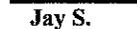
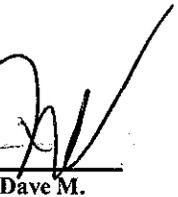



Bob E.
Carl L.
Jay S.
Butch B.
Dave M.

SEWER COMMISSION EXECUTIVE SESSION 12/14/10

The Sewer Commission met with the Board of Selectmen in Town Hall as scheduled with Paula Bertram, Steven deBettencourt, Ernie Sund, Tom Alonzo, Dave Matthews and Town Manager Kerry Speidel present. The Commission opened their meeting at 6:55 and opened Executive Session in accordance with M.G.L. Chapter 39, §23B (2) to conduct strategy session in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the government's bargaining or litigation position with a roll call vote; Chair Robert Ebersole, aye, Amedeo (Butch) Bilotta, aye, John (Jay) Simeone, aye, Dave MacDonald, aye, and Carl Luck, aye. Chairman announced that they would not be returning to Regular Session.

Bob submitted and reviewed the attached notes on what the Commission is attempting to do with the Fitchburg (Intermunicipal Agreement) IMA negotiations and reviewed the background. Per Carl right now it appears that we have about 35,000 gallons of flow and have allocated a total of 80,000 which includes the TriTown. 29,000 gallons has been allocated and roughly 1/3 of properties eligible to connect have not currently connected. Paula questioned whether the option of adding more flow to Leominster is a possibility before we use this as a strategy in negotiations with Fitchburg. Charter provides that the Board of Selectmen is the authorizing authority with regards to the IMA and as such the Sewer Commission wants to involve the Board of Selectmen with the negotiating sessions. To date, negotiations have not been done with Fitchburg; however there have been discussions with them to try and determine what they are looking to achieve with a new agreement. The Commission has had discussions with Weston & Sampson with regards to the meter on Graham Street which was reading too high and may need to replace and upgrade this meter. They have been investigating the issue based upon readings of cycle time of pump stations; as they still believe that there is water going through the sewer that shouldn't be going through, i.e., sump pumps, roof drains etc. The Commission has had testing done with the pipes from Wal-Mart and still need to test the schools and in the spring they will be doing about 6 metering tests throughout town during a wet period. Bob also noted the possible need to address properties in the Whalom District, which may have not updated their connections to the new sewer system and are still connected using old clay pipes which are subject to infiltration. This will also be addressed in the spring and noted that they have been proactive in educating the customers that are already connected in notifying them in their bills that sump pumps, drain pipes etc., are not allowed to be connected to the sewer system. Reviewed the 12/14/10 revised IMA, and noted that if we're going to be paying penny for penny, this is probably not the correct way in determining the town's costs as we should be paying our proportionate rate and not necessarily matching what they are paying. Paula questioned section 6.5 and under the Sewer Commission charter what their role is in the IMA. Dave MacDonald suggested adding language that "upon implementation of the IMA by the Board of Selectmen". She also noted that the flows defined should be based upon the completed Comprehensive Wastewater Management Plan (CWMP). Section 17.1 also has reference to the penny for penny

language and this section needs additional work, such as a user fee to be reviewed annually and based upon use. Increases in the costs going forward should be based upon what we (Lunenburg) utilizes. Two of the top issues are: we must have capacity and control of the rates, which we know is going to go up, but only for what is our cost. Discussed using the issue of Fitchburg assessing connection fees to the Tri-Town development and the future possibility of costs of repairs which may be incurred by the Town of Lunenburg and whether this should be used in our negotiations as we have not received any funding for potential future costs.

Commercial rates shown are from Fitchburg's rate structure, which does not include their \$300 inspection fee. Commission will redraft another version of the IMA based upon these discussions and will track the changes on future drafts. The Sewer Commission would like to have Selectmen involved with the negotiations as well as Kerry if that is what is determined. They would also like to have discussions with Leominster with regards to their acceptance of additional flow or future connections from Lunenburg and also to have additional informal discussions with Fitchburg. It was suggested that the committee be comprised of two members of the Sewer Commission, two Selectmen and Kerry. This way three negotiating members could attend the negotiating sessions and two members could serve as alternates should availability of members become an issue.

