

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM**

**Quorum noted**

**A. 5:30 PM:** Meeting called to order by Chairperson Davis.

**B. Roll Call:** Ms. Davis, Mr. Murphy, Mr. Pomerleau, Mr. Hughes, and Mr. Donhauser.

**C. Pledge of Allegiance recited**

**D. Moment of Silence observed**

**E. Public Comment:**

**5:31 PM** School Board letter to be placed on the January 25<sup>th</sup> agenda.

**F. Approval of Minutes of Previous Meeting(s)**

**5:32 PM** Motion by Mr. Murphy, second by Mr. Hughes, to approve the minutes of November 16, 2017, as amended.

**Roll Call Vote:**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

**G. Special Reports**

**5:33 PM Audit(s) Discussion – Chris Bachman**

Mr. Hughes said that a few of us couldn't really understand the explanation Mr. Bachman gave and wondered if he would re-address that issue (stormwater) that helps us to understand why it happened and what we can do to make sure it doesn't happen in the future.

Mr. Bachman confirmed that he was discussing the wrong year, thinking it was 2017, not 2016, and apologized.

Mr. Hughes said that we knew there were issues regarding stormwater in that year but, as far as the 2016 audit, we didn't understand why the issuance of the opinion took almost a year from the time the audit was started.

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**5:34 PM** Mr. Bachman said that he could not answer that, as he thought he was here to talk about the 2017 audit.

Ms. Davis clarified that last year's audit was a year late; that we had asked Mr. Bachman on July 27<sup>th</sup> why it was late and he said it was because of stormwater, which was inaccurate, and we wanted to understand the real reason it was late and there was some confusion over why it was really late.

Mr. Bachman apologized, saying that he must have misspoke at that last meeting. He added that there is a tremendous amount of work that goes into all of this; a lot of external information that we have to gather; specifically, retirement, collateralization, different information that is not in the Town and that leads to compiling, within the audit, certain fixed assets that are not maintained by the Town, that we maintain as part of the service. He added that that extraneous information takes time to compile.

**5:35 PM** Ms. Davis said that the year we had the problem with stormwater the year ended on June 30<sup>th</sup> and the audit was presented to the SB in December and, yet, the following year we had no problems but it was a year late and we have no real explanation. She added that, because Mr. Bachman is not up to speed this evening, she would like to request that he put a response in writing and send it to the SB, at some point, and we will give him time to go back and review the situation.

Mr. Hughes said that all those items he just mentioned are, indeed, problems with every audit and should not have delayed the opinion the time that it did; that we are just trying to understand why things were delayed so long. He added that, if we have accounting issues, we need to know about, then let's address them; if it's internal control issues, then let's address them; that we just need to know why that issue was delayed so long; that it was just beyond what we would normally expect.

Mr. Bachman said that he understood.

**5:36 PM** Mr. Lee clarified that there didn't seem to be any issues, that it was a very clean audit.

Mr. Bachman agreed that it was a very clean audit when the final numbers are presented; that the accounting issues we encountered during this specific audit, this year – last year – different years - is the reserve fund accounting and how the emphasis is on the moving of the cash versus recording the cash down as a single balance; that the emphasis is to let Key Investment track individual balances in those Key Investment accounts. He added that the money gets moved, not as it gets approved or spent, but as a net; for example, approval was for \$5,000 but

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\$3,000 got spent, so the actual movement was only \$2,000; that in the audit, we have to show both the \$5,000 and \$3,000 movement, in and out, expenses, reclassification. He said that the accounting of the reserves is a very cumbersome process the way they are established now; that a lot of the responsibility falls on Key Investments to handle those balances, to transfer the cash the two, three extra steps that are taken that is not really reflected in the accounting software. He added that your items that go on at Town Meeting, annual budgets, expenses that are spent for twelve months all get netted but there's one large transfer within one account, if you've seen that 17-20-page bank balance; that, in reality, you're taking money out of one pocket and putting it in the other; that that's all that's happening but there's \$800,000 to \$900,000 worth of transactions that makes up that transfer.

**5:37 PM** Mr. Lee asked if the way that we do it is unique to towns.

Mr. Bachman said it was very unique; that the sub-accounting is accounted for by the bank investments to move this money from the general operating account and put it in the Key Investment account; that that is the reserve account. He added that that's where he thinks the emphasis is; that the SB wants to see what the balance is – here's what's available, that's a cash balance; that at the end of the day it reflects truly that \$2,000 got put into there and the balance did go up by \$2,000 but, from a financial statement disclosure reason, we have to show that the \$5,000 went in and the \$3,000 came out.

