

**Littleton Light and Water Departments
Board of Commissioners Meeting
Minutes – February 18, 2005**

Present for the meeting:

Commissioners: Bruce Trumbull, Joe Cataldo, Tom Rauker, Joe McCumber

General Manager: Savas Danos

Assistant General Manager: Scott Edwards

Staff: Kevin Goddard, Jerry Young, John Lanciani, Jennifer Pederson

Meeting called to order: 3:09 PM

Commissioner Rauker stated that he approached GM Danos regarding the Town fiscal situation and wanted to talk with the other Board members to see if something could be done to help the Town without affecting ratepayers.

Commissioner Rauker stated that even with a level funded budget there would be a \$700,000 deficit. The deficit is mainly due to increased health insurance and pension costs. Commissioner Rauker outlined some of the cuts that would need to be made under the current situation. Commissioner Rauker stated that at a recent FinCom meeting it was discussed that Light and Water should be revoking any and all raises; Rauker defended the position that LELD was a separate entity and was profitable and that the school department has not gone without raises. FinCom also discussed the PILOT and cash or assets and the idea of coming up with a formula based on profits and earnings. Finally, Commissioner Rauker stated that BOS Chairman Caruso had suggested taking over or selling the light department.

Commissioner Rauker stated that Selectmen Glavey and Caruso keep talking about finding \$200,000. Commissioner Trumbull questioned what difference that would make with the current situation. Commissioner Rauker suggested that we might want to come up with a formula to give the Town some additional money with a three year time frame to give the Town time to recover economically. Commissioner Rauker stated that this could only be done if it would not affect the ratepayers.

Commissioner Cataldo stated although he did not like it, he was in favor of it. He stated he did not want the Selectmen to use it as a campaign tactic.

Commissioner Cataldo stated that LELD has done a lot over the past five years; he further stated he always wanted a formula. He does not want this to create a groundswell for more people to come to the Board.

Commissioner Trumbull stated that he would hear the BOS out and hear what they have to say, but that the LELD board is autonomous and that he will not be blackmailed. He stated that if they wanted a formula, it would all be wrapped into that one formula and there would not be any more special deals.

Commissioner McCumber asked Commissioner Rauker what the Town needed to be level serviced; Rauker stated it would be around \$1.6 million. Commissioner

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McCumber stated that he didn't feel a formula would end the requests and that if we go this way we have lost control. He stated that we would not be able to get the Town out of their fiscal problems. Commissioner McCumber stated he did not feel there was any justification to give more money out of the ratepayer funds. He stated if LELD did decide to give anything it would have to be out of jobbings or projects like Acton streetlights. He stated revenues and taxes are necessary. He stated by giving money it would be going back on what the Board has been saying the past six months and it is not fair to the ratepayers. Commissioner McCumber stated that Commissioner Gruskowski suggested a meeting with all the Selectmen, although Commissioner McCumber felt that could be inflammatory as well.

Commissioner Rauker stated that he downplayed the idea of the takeover; however, a significant number of the town surveys that were returned remarked that the town should get the money from the light department.

Commissioner Trumbull asked if it was legal to do a one-time rate hike; Danos stated that it could be considered rate discrimination. Commissioner Trumbull stated that he wanted to know how we could give extra then. Commissioner Rauker stated that he asked the same question and that it would have to come out of the reserves. Commissioner McCumber stated that while we are owned by Littleton all of the ratepayers pay into it. Danos stated that it would have to be surplus revenues that would have gone to rate stabilization or depreciation. Commissioner Trumbull stated that while it doesn't affect the immediate rates, that money is used later on. Commissioner McCumber asked that Danos find out how other municipals compare with respect to size, rates and money in the bank.

Commissioner Rauker asked whether the PILOT came out of our rate of return; Business Manager Young and Danos stated that most of the PILOT items are budgeted. Danos also stated that a new Town Treasurer might have a different way of using the free cash. Commissioner McCumber asked AGM Edwards how comfortable he was with the money put away to buttress power supply costs; Edwards stated that he felt it was fine and that we haven't had to use any money from rate stabilization. Commissioner Cataldo stated that he felt it was important to use money from rate stabilization to buttress the rate, he also suggested using some of the money to improve the physical plant. AGM Edwards stated that we are spending money at the substation and on the new circuit.

The Board asked Danos to compile a report on the cash that we have, where we stand and our comparison to other towns. Commissioner McCumber asked Danos to estimate what we have in different funds from our work in Devens and Acton and he also wants Danos to provide the Board with the process needed for the BOS to takeover or sell the light department.

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Commissioner Cataldo stated he wanted the BOS to come to the BOC; Commissioner Rauker stated he felt the opposite, but that if the Board did decide to give some money, he really was not sure how he would vote. Commissioner McCumber stated that an override was the only way for the town to get out of this; Commissioner Rauker asked what would happen if it didn't pass and Commissioner McCumber stated that the town would see the effects. Commissioner Cataldo stated he wanted Danos and staff to see how much money should be put into the physical plant; AGM Edwards stated there is a five-year capital plan. There was discussion about the Commissioner's stipend and Commissioner Trumbull stated that he would give his \$500 back if the Town wanted it. Commissioner McCumber stated he could not be at the March 2nd meeting and that he was afraid it might be a split vote.

Commissioner Trumbull asked if the light department had any other streams of revenue; Danos stated there do not appear to be any. Commissioner McCumber asked Danos to check with staff and see what they need. Commissioner Rauker reiterated that he wanted to see what funds we have, the source of those funds, and a comparison of similar size systems with similar performance.

Commissioner Cataldo asked AGM Edwards what Georgetown gives their town; Edwards stated 1/10% of sales which amounts to about \$50,000 and for two years they gave an additional \$100,000. He stated Georgetown agreed to stick to the formula and the Town could come back each year. Commissioner Cataldo asked what LELD would be paying given the same formula; Edwards stated it would be approximately \$250,000. Edwards stated he thought a percentage of sales was a good formula.

With no further business before the Board, on a motion made by Commissioner Trumbull and seconded by Commissioner Rauker, the Board voted unanimously to adjourn the meeting at 4:11 PM. **The Vote: Trumbull – Yes, McCumber - Yes and Rauker– Yes, Cataldo—Yes.**

Respectfully submitted,

Savas C. Danos

Date

Approved: March 16, 2005