



Three Rivers Fire District
50 Springfield Street
Three Rivers, MA 01080

Prudential Committee Minutes

June 11, 2014

Chairman Domey called a meeting of the Prudential Committee to order at 7:04 p.m. The Pledge of Allegiance was recited.

IN ATTENDANCE:

Raymond Domey, Chairman
Donald Reim, Vice Chairman
William Jalbert, Clerk
John Chmura, District Treasurer
John Sasur, Water Superintendent

Scott Turner, Fire Chief
Patrick O'Connor, District Clerk
Diane Baldyga, District Secretary
Stephen Chiacchia, CPA
Seven Public Observers

Approval of Minutes

The Committee reviewed the minutes from the meeting of May 14, 2014.

MOTION (REIM, JALBERT): To approve the minutes from the meeting of May 14, 2014. Approved 3-0.

Public Comment

None.

Reorganization of Prudential Committee

MOTION (REIM, JALBERT): To appoint Raymond Domey as Chairman of the Prudential Committee. Approved 3-0.

MOTION (DOMEY, JALBERT): To appoint Donald Reim as Vice Chairman of the Prudential Committee. Approved 3-0.

MOTION (DOMEY, REIM): To appoint Billy Jalbert as Clerk of the Prudential Committee. Approved 3-0.

MOTION (JALBERT, DOMEY): To appoint John Chmura as Treasurer of the Three Rivers Fire District. Approved 3-0.

MOTION (JALBERT, REIM): To reappoint the seven (7) existing members of the Finance Committee (Committee of Seven).. Approved 3-0.

MOTION (JALBERT, REIM): To retain Michael Hassett as District Counsel of the Prudential Committee. Approved 3-0.

District Meeting and Elections

The Annual District Meeting and Elections were reviewed, and a copy of M.G.L. c., 54 Elections was given to District Clerk O'Connor to ensure that elections are done according to the Laws of the Commonwealth.

Report of the Treasurer

- **Annual Audit.** A review of the audit for fiscal year 2014 was presented by Auditor Stephen Chiacchia. In a letter to the Prudential Committee dated January 24, 2014, Chiacchia commented on internal control issues. In his independent auditor's report, he commented on the District's financial statements. The report was prepared in accordance with Massachusetts Accounting Standards. He cited many highlights of the report concluding that the District is financially in good condition. It has substantial assets, revenues, and cash, all of which increased over the past year improving its financial conditions.

Chiacchia noted that despite a 3% decrease in Water Department receipts and an increase in its expenses (primarily due to the employment of a full-time staff member), there was an operating surplus. He said that the debt of the District for an outstanding loan for a pumper had decreased to \$52,000 and will be paid off in November of 2015. He recommended that water receipt collection efforts be improved. Chairman Domey and Treasurer Chmura reported that progress had been made in this area.

For the second time, the auditor recommended that the Committee adopt Generally Accepted Government Accounting Standards instead of using Massachusetts Accounting Standards as a better means of tracking fixed assets, equipment acquisitions, and depreciation. This would provide better accountability especially for new management and employees. He urged the Committee to have all the District's fixed assets inventoried and documented. Domey informed Chiacchia that the Water and Fire Departments

are looking into a computerized program that will provide these options. The auditor mentioned that many of last year's recommendations were implemented. He clarified and answered all questions from the Committee and the Treasurer. Chiacchia reiterated that the financial strength of the District is strong and continues to get better.

As part of the financial audit, Chiacchia had to look at policy and internal control. He commented on deficiencies in his management letter to the Committee dated January 24. Last year, he had recommended a "Document and Records Retention Policy" and had noticed a significant improvement since then. His second comment concerned a "Disaster Recovery Plan" for record keeping and documents. The third comment was about developing an "Accounting and Office Procedures Manual." The next comment was related to "Financial Reporting." He strongly recommended switching from Uniform Massachusetts Accounting System to Government Accounting Standards. Additional comments addressed computerized accounting and fixed asset software; the "no cash" water receipt policy; water account receivables and billing; inventory control, protection and storage; a list of equipment and improvements; 1099 reporting; a time-log/diary for Water and Fire Departments; a written information security plan; storage of backup tapes in a water- and fire-proof safe; keeping Fire Dept. inspection logs on computer; and low inspection fees. Chiacchia observed that improvements were made in many areas since last year's audit and complimented the District on its progress. District Clerk O'Connor requested a copy of the report and letter for the District files.