**5:38 PM** Mr. Murphy asked if Eliot was unique, do other towns do it in a simpler way.

Mr. Bachman said that every town is unique in the way that they do it but there are certain ways it gets handled differently, depending on the town, such as reserves. He added that some towns will transfer that money on Day One; that most towns will transfer into one, two, or three different accounts, and that one account is your capital reserve; that out of your 20 or 30 reserves, there is a lot of activity that goes through those.

Mr. Lee asked if that was the major holdup.

Mr. Bachman said that that has been a major holdup for years, in how that is accounted for. He added that it is a complicated system that's not being utilized to the fullest degree; that there's a lot of undoing of net transactions.

**5:39 PM** Mr. Donhauser asked if the 'due to' and 'due from' accounts are accounted for in the accounting system or does Mr. Bachman do it manually.

Mr. Bachman said that they are automatically done.

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Ms. Bergeron said that that's one of the things Mr. Bachman has been really instrumental on helping with. She added to keep in mind, too, that when Mr. Bachman is presenting all of this information, then she and Mr. Lee also have to have a chance to look at it, too; that the investment account accounting portion of it is cumbersome; that she would like to see fewer; that it's the SB's request to see more and see everything line-item; that it's cumbersome and time-consuming. She added that, when Mr. Bachman provides information, it still needs to be reviewed, as well, for accuracy and she has to understand, as well, the transactions because, when he is talking about net and unravelling it, it's showing expenses and transfers; that she needs to make sure she understands it, as well, because hers is one of the signatures signing off on this stating that it is accurate.

**5:40 PM** Mr. Donhauser said that another complexity of municipal fund accounting, or accounting, is that it's called 'fund accounting'; so, each 'fund', whether it's a reserve or a general fund or a sewer fund; that those are individual accounting systems, so to speak, and every time you move money, if you debit one account in that fund, you have to have a credit in that fund that moves across to another fund, and you have a debit/credit there. He added that, as an auditor, it was always problematic to make sure that what was recorded in one fund actually ended up in another fund; that there is a lot more involved than in a normal business, he thinks. He reiterated that 'fund' accounting is much more complex and there are all kinds of rules that need to be followed. He said that he did it for years and you can spend hours tracing stuff back and forth to make sure it ends up where it's supposed to be; that a very minor thing can add a lot of complexity.

**5:41 PM** Mr. Bachman agreed that that's what is involved with a lot of this 60-70-page audit; that there's a lot of hours that go into that audit document; that what you said and what he handed out is the 7 or 8 or 10 pages that we have a very good answer at the end of our field work. He added that there are 60 days that we have to wait for collection, for deferred revenues, these adjustments that can't happen until after 60 days.

Mr. Donhauser added that there is also confirmation; that if they don't respond, you have to do another step, and that can also prolong the process.

Mr. Lee asked if that was what Mr. Bachman meant by getting external things that are not inside the Town office.

**5:42 PM** Mr. Bachman said that that was correct, adding that there was more. He added that MePERS is a huge disclosure that we have to go to MePERS directly for; that there are many assumptions made, actuarial analysis...

Mr. Donhauser said that another thing is that the American Institute of CPA's have all kinds of requirements, another peer review by another accounting firm;

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that you must fill out a myriad of checklists for internal control, as well as financial controls; that those are things the client does not see but is actually incorporated in the fee.

**5:43 PM** Mr. Murphy asked if this complication and these delays affect the return on investment of our invested funds, do we have to wait before we can get things there or is that a trivial issue off to the side.

Mr. Lee said that this doesn't have anything to do with investments.

Ms. Bergeron said that that is just the moving of the cash and that isn't affected by it.

Mr. Bachman said that that investment balance (Key) has lost money two years in a row, now.

Ms. Davis said that we haven't seen any statements for quite some time and we need to get back together with Key Bank to discuss this.

**5:44 PM** Ms. Bergeron said that Ms. Barnicle (Key Bank) just sent her an email that said she would like to get together with the SB and Ms. Bergeron asked her to set aside a couple of dates so that she could come and talk with the SB.

There was further discussion regarding the Town's investments and their status.

Ms. Davis said that she would like to see the monthly statements from Key Bank regarding the investment portfolio.

Mr. Lee said that he would include them in the financial report.

Ms. Davis said that the 'sweep' advantage does help us.

Mr. Lee agreed, saying that was the reason we went with Key Bank, as that is where we do all of our business.

Mr. Bachman said that he believes that is a separate account; that that 'sweep' is tied to your checking account and 'this' is a separate investment account; that they are not tied.

**5:49 PM** Ms. Bergeron agreed, saying that the 'sweep' is linked to the checking account, a separate wealth-management portfolio account. She added that we aren't married to them; that the only reason we went with them is because we had our general fund, sweep account, TAN, etc. with Key Bank; that they've done very well for us

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on the business banking side with the TAN, checking account, the level of service for that.

