

**Needham Finance Committee
Minutes of Meeting of January 9, 2012**

The meeting of the Finance Committee was called to order by the Chair, Matthew Borrelli, at approximately 7:01 pm in Powers Hall, at the Town Hall.

Present from the Finance Committee:

Matthew Borrelli, Chair; Richard Reilly, Vice Chair

Members: John Connelly, Richard Creem, Richard Lunetta, Gary McNeill (arrived 7:12 pm), Steven Rosenstock, Lisa Zappala (arrived 7:57 pm), Richard Zimbone

Also Present:

David Davison, Assistant Town Manager/Director of Finance

Richard P. Merson, Director, Public Works

Anthony Del Gaizo, PE, Town Engineer

Louise Miller, Office Manager/Asst. Purchasing Agent, Public Works

Rhainhardt F. Hoyland, Highway Superintendent

Charles Laffey, Director of Facility Operations

Citizen Requests

No citizens requested to speak.

Approval of Minutes

MOVED: By Mr. Rosenstock that the Minutes of January 4, 2012, be approved as distributed. Mr. Creem seconded the motion. The motion was approved by a vote of 7-0. (Mr. McNeill and Ms. Zappala had not yet arrived.)

Departmental Spending Requests

Municipal Lighting

Mr. Connelly presented the budget. He stated that it is level funded at \$256,000. There are two components to the budget: \$181,000 of energy costs to operate the lights, and \$75,000 for repairs and maintenance. Mr. Rosenstock asked what the FY 2011 cost of \$22,860 under the line Other Property Related covered. Mr. Merson surmised that it could have been part of the effort to double the poles, which had gotten backlogged at that time. He stated that he would follow up. Ms. Miller added that this year, Mr. Davison asked for all repair and maintenance costs to be combined in the budget. Mr. Lunetta asked how long they have been using Republic Electric. Mr. Del Gaizo stated that they have been used for years. Every year the work goes out to bid, and if Republic is the low bidder, then they continue. Mr. Lunetta asked how they evaluate service delivery. Mr. Del Gaizo stated that the Town maintains a database. The Town receives all calls, and Republic is not authorized to make repairs unless requested by the Town. For bigger problems, they need to identify the problem and contact N-Star. All the work is tracked. Mr. Lunetta asked if they are satisfied. Mr. Del Gaizo stated that they meet the provisions of the

contract. The Town does not want to make the contract more encompassing or the cost will increase. Mr. Borrelli stated that the budget includes the usage projections for kilowatt hours for FY 2013, and asked about the actual for FY 2012 so far. Ms. Miller stated that the DPW liaisons have been provided that information.

Department of Public Works

Mr. Zimbone presented the operating budget. He stated that the number of personnel is flat at 49 FTEs. The budget this year combines all divisions for the first time and is presented as one overall budget. The liaisons examined the budgets division by division as they have done historically. They plan to look further into Highway overtime expenses. Highway overtime has averaged 17% of the budget, and is budgeted at approximately 12%. He stated that the liaisons have asked the Department to explain why. There will be further discussion when the DPW is back for the Enterprise Fund hearings. Mr. Zimbone stated that the expense budget, including DSR4s, is up approximately 10% for several reasons. There are increases in the Energy line, including \$64,079 for Highway and \$5,701 for Parks and Forestry. The Repairs and Maintenance line for all divisions is increasing more than \$31,000. Parks and Forestry Maintenance expenses are up significantly over FY 2011 including additional work for Memorial Park and at schools. Groundskeeping supplies are also up for Parks and Forestry. Mr. Zimbone stated that he has asked for an analysis of the costs related to field maintenance, and a memo is supposed to be made available soon. Mr. Reilly added that approximately 30% of the DPW is Parks and Forestry and it is growing at a faster rate than other divisions, mostly because of the new fields. He stated that an important question is what are the standards and how does one measure what the upkeep should be. If the maintenance is so expensive, then the user fees should be adjusted. Mr. Reilly stated that this should all be part of the memo that is expected.

