

NEEDHAM FINANCE COMMITTEE

Minutes

January 11, 2010

Present

Members

Lisa Zappala, Chair	John Connelly	Dick Reilly
Rick Zimbone, Vice Chair	Richard Creem	Steve Rosenstock
Matt Borrelli	Rick Lunetta	Mike Taggart

Guests

Rick Merson, Director of Public Works	Tony DelGaizo, Town Engineer	Dave Davison, Assistant Town Manager /Director of Finance (departed the meeting at approximately 8:15 PM)
Bob Lewis, Assistant Director of Public Works	Louise Miller, Assistant Purchasing Agent / Office Manager, DPW	Kate Fitzpatrick, Town Manager (arrived at approximately 8:50 PM)

Convene

Lisa Zappala convened the meeting at 7:06 PM.

Designation of Acting Secretary

With the unanimous consent of the members, Mr. Creem was designated as the Committee's Acting Secretary for purposes of taking the minutes of this meeting.

Public Comments

There were no public comments.

Minutes of Previous Finance Committee Meetings

December 16, 2009

The minutes of the December 16, 2009, Finance Committee meeting, which then-Acting Secretary Taggart had prepared and disseminated to the members in advance of this meeting, were adopted by a vote of 6-0, with three members, Messrs. Connelly, Lunetta and Rosenstock abstaining.

January 6, 2010

Ms. Zappala asked whether the members had had a chance to review Mr. Taggart's minutes of the Committee's January 6, 2010, meeting. Mr. Reilly stated that the minutes should reflect the concern he raised with respect to many of this year's budget submissions, namely that individual expense line items for FY11 were simply carried forward from FY10, raising a question as to how rigorous the review process had been. Mr. Reilly will work on an appropriate revision to these minutes for presentation at the January 13, 2010, meeting.

Department of Public Works Budget Hearing

Ms. Zappala welcomed Mr. Merson, Mr. Lewis, Mr. DelGaizo and Ms. Miller, noting that the Committee had a number of DPW divisional and enterprise fund budgets to review.

Mr. Reilly, co-liason to the DPW, began his overview of the DPW's general fund operating budget by handing out a document he prepared entitled *DPW Gen. Oper. Budget 5 yr. Comparison*. He described page 1 as a five year comparison of the DPW general fund operating budget "before snow and ice"; page 2 as a conversion, by Parks & Forestry superintendent Lance Remsen, of some of the metrics in the Parks & Forestry divisional budget from a mix of different measures (e.g., time, output) to hours expended; and page 3 as a list of DPW capital requests. Not counting the DSR-4 requests, the overall growth in the DPW general fund operating budget since the base year of FY07, factoring out snow and ice, is 17%. If the DSR-4s are included, this figure jumps to 21%. Mr. Reilly observed that, of the 6 basic DPW operations, Administration has grown 22% and Parks & Forestry has grown 23% since the base year of FY07. The overall FY11 base general fund operating budget request is 3.75% greater than that of FY10. 70% of this budget request is compensation-related and 30% relates to expenses. The 3.75% increase breaks out into a 4% increase in salaries and a 2.5% increase in expenses.

Mr. Reilly noted that particular divisions have done what the Committee has seen in other cases, that is, flat-lined the budget unless items such as compensation or energy necessitated an increase.

Mr. Zimbone asked about page 38 of the budget submission, "Line Detail"/Salary & Wage and a recent classification and compensation study, pursuant to a contractual re-opener. Mr. Merson stated that, pursuant to the FY10 study, a step was added to the existing seven step range in the relevant grades for FY10 ("Step 8") and an additional step was added for FY11 ("Step 9"). Generally, those at the maximum step within their respective grades qualify only for cost of living adjustments; with this change, they are eligible for two step increases. Mr. Lewis added that this change affects about 60 out of 85 employees. He was not sure of the dollar cost, although he did note that there is no cost of living adjustment under the relevant collective bargaining agreement for FY11. Mr. Davison clarified that the FY11 salaries and wages request includes not only the step increases but the full annualized cost of the reorganization of DPW. Additionally, FinCom only has access to the expenditure side at the moment, not the revenue side (this will be released with the Town Manager's proposed FY11 operating budget at the end of the month). Thus, FinCom is not yet seeing how the Assistant Director's salary is being allocated to the enterprise funds. The step increases and the reorganization have combined to increase the base Salary & Wage line by 4.25%.