Mr. Pomerleau clarified that primary objective we wanted Mr. Bachman here, tonight, was that the reason for the year delay of the 2016 audit was not stormwater and we are still left with no real explanation as to why it took a year; that that is still vague in his mind. He added that he can appreciate the items Mr. Bachman brought up – the difficulties, the information-gathering, but what made 2016 more extraordinary than those items in any other year. He commented on one comment made by the Treasurer. He said that he understood that the purpose of an audit was for Mr. Bachman to come in and do a confirmation of what he has found and, if there are irregularities or problems that I have seen statements issued that accompany the audit into these areas of deficiencies or corrective actions; that she indicated that she needs to check Mr. Bachman's work before he issues it and that seems to him to be quite inappropriate; that there would have to be a reversal in that he finds a problem, then they fix it, we get the report on what he found wrong. He asked if he was summarizing this correctly.

**5:51 PM** Mr. Bachman said that she reviews these things; that he sends her a copy of the draft audit; that it's not complete because there are more changes that have to be made to the presentation of this year's audit; that the biggest one is the ECSD, as it was separate last year and is now in the general fund. He added that there are comparative notes within the audit that, last year, included ECSD in 'this' column and he needs to readjust it to compare apples to apples.

Mr. Lee said that we don't correct him.

Mr. Bachman agreed.

Mr. Lee said that he gives us the starting balance and we just need to understand why we're getting those ending balances, what changed.

**5:52 PM** Mr. Donhauser said that what we're really buying, as a town, is an opinion; that as a supplement we may be buying a report that says we have internal control issues or our accounting system needs to be improved in 'this' manner, but the primary cost of the audit is for an opinion on this financial statement that essentially says that these financial statements that the Town is rendering to the public fairly represent the financial position of the Town.

**5:54 PM** Mr. Lee reminded everyone that, going back four years when he first came, the existing audit had a number of management concerns about the way things were done and it was one of the primary things we struck out to fix. He added that there were many audits over the years where things were not corrected; that he thinks the number was in the teens of significant issues that Ms. Bergeron had been

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working on for a year, or so, and, collectively, we tackled it and got it all cleaned up.

Mr. Bachman agreed.

Mr. Lee said that our audits have improved and the number of concerns about how we manage money have disappeared. He added that he didn't want to mix up why a delay, which is a valid question, with are there problems because, if anything, we've repaired a bunch of things that should have been taken care of years ago.

**5:55 PM** Mr. Hughes said that he understood that completely; that the issue we have is that there was an extraordinary delay in our audit and all we need to know is whether we have some issues we need to address. He added that we still don't really have an answer as to what caused the delay to be so long compared to other years. He agreed that the prior year issues were extensive and most, if not all, of those problems have been corrected, so, no problem with that. He reiterated that what we want to know is the reason it was delayed so long, asking Mr. Bachman to identify that and give us a written letter some time in the near future describing what prompted the delay. He added that he could assume we aren't expecting that kind of delay this year.

**5:57 PM** Mr. Bachman said that that was correct. He added that, financially, he didn't think there was anything unusual; that possibly it got hung up in our office because of something like MePERS being late. He said that he misspoke back in July and apologized, adding that he would follow up with a written letter explaining why the 2016 audit was not done in a timely manner.

Mr. Lee said that he would schedule with Ms. Barnicle to have her come in to discuss the investment portfolio.

**H. Public Works**

**6:02 PM 1) Pump Station Funding Discussion – Keith Pratt**

Ms. Davis thanked Mr. Pratt for addressing the questions posed in our letter of November 20, 2017 and for the information he provided; however, certain key items were not addressed and, without those answers, the knowledge the Board was seeking remains lacking. She added that the first item they would like to discuss are the calculations based on the attached spreadsheet, which demonstrate that the total cost of the project increased by \$469,000 from March 1, 2016 through September 27, 2017. She added that this number is a starting point, so we should reach an agreement on it prior to further discussion. She said that, based on Mr. Pratt's response to the initial letter, he would seem to be disagreeing with the

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total calculation, here, and we need to come to some resolution of where we think the total numbers are before we move further in discovering where the cost increases occurred. She explained that the numbers on the spreadsheet came from the paperwork that was received over time, particularly around the time that the project was bid; that it looks like a lot of the cost overrun was taken up by utilizing our contingency amount of \$218,000 and \$14,000 that was set aside to re-pay the Town for the employee's time put towards this. She asked if Mr. Pratt could comment on these numbers and see if we can come to an agreement over what the bottom line is.