- District Insurance Plan. Due to an insufficient amount of time for agents to submit bids, only one bid was received, which was from Crimmins/Graveline. Although Chairman Domey was told the quote was down by 10% from last year's cost, Treasurer Chmura said that it was the same as last year's amount. Domey will check on the reduction. The insurance will be renewed with Crimmins/Graveline Insurance Agency at a rate to be determined, but a request for bids will be done earlier next year. If lower quotes are received in the meantime, the current insurance may be cancelled. The Water Superintendent mentioned that at one time the coverage was rotated among the town's insurance agents every three (3) years.
- Accident and Insurance Coverage. Chairman Domey read from the Minutes of February 8, 2010 and March 8, 2010 regarding changes in firefighters and full-time employees' insurance benefits. At that time, disability benefits were renegotiated and increased from \$600 to \$1,000. However, the policy had never been changed. Attorney Hassett feels that this minimal coverage could set the District up for a law suit. Other areas of concern included no retroactive income benefits and no life insurance. Mark Graveline will be given copies of these minutes and asked to attend the next meeting.
- Review of M.G.L., c. 30B. A copy of this law was distributed. It applies to the procurement of supplies and services, dispositions of surplus supplies, and the acquisition and disposition of real property. For supplies and services . . . Chapter 30B provides for using sound business practices for contracts under \$10,000; soliciting of three quotes for contracts in the amount of \$10,000 up to \$24,999; and acquiring competitive sealed bids or proposals for contracts in the amount of \$25,000 or more. Since the District's accountant increased his fees to \$10,000, the law required the District to obtain three quotes.
- Appointment of Bookkeeper/Accountant to Three-Year Contract. Chairman Domey solicited quotes from several local bookkeepers/accountants after disclosing the District's needs to them. Quotes were received from Chantel Bleau Accounting Services from Ware, AJE Financial Services from Ludlow, and Livingston & Haynes from Ware. Sealed quotes were opened by Treasurer Chmura. Livingston & Haynes bid \$5,000 for the year. AJE Financial Services bid \$200 a month with a one-time fee of \$175. Chantel Bleau Accounting Services bid \$85 a month. Unfortunately, she is not an accountant. The other two bidders are more in line with what our current financial service provides.

MOTION (DOMEY, JALBERT): To accept the lowest accountant's quote, which is AJE Financial Services of Ludlow. Approved 3-0.

The Committee will offer a three-year contract to AJE Financial Services from Ludlow. Domey will prepare a letter for Stephen Marhelewicz informing him of the Committee's action.

MOTION (JALBERT, REIM): To allow Chairman Domey to sign the contract for the bookkeeper/accountant on behalf of the Board. Approved 3-0.

- BMSI Utility Management System for Water Department. This BMSI (Business Management Systems, Inc.) software is the same one used by Bondsville's Water Department. Domey says that Rosalie Lopes, Bondsville's Clerk and Treasurer, said that she had no complaints with this software package. It was an easy system to implement and does all the tasks that have been previously discussed at meetings. It will operate the Water Department and the Billing for under \$5,000. The annual licensing fee is \$1,740. Automatic updating and off-site storage is included with the package. Using a similar software package will be another advantage to the three water districts. The Water Superintendent was also in favor of all efforts made to work with the other water districts and coordinate resources. W.S. Sasur recommended starting with only the billing portion of the program due to time commitments

and for a smoother transition. Domey disagreed and wants the entire system implemented as the Billing Clerk will be involved with one part and the Water Superintendent will be involved with the other part of the program. It will be purchased after July 1

MOTION (JALBERT, REIM): To purchase BMSI Utility Management System for the Water Department's Billing and Operations. Approved 3-0.

- Financial Statements. Treasurer Chmura submitted May's Profit & Loss Statements to the Committee. He gave a letter to the Committee from the accountant stating that the Fire District was exceeding its budget and requested that a transfer from the reserve fund for legal services be made. Chairman Domey informed the members that Attorney Hassett was discussing indemnity issues with AT&T. Because of the complexity of the contract, he enlisted the help of a consultant, Attorney Bill Solomon from a law firm in the Boston area. Solomon had previously worked with other municipalities and AT&T on similar issues.

MOTION (REIM, JALBERT): To transfer \$2,500 from the Reserve Fund to District Operating Expenses to cover legal fees until the end of the year. Approved 3-0.

MOTION (JALBERT, REIM): To accept and approve the Treasurer's Warrant. Approved 3-0.

MOTION (JALBERT, REIM): To accept and approve the Treasurer's Report. Approved 3-0.

Report of the Fire Chief

Fire Chief Turner presented his report:

- Call Report. The month of May 2014 received a total of fifteen (15) calls.
- Chicken Barbecue. The Three Rivers Firefighters Association will have a Chicken BBQ on Saturday, July 19, from 11 a.m. to 8 p.m. at Pulaski Park and will feature the Floyd Patterson Band.
- Raising Firefighters Base Salary. Domey referenced the Minutes of March 8, 2010 when salaries were previously discussed. He said the base salary had been \$1,200 since 1969 when he was a firefighter, but was increased by \$100 in March of 2010. Treasurer Chmura and Fire Chief Turner were able to work out a way for the firefighters' base salary to be increased to \$2,000. Domey and the members of the Committee endorsed the request noting that it was justified due to the time involved, training, and licensing of the firefighters. The money had already been appropriated, so all that was needed was a vote.

MOTION (JALBERT, REIM): To increase the base salary of firefighters to \$2,000 effective July 1, 2014. Approved 3-0.

- Charters Needed for Associations. Chairman Domey said that Charters are needed for both the Firefighters' Association and the Ladies Auxiliary to protect the District as the two groups sponsor events and fundraisers and represent the District. The Charter should mention what type of organization it is and its purpose.