Mr. Merson pointed out that the budget guidelines issued by the Town Manager required that the department submit a level service budget reflecting contractual increases and inflationary impacts. Philosophically, however, DPW has been operating for two years under the assumption that FY11 would be a difficult budget year. In FY09, he observed, the Town was hit with state 9C cuts. In FY10, it appears that the Town will come out reasonably well even with the new trench safety law coming into effect. For FY11, DPW took a conservative approach which results in what is arguably below a level service budget request (a level service request would have resulted in a larger delta *vis-à-vis* FY10). That's why the dollar amounts of particular line items mirror those of FY10.

Administration

Mr. Reilly stated that a new position had been created as a result of the Mercer Study, the Assistant Purchasing Agent / Office Manager. He characterized it as a "leap of faith" that the new position will improve things.

Mr. Merson added that the increases in oil, electricity, and utilities were adjusted by 3.46% over last year's approved budget. Mr. Zimbone wondered whether it would have been better to review actual

usage in each case over the past three years and multiply the average by the relevant commodity price. Mr. Merson replied that this was an attempt to achieve consistency across divisions while taking into account market volatility. Mr. Zimbone noted that last year's commodity prices might be higher than this year's, and that this could lead to an overstatement of this portion of the budget.

Mr. Connelly asked why there is a substantial increase in the DPW Administration's salary dollars when the number of FTEs is unchanged. Mr. Merson clarified that the added positions of Assistant Director of Public Works and the Assistant Purchasing Agent / Office Manager are offset by the phasing out of the Director of Administrative Services position (the incumbent retired) as well as a transfer out of the department. There is no net FTE increase; the two positions were approved by the Town Manager and Personnel Board. The overall Town headcount did not change as a result of these positions, as Mr. Lewis was a lateral hire and Ms. Miller was hired away from the Finance Committee. Ms. Zappala added that Mr. Lewis's former position was in an enterprise fund; going forward, some of his time will be chargeable to the enterprise funds. The delta is therefore partially offset. Mr. Merson confirmed that the reorganization is having a one-time budgetary impact, *i.e.*, it will not recur next year. Mr. Davison added that no other organizational changes are contemplated at this time.

Mr. Reilly observed that most of the DPW Administration's requested increase is in the form compensation, not expenses. Mr. Merson pointed out that the Town Manager stated in a memo that her objectives are to (i) enhance DPW management, (ii) improve inter-divisional cooperation, and (iii) relieve the Director of some responsibilities. The Assistant Director will oversee personnel matters, risk management, and customer relations. Metrics will be somewhat difficult to measure, although resolution of the few employee grievances the department has would be one such indicator. Another metric might be the number of vehicle accidents experienced by the department (*e.g.*, insurance claims and vehicle repairs). In response to a question from Mr. Reilly, Mr. Merson believes that the reallocation of senior management responsibilities will ultimately make the DPW more efficient.

Mr. Davison clarified that the Assistant Director will not be serving as Water & Sewer Superintendent, *i.e.*, the DPW is in the process of hiring Mr. Lewis' successor. Mr. Rosenstock observed that a portion of the Assistant Director's salary will be reimbursed by the water and sewer enterprise funds. Mr. Davison confirmed that the Assistant Director's time will be allocated, which will be apparent from the revenue side (the transfer by Town Meeting of funds from the enterprise accounts to the general fund will reflect this). Mr. Davison amplified on this. There are certain indirect costs to the general fund— health insurance and employee benefits; services such as audit, bank fees, billing and payroll; the cost of administration; etc.— that are higher as a result of the enterprise funds. Employees who work for the Water Department, for example, are within the enterprise fund; however, there are overlaps with the general fund, such as employee benefits, and these are documented as shared services. The DPW Administration is another example of this. On a monthly basis, the Town, for example, budgets for the electricity and natural gas used by those funds. Other services, such as building and equipment repairs, are accounted for after the hours and expenses are tabulated following the close of the relevant fiscal year; those items are recovered in the following fiscal year. All of this comprises the aggregate \$1.5 – \$1.6 million payment the enterprise funds annually make to the general fund.