**6:04 PM** Mr. Pratt said that he didn't follow the contingency add-back in.

Ms. Davis said that would be because we originally had a line item on the March 1, 2016 estimate of expenses; that we had a contingency amount of \$218,000 and, then, when we look at a breakdown of expenses given to us near the bid time when we were starting to assess how much we were over by, that contingency went down to zero. She added that, in a sense, that was money that was shifted from contingency into picking up some of the cost overrun; that we have to add it back in in order to see what our true cost was.

**6:05 PM** Mr. Pratt said that he didn't agree with it; that the budget he is using is \$1.8 million, which was voted on back in October. He added that we don't add contingency back in, just a revised contingency number of \$50,000 that's in the contract bid.

Ms. Davis said that that \$50,000 for the contractor, money that we awarded him in the bid; that that's his money.

Mr. Pratt said that it isn't, it's yours; that it's only going to be used if we need it, so, it's a contingency, an unassigned item.

Ms. Davis said that if we award it to him, it should be our money and, then, we pay him if he has a change order.

**6:06 PM** Mr. Pratt said that we had a meeting on that and talked about doing that; that that is a way of developing a change order in the field during the building at the administrative level within the \$50,000; that if we had a small change in the field, find something unforeseen, we can assign that through that contingency and, beyond that \$50,000, we'd have to come back.

Ms. Davis said that she thinks we set a ceiling per change order amount that would need to come back to the SB for approval.

Mr. Pratt said that he doesn't remember that but maybe you did.



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**6:07 PM** Mr. Lee said that he thinks they did; that he thinks he sent it over right after that meeting. He added that he would confirm the amount.

Mr. Pratt agreed, saying that he would work with whatever amount that is.

Ms. Davis said that, regardless of that, that still leaves us with a total project cost of \$2.1 million; that our total was \$1,680,000 and now, according to her numbers, we are up to \$1,917,000, and that's with the contingency going down to zero. She added that, even with the contingency bid amount, that still leaves a sizable increase.

Mr. Hughes said that, in the \$1.7 million, we had already spent approximately \$90,000 (\$86,000) that was to be reimbursed to our reserve account, and that's now gone. He added that what Ms. Davis is referring to in the \$1.7 million for both pump stations is that there was a contingency of an additional \$100,000; that it was part of the \$1.7 million construction cost that is no longer there. He said that we've lost \$286,000, right off the bat; that the Town doesn't have the contingency of \$100,000 for each pump station and it doesn't have the money that was supposed to be reimbursed out of the \$1.7 million.

**6:09 PM** Mr. Pratt said that he is just telling the SB that the budget we are using with the State and the Town and what we voted on in October is \$1.8 million; that that's the budget he is working with.

Mr. Hughes said that, when we talked about this last fall before a final bond issue, Mr. Pratt was asked if \$1.7 million was still a valid number and could we live with that, and he said yes; so, we said go and \$1.7 million was voted; that now we find we need \$200,000+ more and we've lost \$286,000 in reserve that was supposed to be part of the \$1.7 million. He added that that's half a million dollars that's magically disappeared. He discussed his deep concern for the impact to rate payers and asked how we would explain that.

**6:10 PM** Mr. Pratt agreed that there was a cost overrun. He said that it would be an additional \$7.50/month due to this; that we had already done the rate increases to cover the project to cover 78% of the debt; that, in October, we did a 10% rate adjustment that covered everything we needed, including the overrun on the project. He explained that 5% was due to the overrun, 5% was to replenish your reserves that we are working to put back due to the overrun; that the other 5% is due to the debt service that you had, anyway; that we knew that you needed a 5% rate increase just to do the project at \$1.7; that the other 5% is due to the overrun; that he is working with a total overrun of \$176,000.

**6:11 PM** Mr. Lee said that that's not restoring the \$86,000 back.

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Mr. Pratt said that that is taking it out of reserves; that we did the design a year and a half ago, which was paid out of reserves; that \$99,000 was spent to do the design and most of that came out of reserves; that that is spent money that is in the budget of \$1.87 million.

Ms. Davis said that we are looking at totals, here.

Mr. Pratt said that we are looking at the same numbers; that he just doesn't agree with it. He said that he was not adding the \$218,000 back in.

**6:12 PM** Ms. Davis said that that is contingency that we used to have that we no longer have; that it's been shifted from contingency to some other line item.

Mr. Hughes asked what happens if we have a cost overrun during the project.

Mr. Pratt said that we have \$70,000 in contingency, now. He added that he's not denying that we spent some of the contingency, we did; that it stayed within the project but it stayed within the cap of \$1.87 million, explaining that the \$218,000 contingency that was originally there is now turned into project money; that the project money went up and the contingency went down. He said that he didn't add in \$218,000; that we can and, if you are right and we spend that amount, then you are right that we would have a \$2.1 million project.

