

Selectmen's Meeting Minutes

Monday, June 3, 2019

11:00 AM

Present: K. Young, J. Quink, T. Cofske, R. Martin, E. Fleming, P. Roberts, S. Krasnecky, R. Lange, J. Lerch – USDA, G. Krivda – USDA, Lyndon – USDA, C. Howe - USDA

USDA Rural Development - To advise the Board of Selectmen of Concerns Relating to the Potential Financial Assistance for the Corrective Measures for All the Sewer System Issues

K. Young called the meeting to order at 11:15AM and read the agenda into record.

USDA State Director, G. Krivda stated that he is charged with increasing funding programs within all three states (MA, CT and RI). USDA is committed to helping the Town of Hardwick with its wastewater issues and will work with the Commonwealth and the Town to do so. USDA understands the Town's financial limitations and to remedy the wastewater issues as identified, it will take a significant amount of funding that the Town does not have the capacity to undertake. However, with grant funds, state funds and low interest loans, the foundation is there for prosperity within the area. Most solutions are best on a local level.

G. Krivda introduced J. Lerch, USDA Director of both Environmental and Water Programs through Rural Development.

J. Lerch provided a brief outline of the process and how she became involved with Hardwick. Her involvement began in March 2018. At that time, USDA was reviewing the Town's history with wastewater issues and funding by USDA. Wheelwright wastewater facility was upgraded several years ago using USDA funds and within two years it was in failure. USDA was not notified of the changes to the design that was originally approved and had not been notified of its failure. This seemed odd as we (USDA) would have been in a better position to deal with this.

When a town receives funding through USDA, there is a contract. There are two open contracts between the Town of Hardwick and USDA. The Wheelwright contract has been in violation for more than five years and Gilbertville for more than two years.

In addition, the Eagle Hill School pipe was accepted by the Town despite being rejected by the Town's people twice. In fact at a great expense which causes additional strain. Maintenance has caused repeated issues on the Town.

When grants are involved, all borrowers have to support that there is no failure. Borrowers must support the financials of incurring debt while meeting the operational budget. That is not the case here and we were unable to proceed with the loan and grant that was approved. Credits given for sewer to Eagle Hill School for a loan on the pipe does not quantify as usable funds.

E. Fleming stated that the Eagle Hill line is not a loan.

J. Lerch stated that the line ties into the Gilbertville Wastewater Plant and that plant needs work. There is no cash flow from Eagle Hill School that can put into the numbers. The point here is there is an expanded rate and repair on the town that does not allow stability for financials.

E. Fleming asked why \$3,000,000.00 with no interest isn't considered.

J. Lerch answered his question by stating that the Eagle Hill School credits does not pay the debt service.

R. Lang made mention of the votes years ago and there somewhere was the Rule of Necessity that was used.

K. Young agreed that there was the Rule of Necessity during that time.

J. Quink asked J. Lerch if it is true that this grant is going to expire. So just going back to the \$1.3 million loan, what were the requirements?

J. Lerch informed J. Quink that the requirements are to set the rates and collect the revenue in accordance to repay the loan and sustain the operation of the systems and provide evidence of the ability to pay back the loan.

J. Quink rephrased the question. We are in an agreement with Eagle Hill School. Is that a violation of the grant and loan?

J. Lerch, responded yes.

J. Lerch informed the board that last year they provided a grant to solicit proposals from engineering firms to identify corrective actions that are needed. Gilbertville and Wheelwright are under ACO's from the EPA and DEP. There is corrective action that is needed to identify pertaining to the Eagle Hill School pipe so it no longer causes financial issues to the Town.

Understand that we (USDA) has a list of grave situations within the three states (MA, CT and RI). We are considering Hardwick as top priority on that list. With USDA grant money and additional support of EPA, DEP and Senator Gobi's Bond Bill for additional funds through the state there is opportunity here.

G. Krivda reiterated the importance with state and federal partnerships in this situation. The federal government gets more attentive with these partnerships. We will proceed simultaneously with the Washington, DC headquarters.

J. Lerch stated the three most important things are:

1. Condition of Town Government – Evidence that the leadership is strong in management
2. Towns Financials and History – Evidence that it will be sustainable
3. Solid projections (whether or not the project can be planned and executed)

It is unclear how we are going to close the financial gap. Further, a tremendous amount of time has been designated to Hardwick, however, we will not invest time or funding if politics or financials are not good.