Mr. Borrelli asked about the DPW Administration's conference budget. Mr. Merson replied that there are two such conferences for which there is an annual budget request, one in-state and the other out of state. The American Public Works Association has an annual New England conference; the national/international organization happens to be hosting its annual conference this year in Boston, which will reduce the cost of attending this year's event.

Mr. Zimbone asked that Mr. Merson and his department provide the Committee with the following:

- Actual usage data for diesel fuel, gasoline, and asphalt for the last three years, *i.e.*, FY07, FY08, and FY09, and the first six months of FY10;
- The average purchase price per unit for each such commodity in the year or partial year in question; and
- Any anticipated change in the historical actuals (diesel, gasoline, and asphalt, and the price per unit) for FY11, *i.e.*, any anticipated change in usage.

Mr. Zimbone also asked whether there is a significant jump in actuals from the base budget for FY10. He noted that, on page 38 of the budget submission, "Line Detail"/Other Purchased Services was about \$96,000 in FY07, declined to about \$79,000 in FY08, and then jumped to about \$119,000 in both the FY10 current budget and FY11 base budget request. He would like to know why this line item has increased and why it has reversed. Mr. Merson said he would have to review the numbers.

Drains

Mr. Zimbone noted that the NPDES catch basin flushing and cleaning program is being done during overtime hours. Mr. Merson commented that this program predates many FinCom members. The Town is in its second consecutive permit period (although the permit has not been issued yet) to address impurities in water run-off (debris tends to be carried by sheets of water into storm drains). The Town has 95-100 miles of storm drains (active only in heavy rain storms) and 125 miles of sewer lines (continuously active). Unlike the sewer lines, solids do not settle out; they are therefore carried into the streams. Storm drains therefore need to be cleaned on a regular basis. The EPA has mandated that the Town take an aggressive approach to this. The Town could either duplicate its work force and equipment to handle this (in which case, crews would literally work side by side on the sewer and drain systems, respectively) or outsource the drain work. The DPW believes that it can satisfy the EPA requirements by undertaking this in a ten-year cycle (1/10 of the Town each year) using existing equipment and personnel, at a cost of \$200,000 – \$300,000 in the Drains budget. While there is more wear and tear on equipment (recently upgraded), this is the less expensive option.

It was noted that "Catch Basin Debris Disposal" in the Other Purchased Services line of the Drains budget (page 37) is now about \$14,000. This appears to reflect the increase in tonnage listed in the divisional Performance Factors on page 35, and is probably tied to the upgrade in equipment.

Mr. Reilly asked for an explanation of the Other Purchased Services line in the *Highway & Traffic Control* budget – "Works Material Processing & Disposal" at \$24,150 (page 22 of the budget request). Mr. Merson stated that this is for the annual post-Winter townwide sweep performed both by Town employees and a contractor.

Engineering

Mr. Reilly stated that about 90% of this budget is service-based. He noted that there is a DSR-4 for \$66,500. The department believes that it can save a minimum of \$100,000 per year by reducing consultant inspectional services and doing this work in-house. The question is whether adding this position to the operating budget would net out in light of the benefits and related costs the Town would incur.

Mr. Rosenstock asked whether such a position could be similar to the Public Facilities/Construction positions in which there is a revenue side reimbursement by each project. Mr. Davison replied that the Public Facilities analogy does not apply, as there is no designated project through which the salary would be budgeted. This is a request that something that is outsourced be brought into the Town's workforce. The Town administration will take a look at this to see if this position is sufficiently related to projects such that it can be cross-charged. Mr. Reilly stated that any cost savings must be documented. Mr. Merson added that right now the Engineering division either engages a specialized consultant or deploys survey teams for inspection services. The hope is to save revenue that is going to consultants while getting the survey teams back to the work that they should be doing.

Mr. Connelly asked how the \$100,000 for outside consultant services is being funded at the moment. Mr. Merson stated that the DPW identifies the hours the in-house surveyors work that are attributable to a project. His goal is to free up the surveyors to do their survey work. Mr. Davison reiterated that he is looking to see if the funding for the proposed position would be chargeable to a project (under the Public Facilities practice, as governed by state law, departmental operations work, as opposed to site work, is not chargeable to a project). The Town does not know what portion of the Public Facilities/Construction salaries is chargeable until the end of the year, at which time the chargeback is determined and the operating budget is reimbursed. The surveyors are currently funded out of the operating budget, specifically overtime. Again, any regular operational component of their work could not be charged to debt.