Being no further business the Sewer Commission voted by roll call
Bob aye, Jay aye, Dave aye, Butch aye and Carl aye to adjourn Executive Session at 9:18 PM.

Respectfully submitted,

Laura Williams, Chief Administrative Asst.

Date: Wed, 05 Jan 2011 14:05:12 -0500 [02:05:12 PM EST]

From: blefebvre@lunenburgonline.com

To: Bob- <ebersolerobert@yahoo.com>

Subject: Fwd: RE: RE: executive session 12/14/10 minutes

Part(s):			
 2	12-14-10 Exec Sess Sewer.pdf	[application/pdf]	244 KB
 3	exec session 121410.docx	[application/vnd.openxmlformats-officedocument.wordprocessingml.document]	21 KB

 1 unnamed [text/plain] 2.00 KB

Bob - attached please find Laura's minutes (redacted to remove minutes from the prior session) in pdf format which the Selectmen recently approved, and then my revised word doc minutes for the Commissions approval at our 1/12 meeting.

If they look acceptable, I'll include them in the packages for Friday. (i've given up thinking I could be out thurs & fri, so will be in Fri a.m. to do packages..)

I will have an agenda to you before EOD.
barb

----- Forwarded message from lwilliams@lunenburgonline.com -----
Date: Wed, 5 Jan 2011 12:48:40 -0500
From: Laura Williams <lwilliams@lunenburgonline.com>
Reply-To: Laura Williams <lwilliams@lunenburgonline.com>
Subject: RE: executive session 12/14/10 minutes
To: blefebvre@lunenburgonline.com

Here you go.... before I forget..."L"

-----Original Message-----
From: blefebvre@lunenburgonline.com [mailto:blefebvre@lunenburgonline.com]
Sent: Wednesday, January 05, 2011 12:00 PM
To: Laura Williams
Subject: Fwd: RE: executive session 12/14/10 minutes

Hi there - reminder-time!
Were the minutes approved? If you would send me a copy, I would be most appreciative.
barb

----- Forwarded message from lwilliams@lunenburgonline.com -----
Date: Tue, 21 Dec 2010 13:39:14 -0500
From: Laura Williams <lwilliams@lunenburgonline.com>
Reply-To: Laura Williams <lwilliams@lunenburgonline.com>
Subject: RE: executive session 12/14/10 minutes
To: blefebvre@lunenburgonline.com

Remind me of this once the board has signed....after the 4th... "L"

-----Original Message-----
From: blefebvre@lunenburgonline.com [mailto:blefebvre@lunenburgonline.com]
Sent: Tuesday, December 21, 2010 1:05 PM
To: Laura Williams
Subject: executive session 12/14/10 minutes

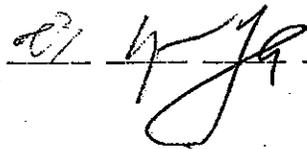
Laura, Kerry mentioned that you would be taking minutes from this executive session, when she learned that I'd be unable to attend.

I was hoping you could copy me on them when you have them completed.
Thanks muchly.
Barb

----- End forwarded message -----

----- End forwarded message -----

BOARD OF SELECTMEN
EXECUTIVE SESSION
12/14/10



The Board of Selectmen met in Town Hall as scheduled with Paula Bertram, Steven M. deBettencourt, Ernie Sund, Tom Alonzo, Dave Matthews and Town Manager Kerry Speidel present. Recessed Regular Session at 6:30 P.M. and opened Executive Session by roll call vote; Steve aye, Tom aye, Paula aye, Ernie aye and Dave aye, in accordance with M.G.L. Chapter 39, §23B(6) to consider the purchase, exchange, taking, lease or value of real property if such discussion may have a detrimental effect on the negotiating position of the governmental body. Also in attendance was Historical Commission member Patrick Slattery. Chairman announced that the Board would be returning to Regular Session

Motion to adjourn by Tom, voted roll call, Dave aye, Tom aye, Ernie aye, Steve aye and Paula aye at 6:55 P.M.