**6:13 PM** Mr. Hughes confirmed that he meant that that \$218,000 is now a fixed number that's bid as part of the construction; so, it's gone through contingency to actual construction is Mr. Pratt's position.

Mr. Pratt said yes.

Mr. Hughes said that he didn't disagree with that.

Mr. Pratt said that we have \$50,000 in the contractor's bid that is available to us and we have \$21,000 that's just sort of set aside that is within the budget. He added that, if there are no more issues out in the field – and he told them there would be – and there's \$50,000 not spent, it's not spent and it will come back to you.

**6:14 PM** Mr. Hughes asked about \$100,000 with the DPW.

Mr. Pratt clarified that it does not include the labor and equipment that DPW is using but, in that \$1.8 million, we did carry \$40,000 for expenses; so, if he has to purchase pavement or a culvert, then those expenses will come out of that \$40,000. He added that what we talked about but didn't carry is if the SB is going to back charge the labor and equipment use; so, that is not in there.

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**6:15 PM** Mr. Hughes said that we have to count that \$40,000 as part of the project; so, Mr. Moulton is working on a project that we approved last year, which now we've taken some \$60,000, minus the \$40,000, that he is not going to spend on what he was budgeted to spend because he is going to spend it on the sewer pump repairs, asking where the money would come from to fund the projects he was supposed to do.

Mr. Pratt said that we would have to increase the budget on the project from \$1.8 million to something higher to cover it; that we did not do it at that meeting because we discussed whether or not we should, but he thinks it was left as a loose end.

Current contingency of \$106,000 includes \$35,000 assigned for specific expenses like testing and quality control and allowance for covering utility costs (in bid); \$50,000 in contingency (in bid); \$21,000 unassigned to any line item (difference between all budget line items in project cost subtracted from voted budget in November).

**6:17 PM** Mr. Lee said that if any of the \$50,000 or \$21,000 is left at the end of the project, then it moves back into our reserves.

Mr. Pratt said that, back in October, he came in with \$1.876 million because it gave a 5% contingency; that that is the level we are particularly comfortable heading into a project like this. He added that it is not unusual to see a contingency drop.

**6:19 PM** Mr. Pomerleau agreed that we did go all through this in October; that he remembers making the comment about never trusting an estimate when we get into big projects like this; that he remembered the discussion about what we would do about Mr. Moulton's expenditures and we didn't really address that; that we decided to move on so as not to stall the project and we would deal with that when it was appropriate.

Mr. Pratt commented that he had to go review the numbers, again, this afternoon and confirmed they are the same numbers we had in October. He said that he thinks most of the increases are as a result of time; that he wishes, 2½ years ago, that he had asked to add 3.5% every year because construction costs are increasing every year.

**6:22 PM** Ms. Davis asked Mr. Pratt to clarify whether the \$86,000 is, or is not, included in these numbers.

Mr. Pratt said that it was included in the \$1.876 million.

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Ms. Davis said that, of the \$327,000 engineering estimate, it's coming out of that number.

Mr. Pratt agreed.

Ms. Davis asked if he had, or had not, paid back the reserve.

Mr. Pratt said that we have not paid that part back and haven't suggested paying that part back, yet, because we wanted to get to the end of the project; that if there's any left, we will pay it back. He added that the other pulls you have from the reserves – he id see your financials earlier this week – you've been paying for costs out of the reserve but we've already asked for \$50,000+ so money is starting to come back from the SRF, from that loan amount to replenish the reserves. He clarified that our intent is to use everything else out of the SRF and, when we get to the end of the project, if we need to go back to these balances in reserves...we are over by \$186,000, of which we've used \$86,000 already; that if we exceed the \$1.7 million SRF loan, we're going to go back to those reserves; that that's what we said we were going to do. He added that we are not going to do that until the end and will only hit the reserves if we need them.

**6:23 PM** Mr. Pomerleau said that he would recommend that we don't do anything at this point further, waiting until the final numbers are in, then look at recovering anything, if needed.

Ms. Davis said that Item #2 is that we are looking for a detailed final cost breakdown of old pump stations that correlate with the estimates that Mr. Pratt had provided us, previously, just so that we have a basis of comparison and where the cost increases are occurring.

**6:26 PM** Mr. Pratt said that we asked for a breakdown from the contractor and they haven't provided that, yet; that the reason we asked was not to reconcile things but what we really want to do is, when they get the concrete footings and foundation in, we know what that value is so we can pay them appropriately and withhold the right amount; that it's for purposes of payment. He added that that will be available, we'll share it, and it can be used to prepare for what the estimates were previously. He said that they won't get paid until they get that to us; that they are on vacation right now and haven't started the job; that he expects it in the next few weeks.