R. Lange asked if it is fair to say the only tangible means is the EDU fees.

J. Lerch responded by saying it is fair within reason. We have to look at the baseline and continued EDU increases. We hope to add \$8,000,000.00 to \$10,000,000.00 to this in grant funds alone.

J. Lerch stated that we need to think on the operation side due to a major employer in town and understand that agreement. Do we know where the value is? Is it 15%? What is the rate applied to the users and project out 10 to 20 years. So again, management/leadership; financials; and projections. The Town is responsible for the numbers and USDA is responsible to put it all together. Those are the internal systems and the numbers need to be within range.

J. Lerch addressed the board regarding USDA's concerns of the Town's management/leadership. Leadership needs to present itself as strong.

J. Quink stated that USDA is probably aware of a request to reorganize the Board of Selectmen and asked if that really matters to USDA.

J. Lerch replied, yes it does matter. If the issue of leadership is in question. If the change is due to dissention with any aspect of this project, then it becomes a real concern. It is not going to look favorable for the Town of Hardwick.

J. Quink provided lengthy dialog of the board's unity and stated that she is aware of the bottom line and would not want to see anything preventing the Town from obtaining funding. Further stating that she has no vested interest other than the fact that she lives here, grew up here and took the position of a Selectmen.

J. Lerch asked the Board how long each has served.

J. Quink stated that 2018 was the first and all sewer issues were before she started.

K. Young stated he was been on the Board for eight years and that K. Allen just started her second term.

J. Lerch indicated that ongoing politics will make it hard to finance this.

R. Martin asked if the Eagle Hill Pilot can be taken into consideration.

J. Lerch stated that the Pilot cannot be counted as cash flow to the Sewer.

J. Lerch informed the Board that the politics and leadership will need to be addressed and the Board should discuss its commitment. The Board will need to discuss with Eagle Hill School the agreement and the credits. The Board will also need to show its commitment; adhere to the RFP schedule for the Preliminary Engineering Report and the FY2018 Audit. In addition, the Town Administrator must check in with USDA every two weeks. The EPA has given a deadline of September 30, 2019 to provide an outline for action items regarding the administrative consent orders.

G. Krivda stated that if the politics are just politics, then we can deal with that. However, if it has anything to do with this project, then we're prepared to remove our staff out of this endeavor.

S. Krasnecky asked how you comb-out and address conflicts of interest.

That would be done by using Town Counsel or Mass Ethics.

S. Krasnecky stated that she can't imagine why anyone would have issues with getting this done. There would be a vote.

J. Quink stated that the Board should do their own due diligence on the agreement. We have to be in front of that.

MOTION: J. Quink, to adjourn the meeting

SECOND: K. Young

VOTE: 2-0

The meeting adjourned at 12:40 PM.

BOARD OF SELECTMEN

Kenan P. Young

Kelly G. Allen

Julie M. Quink

Theresa Cofske

From: Krivda, George - RD, Amherst, MA <george.krivda@usda.gov>
Sent: Thursday, May 23, 2019 3:23 PM
To: kenan.young@htpg.com; kelly.allen@roachsitework.com; jqquink@bppc.com; Theresa Cofske
Cc: Lerch, Jennifer - RD, Amherst, MA; Nichols, Lyndon - RD, Holden, MA; Grasso, Mary - RD, Amherst, MA

Good afternoon Commissioner Young,

I hope this message finds you well. When we met last year it was my understanding that financial assistance to address critical improvements with wastewater was imperative to assist the town with economic development and very serious environmental concerns, and, consequently USDA RD took fairly drastic steps to address this in collaboration with the State of MA through Sen. Anne Gobi. Among other things, our staff has worked diligently with Hardwick to understand the present and past underlying issues and to develop a workable solution for the current and future residents and business owners of Hardwick, by expanding our funding support towards corrective measures for all system issues in their totality.

Recently we have learned of the intent to make changes at an upcoming Board/Town Meeting that may impair our ability to proceed, specifically concerning changes to town management and/or Board leadership. Given the time commitment and the high levels of grant and loan funding intended by this Agency and the State, it's important that we connect so that we may have the opportunity to advise specifically of our serious concerns relating to these changes, and to underscore the need for stability in Hardwick leadership and staff where our work is concerned.

With that in mind, we request a meeting at your earliest convenience – please advise us of your availability to meet within the week. Until then we'll hold off on further work pending the outcome of our meeting. Thank you for your attention to this matter.

Regards,

George

George Krivda, | State Director,
Rural Development, MA/CT/RI
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