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- Review of Water Supply Protection Area Requirements and Water Quality
- RCAP does not charge for their services, just two requirements. 1) a signed workplan and 2) Initial and Final Technical Managerial Financial (TMF) Tool. This Tool is to highlight/identify the needs of a community, tracks RCAP performance. This is data driven to show performance and impact that RCAP is making in communities across the country.
- Discussion among participants included
 - Is district buying this from NMH? Glascoff (ENWC) nothing is discussed yet as to "buying". Again, it would be the district to negotiate.
 - Were costs considered in the Pro-forma? Pro-forma only reflects costs of operations, not purchasing costs.
 - Review of pending issues that must be resolved before any transition
 - Reiterating the Town's role and costs to the Town; the Town has incurred no costs other than some legal counsel from Jeff Blake (KP LAW)
 - Discussion on who would make up the Commissioners.
 - Can the other water district connect and merge as one district? Yes, however at this time they are not interested.
 - USDA grants are not guaranteed, so what would happen? No transfer would occur if grants and loans cannot be attained. Discussion on percentage of grant usually given by USDA.
- Public forum to be held on April 6th

- **NEXT MEETING**

- 3/28/2022

A motion was made by Porada, seconded by Kaczinski and VOTED unanimously to adjourn the FINCOM portion of the meeting

A motion was made by Jacques, seconded by Boudreau, and VOTED unanimously to adjourn the SELECTBOARD portion of the meeting

Meeting adjourned at 8:03 pm

Submitted by:

Bethany Walker

FINCOM Secretary

Approved On: 3/30/2022

Approved By: James A. Campbell