**6:27 PM** Ms. Davis said, regarding Change Order #1 received a day or so ago, shows a reduction to the contractor \$102,100; that \$18,800 of that is a reduction in scope, which is their fee; that the balance of \$83,300 is being shifted from the contractor to the Public Works Department; that when you talk about \$40,000, it's actually, in a sense, closer to the \$83,300, barring any savings we might be able to make

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because we are making a deal for our on materials. She added that, in the end, the department is going to be looking for somewhere in the neighborhood of \$83,000; that she just wanted to bring that out because that is what you have to look at with this.

**6:28 PM** Mr. Pratt said that we are already budgeting \$40,000 (materials/subcontractors) for it, which is within the \$83,000, so the difference is whatever labor and materials you would absorb.

Ms. Davis said that her question is that, initially, Mr. Pratt indicated that three weeks would cover this but, in a sense, if we look at the \$83,000 and subtract the \$40,000 for materials and subcontractors, that would leave \$43,000; that, based on weekly expenses. spending three weeks for the DPW guys is nothing near this expense. She added that she sees some savings but wondered if we underestimated the amount of time we would be spending out there.

**6:29 PM** Mr. Moulton said that he didn't think so; that he assumed it will be less. He added that he would look at some numbers and give a better idea of what the cost will be (about \$13,000).

Mr. Lee said that Mr. Moulton did the first part way faster than he expected; that it may end up being only a couple weeks of labor; that it really did shave off a lot doing in-house and not having the contractor do it; that that is one of the main ways we're not grossly in trouble with this project.

Ms. Davis asked how far along in the list of tasks we are.

Mr. Moulton asked to let the SB allow him to look at the list, again, to give them a better timeframe, adding that he thinks we're good; that he does think the time will be less but he doesn't think it's going to exceed the three weeks. He added that he has a separate folder for our costs for this project. He agreed to add details for submitted invoices.

**6:31 PM** Mr. Hughes said that we had asked for either our internal accounting department or Underwood Engineering to provide us the details on the calculations of how the sewer user fees are calculated so that we know why fees go up and what's in those fees.

**6:33 PM** Mr. Pratt said that the SB did get a new rate memo from us yesterday; that the reason it just went out is because it deals with the 10% rate increase that was voted on in October. He added, realizing some SB members weren't here, that there have been two or three rate report memos and tech memos that have been issued that established the rate - the basis for the budget, the rate increases; that we've had one, or more, rate adjustments since he's been involved, and they are

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all available. He added that the original rate study was done in 2014 and there were updates done in 2016; that they are also on the portal web page that we maintain for your reports. He said that he worked with Ms. Bergeron a little bit this week because we establish the budgets, set the rates and financials we looked at together to seem to correlate well with the total; that he feels like you are in pretty good shape.

**6:37 PM** Ms. Davis said that she was looking for a starting balance in each of the reserve accounts from, say, 2014, the amount of revenue that came in, and the money that was transferred out so that she could look straight down and see where we started from and where we have ended up now, and why. She asked if there were two accounts or three.

Ms. Bergeron said that there is the sewer betterment and the sewer capital. She added that, from her perspective, the betterment account should be rolled into the sewer capital account, as all the betterment is are the hook-up fees for the sewer; that we're not reserving for betterment and is basically the revenue from hook-ins. She said that she went back to 2015, asking if the SB wanted an additional year.

**6:38 PM** Mr. Lee said that we have 2015, 2016, and 2017, as the SB asked for three years.

Ms. Davis said that that would be fine.

Ms. Bergeron said that that was done; that she had provided it to Mr. Pratt so that we could make the basis for the budget and analysis for the rate increase; that she would provide that to the SB.

Ms. Davis said that she thinks that's the piece we were missing.

Mr. Lee pointed out that about \$70,000 was going into the capital reserves, annually, and was ample, barring any unforeseen disasters.

**6:40 PM** Mr. Pratt said that we have increased that to \$94,000 because we wanted to pay back the reserves for the overrun.

Ms. Davis thanked Mr. Pratt and said that the SB was satisfied.

**6:41 PM** At this time, Ms. Davis discussed something not on the agenda with Mr. Moulton. She said that, in reviewing the warrant, she looked at the invoice from SMPDC and it raised a couple of questions. She added that Item #8 on the fourth page (Permit Summary – Year 5) is for \$27,000, saying that this amount is very high, thought this would be for engineering, and we haven't put out any bids; that she would like to know what the money is slated for and be assured that this won't be spent on any large project unless it comes before the SB.

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

Mr. Moulton said that that was correct; that it's not slated for anything at this time. He added that it's in the paperwork because it was incorporated in the budget and, now, the billing for the subcontracting engineering goes through Integrated and SMPDC.