2. Executive Session reconvened in accordance with M.G.L. Chapter 39, §23B (2) to conduct strategy session in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the government's bargaining or litigation position: by roll call vote; Steve aye, Tom aye, Paula aye, Ernie aye and Dave aye at 8:09 PM with members of the Sewer Commission Chair Robert Ebersole, Amedeo (Butch) Bilotta, John (Jay) Simeone, Dave Matthews and Carl Luck present.

Bob submitted and reviewed the attached notes on what the Commission is attempting to do with the Fitchburg (Intermunicipal Agreement) IMA negotiations and reviewed the background.

Per Carl right now it appears that we have about 35,000 gallons of flow and have allocated a total of 80,000 which includes the TriTown. 29,000 gallons has been allocated and roughly 1/3 of properties eligible to connect have not currently connected. Paula questioned whether the option of adding more flow to Leominster is a possibility before we use this as a strategy in negotiations with Fitchburg.

Charter provides that the Board of Selectmen is the authorizing authority with regards to the IMA and as such the Sewer Commission wants to involve the Board of Selectmen with the negotiating sessions. To date, negotiations have not been done with Fitchburg; however there have been discussions with them to try and determine what they are looking to achieve with a new agreement. The Commission has had discussions with Weston & Sampson with regards to the meter on Graham Street which was reading too high and may need to replace and upgrade this meter. They have been investigating the issue based upon readings of cycle time of pump stations; as they still believe that there is water going through the sewer that shouldn't be going through, i.e., sump pumps, roof drains etc. The Commission has had testing done with the pipes from Wal-Mart and still need to test the schools and in the spring they will be doing about 6 metering tests throughout town during a wet period. Bob also noted the possible need to address properties in the Whalom District, which may have not updated their connections to the new sewer system and are still connected using old clay pipes which are subject to infiltration. This will also be addressed in the spring and noted that they have been proactive in educating the customers that are already connected in notifying them in their bills that sump pumps, drain pipes etc., are not allowed to be connected to the sewer system.

Reviewed the 12/14/10 revised IMA, and noted that if we're going to be paying penny for penny, this is probably not the correct way in determining the town's costs as we should be paying our proportionate rate and not necessarily matching what they are paying. Paula questioned section 6.5 and under the Sewer Commission charter and what is their role in the IMA as she's not sure what their role should be; Dave MacDonald suggested adding language that "upon implementation of the IMA by the Board of Selectmen". She also noted that the flows defined should be based upon the completed Comprehensive Wastewater Management Plan (CWMP). Section 17.1 also has reference to the penny for penny language and this section needs additional work, such as a user fee to be annually looked at and based upon use. Increases in the costs going forward should be based upon what we (Lunenburg) utilizes. Two of the top issues are; we must have capacity and control of the rates, which we know is going to go up, but only for what is our cost. Discussed using the issue of Fitchburg assessing connection fees to the TriTown development and the future possibility of costs of repairs which may be incurred by the Town of Lunenburg and we should utilize this in our negotiations as we have not received any funding for potential future costs.

Commercial rates shown on the attachment are from Fitchburg's rate structure, which does not include their \$300 inspection fee. Commission will redraft another version of the IMA based upon these discussions and will track the changes on future drafts. The Sewer Commission would like to have Selectmen involved with the negotiations as well as Kerry if that is what is determined. They would also like to have discussions with Leominster with regards to their acceptance of additional flow or future connections from Lunenburg and also to have additional informal discussions with Fitchburg. Suggested that the committee is comprised of two members of the Sewer Commission, two Selectmen and Kerry, this way three negotiating members could attend the negotiating sessions and two members could serve as alternates should availability of members become an issue.

Being no further business the Board and Sewer Commission voted by roll call Dave aye, Paula aye, Steve aye, Ernie aye, Tom aye, Bob aye, Jay aye, Dave M. aye, Butch aye and Carl aye to adjourn Executive Session at 9:18 PM.