Mr. Reilly noted that the true cost of a \$66,000 salaried position, with benefits, would be about \$85,000. If it is added to the operating budget, something else would have to come off. Mr. Rosenstock added that Mr. Davison would have to look at the position to determine what portion is operational in nature and what portion could be charged to a project.

There was a brief discussion relative to the divisional performance factors on page 9 of the budget submission. Mr. DelGaizo observed that completion of plan reviews in a timely fashion is a complicated process.

Garage

Mr. Reilly stated that the Garage division's gasoline and diesel fuel line items are a reminder of the DPW's need to respond to Mr. Zimbone's energy questions.

Mr. Rosenstock asked for an explanation of the request for \$140,000 in the Vehicle Supplies line on page 41. Mr. Merson stated that, while the DPW has had several strong years of vehicle replacements, there have also been years in which it has been difficult to fully adhere to the replacement cycle. As such, the department continues to be confronted with problems associated with an aging fleet.

Mr. Reilly asked the DPW to provide FinCom with an explanation as to why the Repairs and Maintenance line had declined from about \$34,000 to about \$13,000.

Mr. Connolly noted that overtime has been budgeted "across the board" and wondered whether this is prudent. Mr. Merson replied that, with respect to the Garage, getting equipment ready for snow and ice season necessitates overtime. As well, the Garage staff has to prepare all vehicles for the annual state inspection, which is performed by a contractor (the contractor is paid on an hourly basis and schedules all inspections for a single visit). Mr. Davison pointed out that one of the reasons that this requires extensive

overtime is that the department's vehicles are on the road every day until 3:30 PM. Mr. Zimbone asked whether a second shift arrangement could be instituted. Mr. Davison advised that, under the relevant collective bargaining agreement, a second shift would constitute overtime.

Mr. Borrelli pointed out that the Public Works Supplies [Steel, Lumber, Welding Supplies, Hardware & Fasteners, Tools] line was increased by \$11,070. Ms. Zappala noted that there are several instances in which expenses were increased even though the division had spent less than the base appropriation.

Mr. Reilly reiterated that Mr. Zimbone's questions about energy apply to the Garage division budget and that the Committee needs good expense numbers for this year's budget.

Highway & Traffic Control

Mr. Zimbone observed that on page 19 of the departmental budget request, the Highway & Traffic Control division lists a number of 5% and 6% expense increases. Mr. Merson stated that several of these increases are asphalt/petroleum related and the traffic signs increase is contractually related. Mr. Zimbone would like a breakdown in kwh of the electricity usage for traffic signals.

Mr. Taggart recalled that Town Meeting appropriated for the conversion of traffic lights to LED and asked for the status of this project. Mr. Merson reported that the proceeds of this appropriation were redirected to the conversion of street lights from mercury vapor to the more efficient high pressure sodium. There is a DSR-5 in the works for a financial request to pick up the traffic light conversion program. Mr. Taggart noted that one problem with the LED lights, based on the reported experience of communities in the Midwest, is that the new lights generate little heat and, as such, fail to melt accumulations of snow and ice, and this can create a safety hazard. Mr. Merson confirmed that he is aware of the issue and that risk management measures would have to be undertaken.

Mr. Reilly asked whether there is any money to be saved in the Other Property Related Services line. Mr. Merson responded that the dollar amounts included in this line item are derived primarily from service contracts.

Parks & Forestry

Mr. Reilly commented that the Parks & Forestry divisional budget continues to grow. The metrics on pages 25-26 of the departmental budget submission have been converted to hours on page 2 of Mr. Reilly's handout. He observed that new fields appear to be driving up costs, about 18% this year. Mr. Reilly stressed that this is a result of the labor intensive nature of the new fields (*e.g.*, increased trimming along walls and fences). He added that the new fields require extra work in anticipation of major events such as the 4th of July and the High School graduation. Thus, mowing, on Mr. Reilly's spreadsheet, has gone up more than 540 hours and program support is up more than 740 hours. Most costs are in the personnel line items, and this appears to be driven by the foregoing numbers. He wondered whether there is any opportunity for savings in this area.

Mr. Merson characterized maintenance of the fields is a critical concern, requiring substantial detail work. In response to Mr. Zimbone's question about energy, Mr. Merson explained that this division is responsible for electricity and natural gas costs at Cricket Field and the Memorial Park building.