**6:43 PM** Ms. Davis said that, based on the number of comments on here, it looks like we are doing a fair amount of work on Riverview, asking for an update, where he is headed, and what he thinks the anticipated expenses will be.

Mr. Moulton said that, right now, we are still working with the Homeowner's Association (HOA); that they still have high levels of E. coli being discharged into the stormwater system; that there have been a few things identified and the HOA is going to do some additional testing, we're going to do some additional sampling to try to find the source. He added that the HOA has repaired some pipes, some sections of lines that have been determined to possibly be part of the issue and the additional sampling is being done to see if the numbers are coming down as a result of that work. He said that we're in hopes that everything can clearly be identified with this next round of testing that the HOA is going to pay for; that no specific source has been identified but that there is a multitude of sources, we believe, that's contributing to the illicit discharge. He added that he couldn't really give the SB an anticipated cost but that progress is being made and, hopefully, will be resolved in the near future; that we aren't looking at any catastrophic expenses, currently. He said that he would get DEP/HOA meeting minutes to the SB, as well as minutes from Ms. Rabasca.

**6:46 PM** Ms. Davis said that she doesn't feel happy seeing that \$27,000 put in there; that it's the Town's money and, to be frank, if we have no major project this year approved by the SB, she would like to see some of this excess funding be reserved and then moved into next year's stormwater budget.

Mr. Moulton said that it is already accounted for in the budget we're going to be discussing.

**I. Department Head/Committee Reports**

**6:47 PM 1) Donation to Aging-in-Place Committee and VIPS**

The S.A.L.T Council (Seniors and Law Enforcement Together) dissolved, having \$750 left; that they donated \$400 to the Aging-in-Place Committee and \$350 to the VIPS (Volunteers in Police Service).

Mr. Lee said that he thought it would be nice to send them a letter of thanks for their generous donations to two of our volunteer groups, one that helps senior and one that helps with police protection at events.

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

**6:48 PM** Mr. Murphy agreed.

Mr. Lee said that, in order for them to expend these funds (\$400), they would have to be added to the requested budget of \$1,000 in the warrant; that this would be discussed during budget deliberations. He added that he would write a thank-you letter.

Ms. Bergeron clarified that it would drop through to fund balance; that we will have to vote to bring it forward as both a revenue and an expense so that they have use of it next budget year.

**6:51 PM**      **2) Revised By-laws of Eliot Solid Waste & Recycling Committee**

The only change made to this document is that the committee will be meeting quarterly, as opposed to monthly, which was reviewed and approved by the committee. It was suggested that Robert's Rule of Order – Small Municipal Boards, specifically, be referenced.

Mr. Hughes moved, second by Mr. Pomerleau, that the Select Board accept the Eliot Solid Waste & Recycling Committee revised by-laws, dated December 2017, as written.

**Roll Call Vote:**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

**J.      Administrative Department**

**6:57 PM**      **1) Town Manager Report**

There was no discussion.

**K.      New Business: (Taken out of order.)**

**6:59 PM** Mr. Murphy moved, second by Mr. Hughes, that the Select Board take the agenda out of order.

**Roll Call Vote:**



**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

Mr. Moulton updated the SB regarding the roll-off truck. He said that there is the possibility that the truck is not repairable and has started looking at options; that the insurance company thinks it's repairable and Mr. Moulton, and the person doing the repairs, disagrees and feels we will need to replace it.

This vehicle is under replacement value and not full replacement. The value amount is between \$80,000 and \$90,000, if Mr. Moulton were to buy the same exact vehicle. Mr. Moulton will be discussing this with the adjustor. He explained the damage that was found and the potential serious damage they might not know about until the vehicle was repaired. The SB will be kept posted.

**7:04 PM      2) Revised Treasurer/Asst. Human Resources Mgr.**

Mr. Lee said that this is just a title change to reflect the work done; that it doesn't change the pay grade and he feels it's more appropriate.

Mr. Pomerleau clarified that the job description includes areas of Treasurer, Assistant Manager, and Assistant Personnel Manager; that he hadn't tried to suggest changing the title but that it's too broad. He added that he apologized for kind of changing the goal post but, having said that, he is not comfortable taking something that's critically important (Treasurer position) and burdening that with additional duties.

**7:08 PM      Mr. Lee said that he, the Treasurer, and the Administrative II position work closely together on Finance and Human Resources; that we sometimes cover for each other because the workload is so great; that there is a tremendous amount of overlap.**

Mr. Pomerleau said that he understood and didn't have a problem with Mr. Lee delegating duties of administrative support; that he doesn't believe decision-making and making policy belongs there.

After further discussion, it was agreed that no change would be made.