Mr. Zimbone stated that the liaisons have also asked for an analysis of the snow and ice costs associated with sidewalk plowing, both capital and operating expenses. They also asked whether the plow routes have been aligned with the school districts. He stated that this issue needs to be pursued further. Mr. Zimbone also stated that there are three DSR4s. The first priority is for Memorial Park Renovation to address drainage issues from improper construction. The second priority is Landscape Beautifications around Town. The third is for the GIS Monument Grid System, which is a follow-up to a project last year.

Mr. Reilly suggested examining the capital requests since they will bring up operating issues. He stated that the first request is for Core Fleet, with four replacement vehicles, for \$315,000 all in primary cash capital. He questioned the need to replace the 2006 van with 52,990 miles. Mr. Merson stated that the replacement schedule is based primarily on the age of the vehicle. There are replacement cycles for each class of vehicle, based on their experience with that type of vehicle. For each unit, there is a set replacement schedule: vans and sedans, 6 years; pickups and one-ton dump trucks, 7 years; larger dump trucks and heavy equipment, 10 years; and special duty equipment, up to 12 years. Mr. Merson stated that most of the replacement schedule is funded each year, and they have kept to the schedule as much as possible. The schedule helps to smooth out expenditures each year. Mr. Reilly questioned why a van would wear out that quickly. Mr. Borrelli added that the replacement schedule could be seen as a guideline. He asked if they prioritized and needed to defer one vehicle from the core fleet replacement, which

would they defer. Mr. Merson stated that he would need to look at the repair histories of the vehicles. He stated that they have not prioritized the vehicles within the Core Fleet request. Mr. Borrelli and Mr. Connelly asked Mr. Merson to provide the maintenance and repair costs associated with unit 45, the 2006 passenger van, and unit 43, the 4WD 2007 pick-up truck.

Mr. Rosenstock stated that p. 5-54 of the Capital Plan shows the Core Fleet replacement schedule. The FY 2014 cost projected to be \$460,000. He noted that following the replacement plan helps to even out spending through the years. He asked for confirmation that they do not necessarily need to spend the allocation right away. Mr. Davison confirmed that after the cash capital appropriation is made, the department can choose to hold off on the purchase. Mr. Zimbone reminded the Committee that if the cash capital appropriation is made in this area, other secondary needs would be put off, whether the appropriation is spent or not. Mr. Merson added that the Department needs to keep a small pool of usable vehicles so that operations are not slowed during vehicle maintenance and repairs. Mr. Reilly observed that while the One ton Dump Truck, proposed to be replaced, had 102,000 miles on it, the 1966, 6 Wheel Dump Truck, had only 45,000 miles. This appeared to be 3,000 miles per year. He asked for justification for incurring a cost of \$171,000, to replace this vehicle.

Mr. Reilly stated that another part of the capital request is for \$271,500 in the secondary cash capital category for Large Specialty Equipment, including a Pelican Sweeper for \$210,000 and a Groundmaster Mower for \$61,500. Mr. Rosenstock stated that he felt that \$60,000 seemed very expensive for a mower and that it would be helpful to have more information and see a picture. Mr. Reilly stated that the next capital request is for \$41,000 in the secondary cash capital category for Small Specialty Equipment, a brush chipper. He stated that there is also a request for Snow and Ice Equipment for \$171,000, of which \$31,000 has been designated as primary and \$140,000 as secondary cash capital. Mr. Zimbone stated that the sidewalk tractor in this request is dependent on the question in the operating cost area of whether the sidewalk plowing routes are appropriate. Mr. Borrelli asked if there is a mandate regarding snow removal on the sidewalks near schools. Mr. Merson stated that they plow what has been done historically. Mr. Zimbone stated that it is all self-imposed. There are rules for residents about snow removal on sidewalks, but they are difficult to enforce.