Mr. Taggart pointed out that mowing hours have jumped extensively since FY07. Yet, in his experience, Memorial Park doesn't always seem to be mowed and the field is often too wet to use. Mr. Merson

responded that conditions at this facility are being monitored and the contractor is making modifications with respect to drainage.

Mr. Merson stated that this division is responsible for school playfields, Broadmeadow and Eliot having most recently been added, while the Public Facilities Department handles front lawns, courtyards and the like. Mr. Creem confirmed that the Public Facilities Department has again submitted a DSR-4 for Groundskeeping Services.

Mr. Borrelli requested a breakdown of the division's actual expenses for the coming year, *e.g.*, the Vehicle Supplies line item. Mr. Connelly added that this division appears to have imported last year's expense dollar amounts into the FY11 budget request. Mr. Davison pointed out that priorities can change over the course of the year, *i.e.*, some things that are planned to be done are not, and other things are added in their place. In FY09, DPW spending was frozen due to the 9C cuts of that year. While FinCom is entitled to this data, the Committee should keep in mind that priorities are shifted over the course of the year.

Mr. Davison noted that some divisions will have larger turnbacks than others—it all depends on whether and to what extent vacancies are filled. In response to a question as to whether this is an area in which service levels can be reduced, Mr. Davison stated that it has been the Town Manager's intention to maintain services to the extent supported by revenues.

There are three DSR-4s submitted by this division, in order of priority: Landscape Beautifications (page 30 – \$17,000); New Natural Turf Athletic Fields – Organic Program (page 32 – \$13,100); and School Grounds Staffing (page 34 – \$83,549). Mr. Merson commented that there is a general push in Needham for the use of organic fertilizers and integrated pest management control, as organic fertilizers tend to work better and last longer. It was noted that the Board of Selectmen and Park & Recreation Commission have both signed on to this. Mr. Zimbone commented that a cost-benefit analysis has not been done on this, and private property owners use chemical fertilizers by an overwhelming margin. Mr. Merson noted that, under relevant child safety laws, chemically fertilized fields cannot be used for several days following treatment, and this makes scheduling the fields a challenge. If it rains, the scheduling issue is exacerbated. The goal in using the organic fertilizers is to create a sustainable program for the new fields, one that will keep them in “new” condition for as long as possible.

Drains

Mr. Reilly stated that this division has a substantial increase in salaries and wages, driven by overtime. Mr. Merson reiterated that in FY07 and FY08, output was relatively low due to equipment problems. Now that the equipment issues have been resolved, and reliable equipment is in place, the department is trying to catch up. It was noted that overtime declined in the lower output years and increased dramatically in FY10 (another \$5,000 increase in FY11). The overtime increase, according to Mr. Lewis and Ms. Miller, is commensurate with the straight time increase. Mr. Lewis clarified that this program had proceeded on a fairly consistent basis from FY04 – FY07.

Mr. Borrelli asked whether there was an opportunity for savings in the Other Purchased Services line. Mr. Merson replied that any reduction would affect other work as well as supplies that are required by service agreement. In response to Mr. Rosenstock's question about brook and culvert cleaning, Mr. Merson advised that this work is primarily performed in the wintertime. Mr. Lewis added that the DPW hopes to increase its maintenance output in this area with new machinery.

DPW Capital

Mr. Reilly referred the Committee to the list on page 3 of his handout. All of the listed items have been approved by the Town Manager. Mr. Merson reported that the Town Manager had approved about 25% of the DPW's capital requests. Ms. Zappala expressed concern that core fleet replacement had been relegated to "Secondary Cash Capital". Mr. Merson agreed, stating that one of his greatest concerns is that of sustainability. Mr. Rosenstock opined that if the 3% general fund debt limit hadn't been tied up in building projects, we would have money for these kinds of items and infrastructure repairs. Not adhering to the vehicle replacement schedule will, in turn, impact the operating budget.

Ms. Zappala asked about the request for Snow & Ice Equipment. Mr. Merson stated that this had been dropped last year for budgetary reasons; this equipment, which dates back to 1978 and 1987, has a major impact on snow removal operations and has to be replaced.