**7:10 PM      3) Upcoming ICMA-RC Meeting; Select Board Liaison**

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

(International City Manager's Association – Retirement Corporation)

Mr. Lee said that he has someone coming down to discuss the alternative retirement option and thought it might be best to have an actual Select Board member sit in on that meeting, if possible, so that you can hear things first-hand and/or ask questions.

Mr. Donhauser said that he would be willing to do it.

Mr. Hughes moved, second by Mr. Murphy, that the Select Board ask Mr. Donhauser if he would like to participate as Select Board liaison in this alternate retirement plan meeting on January 29, 2018.

**DISCUSSION**

Ms. Davis asked if we are sure we can get an unbiased report.

Mr. Donhauser withdrew from consideration.

**DISCUSSION ENDED**

Ms. Davis moved, second by Mr. Pomerleau, that the Select Board request Mr. Hughes to serve as liaison to the ICMA-RC meeting.

**Roll Call Vote:**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

Mr. Pomerleau said that he didn't see, in the information, anything that identifies what kind of a match arrangement is required.

Mr. Lee said that we would get to that, as it is very important.

**7:17 PM      4) Town Manager's Performance Evaluation**

This is a packet timeline with proposed steps and schedule of steps.

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

Mr. Hughes again agreed to compile comments/evaluations from Select Board members and staff.

Mr. (Bob) Fisher asked why Ms. Pelletier resigned.

Mr. Lee said that that was a personnel matter and he couldn't discuss it; that it's against the law.

It was agreed that Mr. Hughes would mail surveys to employees with those surveys returning directly to Mr. Hughes.

Mr. Lee will give to Mr. Fisher how much the Planning Assistant was paid out.

**7:21 PM      5) Public Approval of Warrants**

Mr. Murphy moved, second by Mr. Hughes, that the Select Board approve A/P Warrant #68 in the amount of \$ 49,954.25, January 11, 2018; A/P Warrant #69 in the amount of \$48,046.80, dated January 11, 2018; A/P Warrant #71 in the amount of \$35,917.18, dated January 11, 2018.

**Roll Call Vote:**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

**K.      New Business:**

**7:34 PM**      Mr. Pomerleau said that he sent out an email, regarding the nepotism policy, to make a recommendation to the Select Board; that now that the committee's been formed, the Charter language calls for a nepotism committee to consider a waiver of nepotism if it "serves the best interest of the Town". He added that, if that committee makes a recommendation to us, we need to define what "the best interest of the Town" means; that to avoid any accusations of making up the criteria on the fly, we should have an identifiable, measurable interpretation of what that means. He described the four criteria he suggested.

Mr. Lee asked if the SB would like this on the January 25<sup>th</sup> agenda for their consideration.

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

The SB agreed.

Ms. Davis asked Mr. Lee to find out if more than two years of minutes would be put up on the website.

Mr. Fisher asked if that had a grievance procedure, as well.

Mr. Pomerleau said that there is no provision in the Charter for someone to appeal this.

**L. Old Business:**

**7:41 PM 1) Deed of Gift – York River Artifacts**

Mr. Lee said that we are not able to act on this, as he hasn't had a response from the Old Berwick Museum.

Ms. Davis said that the Eliot Historical Society said that they do. She added that, if our own Historical Society wants them, and we have an email stating that they do, and if it is permissible to have them, regardless of the inclination of the other parties, then she thinks our group takes precedence.

Mr. Lee said that he had no objection; that it's up to the SB entirely.

**7:42 PM** Mr. Pomerleau agreed, saying that the Eliot Historical Society wants to take custody of them and, maybe, is aware of the need to properly take care of them as anybody else would, then he would say they get first shot; that it belongs to the Town of Eliot.

Mr. Murphy was in favor of this, as well, saying that the Eliot Historical Society was aware of how to take care of historical artifacts.

Mr. Pomerleau moved, second by Mr. Hughes, that the Select Board place the York River Artifacts be placed in the custody of the Eliot Historical Society.

**Roll Call Vote:**

**Mr. Donhauser – Yes**

**Mr. Murphy – Yes**

**Ms. Davis – Yes**

**Mr. Pomerleau – Yes**

**Mr. Hughes - Yes**

**Unanimous vote to approve motion.**

**SELECT BOARD MEETING**  
**January 11, 2018 5:30PM (continued)**

**M. Selectmen's Report:**

**7:45 PM** Mr. Lee said that the open Planning Board position is now posted.

**N. Committee Vacancy Report**

There was no report.

**O. Executive Session**

There was no executive session.

**P. Adjourn**

There was a motion and second to adjourn the meeting at 7:48 PM.

**VOTE**

**5-0**

**Chair votes in the affirmative**

**Date Approved: April 12, 2018**

**S/ Mr. Richard Donhauser, Secretary**