Mr. Reilly stated that the next capital request is for the DPW Complex Renovation, Phase 2 for \$580,000 of primary debt financing. Mr. Creem asked about the main goals of the new facility. Mr. Merson stated that it would provide storage for some equipment that is now exposed. Also, new environmental regulations require that equipment is covered or cleaned to avoid water runoff problems. There was discussion of how many vehicles would be covered under the storage space. Mr. Lewis explained that the sunlight deteriorates hoses and machine seals and joints. Mr. Connelly asked for a breakdown of the \$580,000. Mr. Merson stated that \$480,000 is construction and \$100,000 is for design. Mr. Connelly asked who is doing the design work, and why it is such a large percentage of the construction cost. Mr. Merson stated that they will be putting out an RFP. Mr. Del Gaizo stated that around the project area, there is conservation land that will require special grading and drainage as well as permitting. Almost all of the property falls within the Wetlands Protection Act. In response to a question from Mr. Borrelli, Mr. Del Gaizo stated that the \$480,000 is a planning estimate based on the overall cost plus the additional permitting. He added that the construction cost is based on a prefabricated steel

building situated on a special foundation that sits 4-6 feet above ground. It will be 62 feet by 170 feet. Mr. McNeill asked whether that large a facility is necessary. Mr. Merson stated that there are many pieces of equipment to protect. There will be eight bays and possibly space for a shop in the back.

Mr. Reilly stated that the Capital Plan also includes the Salt Storage Shed Relocation for \$1.55 million, from Chapter 90 funds. The project has been planned for years, and the financing previously discussed.

Mr. Reilly stated that the Public Works capital request includes \$600,000 for the Infrastructure Program, financed through debt. He stated that the lower level of this request is the result of reallocation of funds for the Senior Center construction project. He noted that just under half of this request is for paving. Mr. Reilly asked whether this allocation would be sufficient. Mr. Merson stated that the Department used to make several smaller capital requests at Town Meeting, some of which would be funded, and some not. Now, they put all surface infrastructure into one capital request so that the projects are not competing against each other. Mr. Reilly asked for a description of street surfacing. Mr. Del Gaizo described the Pavement Condition Index (PCI) rating system which ranges from 40 PCI for poor, 60 PCI for good and 80 PCI for very good. They have a rating for each road, and reevaluate it every 2-3 years. The town-wide goal is to reach an average of 80 PCI. The roads have improved over the years from the 60s to the mid-70 PCI range, though they are doing another study soon. Mr. Del Gaizo stated that it is much less expensive to fix problems that arise on roads maintained in better condition. Mr. Merson stated that they have a five-year plan, and have a list of roads considered for work in FY 2013, but they need to wait until winter is over to make a better decision. They will do as much of the work as they have funding for. He stated that they have the goals of trying to get a certain percentage of roads above a PCI of 80, and keeping a low percentage of roads below 60 PCI, as well as trying to get the average PCI to a certain level. Mr. Zimbone asked what the cost would be to reach the goals. Ms. Miller stated that they are putting together the information of the cost of maintaining all roads at 60 PCI and the cost of getting to the goal of 80 PCI.

Mr. Reilly stated that the request includes no funding for traffic signals and intersection improvement. There have been delays in the need for these improvements because they are waiting for other projects to finish up before they can determine what is needed. Mr. Reilly stated that the combined sidewalk program is being funded at \$279,000. He pointed out that the request states that over half of the sidewalks do not comply with current standards. Mr. Merson stated that while many sidewalks are not in compliance with the ADA, they have made much progress. The cost is \$2,500-\$3,500 for each ramp, and there are often 4 needed in an intersection. Mr. Reilly stated that he is concerned that FY 2013 is being squeezed and asked whether the department would spend an additional \$500,000 if it could. Ms. Miller confirmed that if the Department could spend another \$500,000 in FY 2013, it would. Mr. Reilly asked if the Town is at risk if it does not allocate that money. Mr. Del Gaizo stated that the ADA imposed an impossible task on every community to comply immediately, and the government understood that. Mr. Borrelli asked if there is a condition rating system for sidewalks. Ms. Miller stated that that is a goal for FY 2013. Mr. Merson stated that the driving force of sidewalk work is the school routes.