Respectfully submitted,

Laura Williams, Chief Administrative Asst.
Board of Selectmen

Voted to be incorporated with regular minutes on: _____

Fitchburg IMA Inputs to BOS by Sewer Commission

December 12, 2010

Background:

1. Current IMA remains in effect till March 11, 2019
2. Lunenburg does not have sufficient capacity to support areas already bettered that have right to connect now and no ability to sewer new areas as defined in CWMP that would go to Fitchburg in the future
 - a. With Highfeild commitment and I/I uncertainty, we are out of capacity but ~1/3 of relevant bettered properties are not yet connected
3. There have been several fact find discussions between Fitchburg's Joe Jordon and Sewer Commission contractor Weston and Sampson. No agreements were made nor were tough issues addressed to any meaningful extent. (see memos from W/S dated Feb. 25, 2010, March 11, 2010 and April 13, 2010)

Goal:

1. Secure additional capacity to cover future needs of areas already bettered plus future needs per CWMP of ~ 250,000 gpd. Spit between Summer and 2A TBD.
2. Improve rate paid (Fitchburg's "fee" of \$1.65 per 100 cf is biggest contributor to rate difference re:Leominster at \$3.60)
3. Provide protection against funding major capital that is not driven by, nor benefit Lunenburg (such as separation of sewer and storm water drainage which is big issue for Fitchburg)
4. Improve the document in a number of contractual and legal areas.

Major Negotiation Points/Recommendations

1. Contractual details: there are many areas that the base contract has been updated and improved as can be seen in the change history. These are too numerous to be addressed here but should be reviewed and understood by negotiating team. In this briefing document we only focus on the key operational/business issues.
2. Capacity: Secure agreement that accounts and secures future capacity required per CWMP at build out through 2026 of ~250,000 gpd. Spit between Summer and 2A TBD (see para. 12.1)
3. Funding of John Fitch Highway-line upgrade and capacity increase: Fitchburg wants Lunenburg to define it's future capacity needs and is willing to set this aside, without a sunset date, as long as Lunenburg agrees to pay their proportional share up front. This is not an unreasonable approach as it exchanges a guarantee of future capacity, for an up front payment. We have left this in our draft response but we recommend it be removed quickly if other discussions on rate basis do not go well. This issue is at the heart of why we need a new IMA, securing capacity. (see para. 12.1)
4. Elimination of \$1.65 rate fee adder: We have removed this from current rate as starting point of negotiations. This is same as in Westminster's IMA with Fitchburg. They will argue history and uniformity. We would argue that it needs to be justified and is not in other IMA's we have, notably Leominster without saying it. (see para. 17.1)