MOTION (JALBERT, REIM): To accept the report of the Fire Chief. Approved 3-0.

Report of the Water Superintendent

W.S. Sasur discussed the following items:

- Coordinated Water Study Update. Phil Hebert was chosen to represent Thorndike. Bondsville is waiting on the final agreement from its attorney. Mark Wen, one of the facilitators, called to ask how things were going and to offer his services for the next phase if needed.
- BMSI Utility Management System for Water Department. Previously discussed and voted on.
- Water Rates and Fees. Treasurer Chmura told Domey that \$180,000 was in the Surplus Water Account. The Water Superintendent is suggesting an increase of 50 cents per one thousand gallons in addition to increases on various fees and charges. Since the fees/charges had not increased since the 1960s, some of the proposed increases would be raised by 50% to 100%. In response to a question by Domey, W.S. Sasur says that these rates are still lower than Depot Village. Domey is of the opinion that whatever is charged in Palmer and Bondsville should be the same as what is charged in Three Rivers. He maintains that having one set of standards for all Districts of the Fire and Water Departments in the Town would be good for the entire town. Sasur says that the three Districts all vary. He said that service fees are not critical as they can be changed at any time, but that the water rates need to be changed to become effective on July 1.

Vice Chairman Reim says that it is not fair to the citizens of Three Rivers and is opposed to raising the water rates at the same time as raising funds for the new District Building. Although Domey is hoping to finance the new building with grant money, he does agree with Vice Chairman Reim and does not want to jeopardize the building of the new structure. He feels that the Water Reserve Account is sufficient to handle any issues for another year. District Clerk O'Connor reminded the Committee that much of that will

need to go to new meters. Domey says that when the time comes for meters, the Department can borrow the money like it did before. Sasur does not believe that the money was borrowed. He said it was taken from Free Cash. Chairman Domey claims that Free Cash was not designed for the purchase of water meters. He did concede that some money might be taken from Free Cash, but that a certain balance must be maintained. Sasur countered with a familiar and long-standing argument that charges for meter rentals should have a dedicated account. Domey responded with his familiar and long-standing argument that if someone had done this 25 years ago, it would not be a problem right now. He said that when the time comes, money will be borrowed and an account set up that cannot be touched for any other purpose. Sasur stated that he did not have control to establish a separate account. It would need to be done through the District. Currently \$6 a year is being charged for regular meter rentals. Clerk Jalbert believes setting money aside should be done right away. O'Connor said establishing a Stabilization Fund for Meters would be done at the Annual District Meeting; then an amount of money would be taken out of Water Surplus and transferred to the Stabilization Account. Domey concedes that rates will have to increase, but that enough money is available in Free Cash for another year. Sasur claims that the longer you wait the bigger the increase. Jalbert agreed with Sasur reminding the Committee that much of the new building will be subsidized through grants.

MOTION (JALBERT, no second): To increase water rates by 50 cents per one thousand gallons.

There was no second. The motion failed. Water rates will remain the same for another year. Prudential Committee Clerk, William Jalbert, requested that the record show that he was in favor of a rate hike of 50 cents per one thousand gallons.

- Vehicle #2 Purchase. The new vehicle was viewed before the meeting by the Prudential Committee members. It cost about \$36,000 through state bids with some additional expenses anticipated for equipment. Although a snowplow and some miscellaneous tools still need to be purchased, the Water Superintendent said that the vehicle will come in \$8,000 to \$9,000 under budget.
- Outstanding Water Bills. The Water Department is negotiating with the Town of Palmer’s Board of Health in regards to the outstanding water bills of Country Manor Apartments (Ketna, Inc.). The water was scheduled to be shut off as there was no activity since last August. However, the Town is taking Country Manor to court for receivership. Although the tenants may pay the District directly, the Water Department is working with the Town to recover the \$11,000 it is owed.
- District Residency. When the new Water Dept. employee was hired, residing in the District was discussed and required. Although Scott Majka has recently moved to Bondsville, the Committee sees no problem with this arrangement and feels that residing within the Town of Palmer to be satisfactory. Vice Chairman Reim asked if the employee was allowed to take the Department’s truck home to Bondsville. For security reasons, the Water Superintendent felt it prudent to leave the truck at the pumping station where it was easily accessible.

MOTION (DOMEY, REIM): That Water Department employees be allowed to live within the Town of Palmer. Approved 2-0-1.

MOTION (JALBERT, REIM): To accept the report of the Water Superintendent. Approved 3-0.

Old Business

No Old Business.

New Business

No New Business.

Having no further business to conduct in open session, Chairman Domey requested a motion to adjourn. The next regular meeting is scheduled for 7 p.m. on July 9, 2014.

MOTION (JALBERT, REIM): To adjourn from the Open Meeting at 9:35 p.m. Approved 3-0.

Submitted by:

Approved as to Form and Content:

Diane Baldyga, Recording Secretary

Raymond Domey, Chairman

Date: _____

Date: _____