Mr. Reilly stated that storm drains are proposed to have no funding for FY 2013 – FY 2016. He asked for a representation that that will not be a problem. Mr. Merson stated that there are two elements of storm drains: the stormwater quality, for which there are new regulations, and the stormwater capacity. They are now folding this into a different part of the budget. Mr. Reilly stated that the budget contains only \$25,000 for brook and culvert work, when \$100,000 is ideal. Mr. Merson stated that they have traditionally requested \$100,000 for this work, but that it is a swing item at the end. Mr. Creem stated that it is underfunded every year, and there seems to be no way to get ahead. Mr. Merson agreed that some culvert walls are deteriorating rapidly. He stated that during this warm winter, they plan to review and prioritize the culvert work.

Mr. Reilly stated there is an additional request for Athletic Facility Improvements. The question was raised whether it is reasonable to fund irrigation at Greene's Field when discussions are just underway to determine what to do with the field. Mr. Merson stated that he spoke with the Parks and Forestry Superintendent who said that irrigation at the field is needed, regardless of the project. Mr. Zimbone stated that the liaisons have raised the question of whether field users should pay more. Mr. Zimbone questioned why the re-seeding of DeFazio Park that is needed for safety, is considered second priority, lower than irrigation at Claxton and Greene's Fields. Mr. Merson stated that he is not sure how those priorities were determined, but they were changed when the decision was made to renovate Newman, and the irrigation work was moved up. Mr. Davison stated that the Committee could ask the Town Manager at a future meeting, but noted that she works for the Board of Selectmen who have made fields a top priority. He added that usually items are in the capital plan for years before they are funded. He noted that in the schools' technology request, only the parts that were previously requested were placed in first priority. Mr. Zimbone stated that he does not feel that being in the capital plan in previous years is a justification for making something secondary if it involves safety or another project.

Mr. Connelly posed three questions regarding the operating budget: (1) Why is the Salary and Wage Overtime budget for FY 2011 significantly higher than other years? How are overtime costs tracking in FY 2012? Why is the FY 2013 at the level requested? (2) What is the \$30,000 increase in the Vehicular Supply line attributable to? (3) Please explain why many of the wage increases are considerably above 2.5%, since the request shows increases of 6%, 5.9%, 4.8%, etc. Mr. Connelly also commented that he did not think the Committee could properly consider the DSR4 requests until there is a better understanding of the schools request, and the available funding.

Ms. Miller stated that the unusual overtime in FY 2011 was attributable to the March 2010 storms that required significant additional drains work, as well as the MBTA culvert that collapsed and required constant monitoring of water being pumped over the tracks. There were also vacancies in Parks, so the actual salary costs were \$80,000 less but there was \$30,000-\$40,000 additional overtime cost to make up for the vacancies. There are also always fluctuations year to year. Ms. Miller stated that she will need to provide information later regarding how overtime is tracking for the first part of FY 2012. Mr. Connelly stated that he needs justification for additional \$26,452 overtime in the FY 2013 budget, half of which is in the Highway Division. Ms. Miller stated that the Highway overtime is for contractual on-call work, as well as animal pick-up, maintenance of public ways, painting of sidewalks and traffic signal repairs. Mr. Rosenstock asked if the overtime was paid at time-and-a-half or double time or

both. Ms. Miller stated it includes both. He stated that the number of hours may be more helpful to review than dollars. Ms. Miller stated that there are approximately 200 hours/year spent on emergency calls, 100 hours on animal pick-up, 100 hours on business area sweeping and 300 hours for town-wide sweeping. Mr. Connelly asked if there were additional projects in FY 2013 not in FY 2012. Mr. Hoyland stated that there are times when contractors will extend their days or work at night and the Town needs to provide staff for detours, or special operations. In capital projects, the Town assigns an inspector.

