

**MINUTES OF THE  
SPECIAL MEETING OF OCTOBER 31, 2011**

**WATER COMMISSIONERS PRESENT:**

Mr. Robert L. Burnham, Chairman  
Mr. John S. Lovewell, Water Commissioner

**EWD STAFF PRESENT:**

Mr. Fred R. Domont, Water Superintendent  
Mrs. Pia Webster, Administrative Assistant

**EDGARTOWN SELECTMEN PRESENT:**

Mr. Michael J. Donaroma, Selectman  
Ms. Margaret O. Serpa, Selectmen  
Mr. Arthur Smadbeck, Chairman

**OTHER TOWN EMPLOYEES PRESENT:**

Ms. Pamela M. Dolby, Town Administrator  
Ms. Kimberly G. Kane, Town Accountant

**MEETING CALLED TO ORDER:**

The Board of Water Commissioners of the Town of Edgartown held a Special Meeting within the Regular Meeting of the Board of Selectmen of the Town of Edgartown on Monday, October 31, 2011, at 4:00 p.m. in the Fred B. Morgan, Jr. Meeting Room at the Peter O. Bettencourt Town Hall, 70 Main Street, Edgartown, Mass. At 4:16 p.m., Chairman Robert L. Burnham called the meeting to order.

**DISCUSSION: USDA LOAN EXPENDITURE DISCREPANCIES.**

Arthur Smadbeck, Chairman of the Board of Selectmen, opened the discussion by explaining that the Water Commissioners and EWD Staff had been called to this meeting because the Town had “got hit by the State for about \$200,000 ... because bills weren’t submitted by the Edgartown Water Department.” Water Superintendent Fred R. Domont disagreed, stating that all of the bills associated with the second phase of the USDA loan had been submitted to that agency, except for a \$6,000 holdback related to some shop drawings requested by one of the Commissioners.

The Superintendent continued, describing the unusual circumstances surrounding the loan and grant in question, which circumstances, he believed, had contributed to the difficulties and confusion they faced now. The Department had planned for a single loan, with accompanying grant, to cover the Nunnepog Well and Pump Station; the Edgartown Meadows water main project; and the Wintucket Control Center project. After some political haggling down in Washington, the loan got split into two phases in two consecutive Federal fiscal years, with a grant following each phase when its respective loan phase was complete. According to Annual Town Meeting votes, the first phase was to cover the Nunnepog Well project, and the second, the Edgartown Meadows and Wintucket projects.

Mr. Domont related that in splitting the payments, some of the Wintucket project had been paid for from the first borrowing because the funds from the second phase had not yet come through. “So we have to go right from the beginning,” he said. “Why?” asked Mr. Smadbeck, who had seen the solution suggested by Town Accountant Kimberly G. Kane of submitting about \$170,000 in bills not previously handed in to USDA. “And now they’re down to grant money,” explained Ms. Kane, who held up two lists, one from a spreadsheet from Mr. Domont, the other, her list – compiled from MUNIS and QuickBooks reports – of paid invoices associated with the second-borrowing projects that had never been submitted.

“You show to date one-point-six million spent,” Ms. Kane went on, “and mine shows one-point-eight.” Pointing to her list, she added, “I came up with *these* not on *this* [Mr. Domont’s] list.”

The Superintendent argued that one had to go back further in the records than that to straighten out the problem, and he suggested hiring an independent accountant or auditor to do that. The Selectmen did not immediately respond to Mr. Domont’s recommendation. Selectman Margaret O. Serpa asked whether the Town Accountant received copies of what the Superintendent submitted to the USDA. “I do not,” replied Ms. Kane.

Selectman Michael J. Donaroma said, “We have an auditor who can work with this...” Ms. Kane repeated, “I only see one-point-six million.” Selectman Serpa questioned Mr. Domont about whether he had the “proof” to back up his numbers. “Yes,” the Superintendent answered. Selectman Serpa observed, The simple math is, if we pay the bill, we get the money.

Chairman Burnham expressed the opinion that Mr. Domont’s original suggestion – to hire an accountant or auditor – was the best way to handle this situation. Ms. Kane tried to lay out in the simplest terms what had to be done: “We are now spending grant money, for which we have to submit reimbursement requests.”

Mr. Domont related that the USDA saw phases one and two of the loan as a single \$3 million loan that had been split up. Six weeks ago, he continued, engineer Paul Cote of Tata & Howard had called him to say that the Department had to spend \$12,000 as soon as possible. “I asked him how we get the rest of the money released, I sent invoices...” he said.

“It *is* a problem for *all* of us,” Mr. Domont went on. He reiterated his position that a solution would only come by going back to the beginning of the loan. Town Administrator Pamela M. Dolby attempted to clarify the issue: “It’s not a question of what’s been paid. It’s a question of

what's been *submitted*." "Basically, one-point-eight million dollars has been spent," said Ms. Kane. "It's what's submitted to the USDA that's important," noted Mr. Smadbeck. Selectman Serpa stressed the importance of the Town Accountant's receiving copies of all submissions by the Water Department to the USDA.

That settled, Mr. Domont reported that he had found \$105,000 in Surplus Funds that the Town could transfer back into the General Fund to begin to pay back the shortfall. The Town Accountant explained that these funds could not be used for that purpose but had to be reapproved in Town Meeting. "I can't touch their Surplus until the Town gets certified," she said.

Chairman Smadbeck confirmed with Ms. Kane and EWD Administrative Assistant Pia Webster that Mrs. Webster would pull and copy the bills on Ms. Kane's list and submit them to the USDA. He then asked the Board of Water Commissioners and Water Department Staff to meet again with the Selectmen in two weeks (November 14) to report on any progress in the matter.

**ADJOURNMENT:**

There being no further business, Chairman Burnham asked for a motion to adjourn. Mr. Lovewell made a motion to adjourn, seconded by Chairman Burnham. The motion carried unanimously by voice vote, and Chairman Burnham adjourned the Special Meeting at 4:52 p.m.

Respectfully submitted,

Pia Webster  
Administrative Assistant

**APPROVED:**

**BOARD OF WATER COMMISSIONERS  
TOWN OF EDGARTOWN**

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Robert L. Burnham, Chairman

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John S. Lovewell, Water Commissioner