RTS Enterprise Fund

Mr. Reilly noted that the salaries are down slightly versus FY10, reflecting a reduction of 0.4 FTE (the Sr. Program Manager, which has been eliminated as a result of the reorganization). In response to Mr. Reilly's question about the "material" increase in the overtime line item over the FY10 appropriation, Mr. Merson stated that he would look into the specific reasons for this.

Mr. Reilly asked for an explanation of the out-of-state conferences request for \$2,500. Mr. Merson responded that this reflects attendance at a scheduled Public Works Association of North America conference. He explained that the Association provides courses for which attendees receive state certifications (not licenses, however) which are a good thing to have.

With respect to the \$7,000 request under the communications line item, Mr. Merson explained that the RTS is a remote facility with a lot of traffic, although he does not know the type and frequency of the communications services being used.

Mr. Taggart observed that revenue was down from FY08 to FY09. Mr. Merson explained that the recession hit the market for recyclables hard. He characterized management of the recycling program under current circumstances as a "struggle". In response to a question from Mr. Reilly, Mr. Merson added that the Town's overall waste tonnage has not changed much, although he is unsure of the dynamics of the waste stream.

Mr. Rosenstock asked why the Single Stream Recyclables program within the Other Purchased Services line (\$16,400) reflects additional costs for the extension of the recycling program to the schools. Mr. Lewis responded that this is the new packer program and that we should see a reduction in Department of Public Facilities disposal costs.

Ms. Miller clarified that the increase in overtime is the result of step increases. Moreover, with the elimination of the 0.4 FTE Superintendent's position, there is effectively a decrease in the overtime budget.

Sewer Enterprise Fund

Mr. Reilly stated that the Salary & Wages (Regular) line item has increased by about \$40,000 over the FY10 budget and that the overall salaries budget request is up 5%. Mr. Connelly observed that such

increases are not sustainable. Mr. Merson explained that this increase reflects the implementation of a classification study in accordance with the terms of the current collective bargaining agreement.

In response to a question from Mr. Borrelli, Mr. Merson stated that the MWRA Mandated Testing expenditure within the Professional & Technical Services line is an ongoing program rather than, as indicated in the budget document, a “new program”. Additionally, the consulting services within this line item pertain to the pump stations and other division matters.

Mr. Zimbone asked whether energy audits have been performed with respect to the pump stations and the water treatment plant. Mr. Merson replied that such audits not been undertaken, as some of the facilities are relatively new. He added that, on the wastewater side, pumps have to operate at a continuous speed, although water pumps can be operated at varying speeds. In response to Mr. Zimbone’s comment that energy use at these facilities should be monitored, Mr. Merson advised that the larger facilities have been recently, or are being, addressed (*e.g.*, West Street, Great Plain Avenue (finishing up), and Reservoir (the next rehabilitation project). Mr. Lewis added that the Kendrick Street station is a different style of pumping station in that it uses a suction technique. Additionally, all chemical pumps are capable of shifting speeds to the pace of the flow, *e.g.*, they operate at one speed if two wells are operating and one is down for maintenance, and at a higher speed if all three wells are operating.

Mr. Connelly asked about the division’s overtime and temporary help needs, as the nature of the sewer division’s operations are not seasonal. Mr. Merson responded that the division does require summer help, *e.g.*, it hires students to back up staff during vacations and performs tasks such as mowing at the division’s facilities.

Water Enterprise Fund

Mr. Reilly observed that there appeared to be an effort to “look at the numbers” when this budget was put together.

Mr. Zimbone stated that the cost of chemicals is going down. Mr. Merson noted that there was a shortage of fluoride, which caused this item to increase dramatically. Chemical costs are based on annual bidding. Mr. Merson referred to the metrics on page 6 of the budget submission as illustrative of the dramatic changes in the division’s output and expenses. Mr. Lewis clarified that in FY07, the water treatment plant was down for half the fiscal year for the changing of filter media. The division is now trying to program such replacements on a regular cycle.

Ms. Zappala wondered why the Professional & Technical line has increased over several years. Mr. Merson explained that a lot of the increase has to do with the MRWA’s mandated testing. Reallocation of expenses is another factor.

It was noted that, with respect to the Town’s wells, the division is looking to the clean well screens (filters) on a regular basis. Of the three wells at the Charles River Water Treatment Plant, the goal is to take one offline for filter cleaning every three years. This rotation cycle will extend the life of the current wells, which is much less expensive than drilling new wells at a cost of \$250,000 per well. Wells that are not regularly cleaned have to be shut down whenever clogs form, forcing the Town to either switch to other wells or purchase more MWRA water.