Mr. Connelly asked why the Vehicular Supplies line is increasing. Mr. Zimbone stated that the liaisons had asked why the expenses seemed cyclical, increasing \$20,000 every other year, and the Department could find no reason why. Mr. Borrelli asked for a breakdown of gas and diesel fuel usage to date in FY 2012. Mr. Merson stated that all fuel usage is now in one line, and not broken out by division. Mr. Zimbone noted that those figures are in the information. Mr. Rosenstock noted that fuel prices have been fluctuating over the years. Ms. Miller stated that they used a 3-year average of historical usage. Mr. Reilly stated that there is a big jump in FY 2011, and asked if it is justified to use a three year average. Ms. Miller stated that they would need to determine if FY 2010 was a particularly low year, or whether it is caused by water and sewer usage.

Mr. Connelly asked about the salary increases. Mr. Merson stated that there is a bargaining unit salary increase of 1% for the majority of the work force. Mr. Creem stated that the individuals with the higher percentage increases are all in the lower steps, so would also receive step increases. He stated that the higher increases seem to be a result of the step increases.

Mr. Zimbone stated that the liaisons had asked for a prioritization of budget cuts if the department was asked to cut 5%. The response was that they would defer to the Town Manager. Mr. Zimbone asked Mr. Borrelli, as Chair, to request the Town Manager to provide that information.

Mr. Borrelli asked for a breakdown of the \$41,822 for Rosemary Pool maintenance under Park and Forestry in the Repairs and Maintenance Services line of the budget request. Ms. Miller stated that \$15,000 is for spray power washing and painting the pool, and the rest is for labor. Mr. Borrelli asked who paid for maintenance of the Carol Brewster property purchased for open space. Ms. Miller stated that those costs are not budgeted. The DPW did weed control at a cost of approximately \$5,000, which it absorbed. Mr. Rosenstock asked whether CPC funds could cover something like that. Mr. Davison stated that CPC funds have been used for Carol Brewster; the appropriation included funds to purchase the property, and also to rid the area of invasive species. Ms. Miller stated that the initial work was covered, but that a second application was paid for by the DPW. They have the obligation to take care of it for three years.

Mr. Borrelli asked for the status of the monumentation project funded last year. Mr. Del Gaizo stated that they are preparing a request for qualifications for engineering services. Once that is issued, they will start the work with Honeywell Street, and things should go quickly from that point. Mr. Borrelli asked about school grounds mowing and maintenance. Ms. Miller stated that they are going out to bid on a contract involving both DPW and Public Facilities. They have a one-year contract that is renewed yearly in March or April. There has been a corresponding

reduction of two full-time and two temporary employees in the Parks Department. Mr. Borrelli asked if it would be cheaper to do the work in-house if it could be done during regular hours. Ms. Miller stated that she was not certain. Mr. Laffey stated that the grounds work at the Library is being done through a contract with Public Facilities.

Mr. Creem stated that the first priority DSR4 is for Memorial Field Park field renovations because the field was not built to specifications. He asked whether there might be recourse from the builder. Mr. Merson stated that the DPW did not have control over the project. It was a gift to the Town, received in “as is” condition.

Mr. Rosenstock commented that although Mr. Connelly stated that he felt that the DSR4s could not be considered before the Committee knew where the schools stand, he wanted to make it clear that the Finance Committee does not need to follow the schools request. Mr. Zimbone stated that the Committee needs updated revenue figures, which will help determine how any of outstanding questions will be answered. He added that the Town Manager’s budget recommendation is due at the end of the month, so the Committee’s requests need to be turned around as quickly as possible. Mr. Borrelli asked the DPW to please get responses back quickly.

Finance Committee Updates

Mr. Creem reminded the Committee that the MMA Annual Conference will be held in Boston on January 20-21, 2012. Mr. Borrelli stated that there was a liaison meeting with the Schools last week discussing the operating budget, and a meeting this week to discuss capital.

Adjourn

MOVED: By Mr. Connelly that the meeting be adjourned, there being no further business. Mr. McNeill seconded the motion. The motion was approved by a vote of 9-0, at approximately 9:05 p.m.

Documents: Town of Needham Departmental Spending Requests, Fiscal Year 2013, dated December 14, 2011; Town of Needham Capital Improvement Plan, FY 2013 – FY 2017, dated January 3, 2012.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved January 25, 2012