

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

Minutes of Special Meeting of July 11, 2018

Members Present: Paul Anderson and Kirk Montstream

Member Absent: Dave Tyler

Others Present: WPCA Superintendent E. Arthur Enderle III, WPCA Chief Operator Edward Alibozek, Town Treasurer Amy O'Toole and Recording Secretary Laura Michael

Time and Place

Paul Anderson, Chairman, called the meeting to order at 4:04 p.m. at the WPCA Admin Building, 192 South Water St, East Windsor, CT

I. Semi-Annual Budget Review

Mr. Enderle thanked Town Treasurer Amy O'Toole for attending. He explained that she has given him access to WPCA financials and has brought him up to speed. He now has a true reflection of what the WPCA has for money. Mr. Enderle provided a Financial Summary as of July 11, 2018. There are three accounts in addition to the operating budget. The Webster fund balance which is retained earnings from previous years, the WPCA CIP, which is the old STIF funds, the Canyon Ridge operating and Canyon Ridge replacement accounts and the Sewer Assessment Fund which is money collected from Facility Connection Charges. Mr. Enderle explained that going forward they should fund capital projects by the project not by a dollar amount. Ms. O'Toole recommended a 5 year CIP plan. This would give them a sense of what needs to be done and how to fund it. Ms. O'Toole explained that Webster Bank is paying 1.54% interest on the Fund Balance. She explained that Windsor Federal is paying 1.75% for a 6 month CD and 2.25% for a 20 month CD. The STIF accounts are paying 1.97% interest and the money is readily available. Ms. O'Toole explained that the STIF accounts are more flexible than a CD and might be a better option. The use of sewer assessment money was discussed. Mr. Enderle explained that FCC can only be used for capital projects. Ms. O'Toole stated that FCC money can't be used to offset rate increases. Ms. O'Toole explained that along with the money the casino will bring in, there will be costs to running the plant with the increased flow. There will be wear and tear on the equipment. Mr. Enderle suggested to Mr. Alibozek that they do an equipment and asset inventory. Mr. Alibozek felt they would need additional spare parts. Ms. O'Toole explained the WPCA needs a reserve; about 20% of the operating budget. Ms. O'Toole suggested funding \$200,000 of CIP projects out of the budget each year. Take the \$200,000 out of the budget and put it in a dedicated CIP account to build a balance.

Mr. Enderle asked Ms. O'Toole to explain the difference between a capital project and a capital purchase. Ms. O'Toole said they are the same. A purchase over \$7,000 is a capital purchase: \$7,000 machines and equipment, \$20,000 for improvements and \$100,000 for infrastructure. Repairs should be paid out of the operations budget. Ms. O'Toole explained that if repairs are not adding life to the piece of equipment, it is not a capital improvement. The WPCA should have one line for capital projects not CIP and Capital Purchases. Ms. O'Toole stated again, don't use Fund Balance money or other funds to lower the user rate. The funds will be gone very soon if used that way. It is a bad business plan. It is okay to use on a one-time thing. Operations and maintenance are ongoing. Mr. Alibozek said the good news is, although money has been used from reserves, the fund balance is still growing. Mr. Enderle asked if the limits on the fund balance should be revised. Ms. O'Toole didn't think so. Ms. O'Toole stated that not having debt is huge. It is a great thing. The WPCA has been paying as they go. That is the right thing to do.

The meeting adjourned at 5:08 p.m.

Respectfully submitted,

Laura Michael
Recording Secretary