5. Base rate equal to Fitchburg resident rate: need to break down cost elements to validate we are only paying fair share and not paying for improvements to Fitchburg system that are not required or benefit Lunenburg. Big issue is need for Fitchburg to separate sewerage from drainage. This major capital cost should not find it's way into Lunenburg's rate. (see para. 6.1, 6.2, 17.3 and 17.4)
6. Automatic rate increase equal to Fitchburg residents: same issue and ref as point 4 above, should only include costs that address applicable infrastructure or benefits Lunenburg in some way. Need to make sure we get chance to review and dispute before implemented (see para. 6.1, 6.2, 17.3 and 17.4)
7. Metering: Current and proposed IMA uses meter at town line to determine volume. Currently we use water usage and propose a five year period to get correct/accurate metering in place. At end of period, we propose to revisit method and even relevant rate before changing method. Currently Fitchburg residents pay based on water usage, not output. In this way current billing method for Lunenburg is consistent with Fitchburg billing. If Lunenburg output is measure for billing, then we are paying separately for any I/I whereas it is included in resident rate. This would double bill Lunenburg and therefore the base rate would need to have I/I portion removed. Should be easy enough to determine ration of water in verses volume processed, i.e. portion of rate associated with I/I. (see para. 10.1 and 12.2)
8. Transparency in cost accounting: to assure above items are visible and Lunenburg has the ability to validate rate increases, Fitchburg must collect costs and share them with Lunenburg in a regular and timely manor to allow time for review and appeal. This theme is in several places in revised draft. Key is to separate operational and capital based cost impacts. (see para. 6.1 and 6.2)
9. Tri Town: Fitchburg seems motivated to put this back under Lunenburg control. One advantage to them is they can not lien the property in case of payment issues. This is one of our few areas to provide incentive to Fitchburg, hold in reserve as long as possible. What can we get for taking on this burden/cost
 - a. Elimination/reduction of \$1.65 fee
 - b. Additional capacity under current agreement
 - c. Fixed administration cost offset (Lunenburg costs to handle Tri-Town)
 - d. Full/partial offset for John Fitch upgrade
 - e. Future concession, waive connection fees equal to fees collected from development.
10. IMA Draft: we have made significant and substantive modifications to the Fitchburg proposal. Fitchburg will need time to review and digest before meaningful discussions can happen.
11. Negotiations support: the Sewer Commission has invested in engineering inputs to date but feel the next discussions should be between Fitchburg and representatives of the BOS. We also propose that a member of the Sewer Commission be an integral part of these negotiations. Unless, and until Fitchburg involves technical representatives into this meeting we do not propose the our engineers be directly involved. Clearly the final selection of the negotiating team is up to the BOS.

Background Information/Data

Current Capacity/Use and Cost Background: (see attachment)

1. Total flow allowed to Fitchburg is 80,000 gpd
2. Total actual flow based on inflow/billing is ~35,000 gpd
 - a. Into 2A connection ~29,000 gpd
 - b. Into Summer St. connection ~6,000 gpd
3. Allocate/approved future flow to Highfield ~ 30,000 gpd
4. Resulting actual plus committed flow ~ 65,000 gpd (INFLOW)
5. Estimate of additional flow of 33% of bettered homes not yet connected ~ 20,000 gpd
6. Total actual plus "committed" flow to Fitchburg without further extensions/betterments ~ 85,000 gpd (INFLOW, no I/I)
7. CWMP estimates for current flow is 50,900 gpd (vs 35,000 above)
 - a. 44,200 gpd inflow
 - b. 6,700 gpd I/I
 - c. Extrapolating to committed plus I/I ~ 100,000 gpd
8. Total cost today at \$5.80 per100cf is ~\$80,000
9. At Sewer District build out (2026) flow could be ~250k gpd
10. At build out, annual cost at today's rate would be ~ \$700,000
11. Same volume into Leominster at today's rate of \$3.20 would be ~ \$400,000
12. Due to I/I, actual outflow could be significantly higher than volumes above (CWMP assumption roughly 15% additional for I/I)

Proposed Negotiation Strategy Comments/Recommendations

1. We have time, there is no immediate issue driving a new IMA and we should not appear to be under pressure to do so
2. Offer to take over Tri Town only after all other issues are put on the table and agreement sought. This is one of our few negotiation advantages, should be used carefully
3. Seek a fair agreement in which Lunenburg pays its fair share of costs plus a reasonable fee to compensate Fitchburg for the commitment of future capacity and access to their infrastructure.
4. Take bottoms up, clean sheet approach. All elements are open for discussion including but not limited to; rates, capital improvements, capacity, metering..etc
5. Find the best deal for both parties, explore any areas that can make it a better deal, even if only one party benefits
6. Keep ability, interest, to send all sewerage to Leominster in our back pocket up to and including declaring an impasse. In parallel, do detail homework on implementation time/cost and only when fully understood, re-open negotiations with Fitchburg. Other than vaguely alluding to this at this point of negotiations is not recommended

Proposed Next Steps

1. BOS define negotiation strategy and team members

2. Negotiating team schedule meeting with Weston and Sampson to fully understand details of prior discussions and proposed changes.
3. Negotiating team make presentation to BOS and Sewer Commission on final proposal and strategy.
4. BOS schedule meeting with Fitchburg