Mr. Rosenstock observed that the Town’s consumption of MWRA water is on the decline and asked why this is not reflected in what the Town is paying to the MWRA. Mr. Merson explained that MWRA

charges are calculated on a calendar year consumption basis (in this case, FY09 actual consumption). Mr. Reilly added that 60% of the cost of “gallon one” of water produced is attributable to capital costs; thus, the underlying costs are not consumption driven. In response to Ms. Zappala’s question, Mr. Merson explained that the Town’s MWRA actuals are declining because the Town has made a concerted effort to minimize its draw during seasons of less demand. The filter cleaning and replacement program is also limiting the need to purchase MWRA water.

Mr. Connelly asked for a status on the Reservoir pump station project. Mr. Merson stated that the design phase has not yet begun. The hope is to have a reliable design cost number for the May town meeting. PPBC is likely to transfer the project to DPW. Mr. Connelly wants a specific timeline. Mr. DelGaizo advised that the design must be finalized by August 2010 for funding purposes. In response to Mr. Connelly’s question, Mr. DelGaizo described this project as larger than the full replacement project at West Street, as the new facility must have the capacity to handle zoning-related development at the New England Business Center.

Municipal Lighting

Mr. Connelly stated that a large component of the \$263,000 operating budget request is electricity. The change to more efficient high pressure sodium lights was completed in December 2008, and some savings—about \$75,000—has been achieved.

Mr. Zimbone would like to see a breakdown of kwh and cost per kwh (calendar year 2009 versus prior years). Mr. DelGaizo commented that most lights are charged on a flat fee basis based on type of light and lumens put out. There has been a concerted effort to make downtown lights, *e.g.*, Chestnut Street, capable of being turned off collectively and metered; in those instances, the Town is only charged for actual electricity consumed. Most other street lights around the town are too spread out to do this. The town tries to convert to meters wherever feasible and savings can be maximized.

Mr. Borrelli asked why, if the contract price for street light repair and maintenance is \$43,600 in FY11, the repairs and maintenance line item is set at \$72,000. Mr. DelGaizo replied that, as requests for additional lights are approved, the Town incurs additional operating and installation costs. Mr. Merson added that the bids for street light maintenance were favorable; however, a significant amount of work is tied to the double-pole issue. Verizon owns the poles in Needham and the Needham’s share of this work—the transfer of the street lights—is not programmed into the contract price.

Mr. Zimbone had expected the energy line to be lower, even after taking into account the fact that the replacement program was completed half way through FY09 (FY10 being the first full year of the program). He asked for a break out of these costs running from 2008 and through projections for FY11.

Municipal Parking

Mr. Connelly noted that the FY11 request of \$282,900 is identical to the FY10 appropriation. It is unclear whether any “digging” had been done. He pointed out that the proportion of revenue paid to the MBTA versus what the Town retains has changed significantly.

Mr. Merson stated that the Town Manager opened discussions with the MBTA regarding the contract a year ago. He clarified that the Town is responsible for the sweeping and pothole patching of “T” lots. With respect to municipal lots, the Town does “what needs to be done”.

Needham Finance Committee - Minutes

January 11, 2010

Page 11

Ms. Zappala observed that the Town is paying \$224,000 to the MBTA and wondered how the mandated MBTA system-wide parking fee increase impacted this amount. It was noted that the Town's arrangement with the "T" is that the Town collects the parking fees and remits a portion of the collected fees to the Authority. Ms. Fitzpatrick explained that the Town pays a flat fee of \$50,000 per year plus 50% of all revenue over \$10,000 per month. Revenue in FY09 was \$339,947 and, out of this, the Town paid \$224,000 to the "T".

The Town does not have a new agreement with the MBTA. Ms. Fitzpatrick believes that this arrangement works and, depending on how the negotiations go, will continue to work. The Town is not responsible for snow and ice removal on platforms.

Adjourn

There being no further business, Mr. Zimbone moved to adjourn the meeting. The motion was seconded and passed unanimously.

The meeting was adjourned at 10:10 PM.

Respectfully submitted,

Richard S. Creem
Acting Secretary