

**Needham Finance Committee
Minutes of Meeting of January 16, 2013**

The meeting of the Finance Committee was called to order by the Chair, Richard Reilly, at approximately 7:00 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair

Members: Richard Creem, Louise Miller, Lisa Zappala, Richard Zimbone

Also Present:

David Davison, Finance Director

Evelyn Poness, Treasurer/Collector

Richard P. Merson, Director, Public Works

Robert Lewis, Assistant Director, Public Works

Anthony Del Gaizo, PE, Town Engineer

Rhainhardt F. Hoyland, Highway Superintendent

Carys Lustig, Supervisor of Administration, DPW

Vincent Roy, Superintendent, Water, Sewer, and Drains

Edward Olsen, Parks & Forestry Superintendent

Ann Dorfman, Superintendent Recycling and Solid Waste Division

Steven J. Hawes, Superintendent, Garage and Equipment Division

Citizen Requests

No citizens requested to speak.

Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the Minutes of January 9, 2012 be approved as circulated, with the typographical error fixed. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0

Review of FY14 Operating Budget and FY14-FY18 Capital Requests:

Department of Public Works

Mr. Reilly stated that the DPW operating budget for FY13 was increased by \$120,000 at the fall Special Town Meeting. He stated that when considering the department's FY14 budget increase, it was more useful for comparison purposes to look at the FY13 budget without that \$120,000 because it caused a spike in the FY13 budget. Excluding the \$120,000, the department's budget results in an overall budget increase of 5.9% for the department including the DSR4 requests, or 4.6% excluding those additional requests. He stated that expenses are up about \$90,000 excluding DSR4s. He stated that the salary line increase of 3.7% is driven by increases for steps, longevity, cost of living, and overtime. There is also an increase for temporary/summer help from 11 to 12 weeks. Mr. Merson stated that the overall budget has no dramatic changes, except in Parks and Forestry because of the Town's goal to maintain the fields at a high performance level.

Ms. Lustig noted that the previous year, the temporary work was decreased to 11 weeks due to budget restraints, and this plan is to return to the previous level. She noted that the FY14 budget also has added a contingency for major storms. They received FEMA funding for Hurricane Irene, but not for Tropical Storm Sandy, so that was not reliable. Ms. Miller stated that \$5,000 would not be sufficient. Ms. Miller asked about the reclassification of the Department Specialist position. Ms. Lustig stated that the position has been reclassified as an Administrative Assistant, though it is carried in the budget at the level of a Department Specialist. Ms. Miller stated that the budget should be reduced. Ms. Lustig stated that the difference is \$17,000. Ms. Miller asked whether the DPW overtime budget would be reduced with the addition of the Administrative Assistant. Ms. Lustig stated that the reclassification may affect overtime but that the DPW did not know if it would.

Ms. Lustig stated that energy costs were reduced mostly due to the switch to LED lights. She stated that the Other Property Related Services had a net \$76,628 increase due to the addition of Walker Gordon and Greene's Fields to the maintenance program. Mr. Zimbone stated that the handout showed the cost of maintaining the Tier 1 fields was \$8,000 per acre per year, which included supplies and services, but not DPW personnel costs. He noted that Greene's Field will be Tier 1 once it is refurbished. Mr. Olsen stated that the Tier 3 fields are considered to have no cost, since all the mowing and aeration is done in-house. They can get fertilizer from the MWRA for free. It is safe and effective, though not a premier fertilizer. The cutting and trimming is done by 3 full-time employees, so the costs are 3 regular salaries plus 2 summer workers. Mr. Reilly noted that to the extent labor is outsourced, there are labor costs within the expenses. Mr. Olsen stated that about 40% of the Tier 1 expenses are outsourced labor, such as over-seeding and aeration, but no mowing is outsourced. Mr. Reilly stated that the Town is actively considering whether the field maintenance fees are sufficient. The cost is \$10 per person per use, of which \$5 is for Parks and Recreation administration, and \$5 is for field maintenance. Mr. Zimbone suggested the field maintenance fee should be up to four times greater. Ms. Zappala noted that changing the fee will not change the budget line. The \$90,000 expense increase is primarily in Parks and Forestry. She stated that the Town needs to commit to field maintenance, or find cuts elsewhere. Mr. Zimbone suggested looking at reducing Tier 1 fields to Tier 2 for a year to save roughly \$45,000 though he was not sure the ramifications.

Ms. Miller stated that another large area of increase is in the Highway Division, in Other Property Related Services, for contractors. Ms. Lustig stated that the contracts are currently out to bid, and the costs will be known by the end of February.

Mr. Reilly asked Mr. Olsen to address the costs of maintaining natural grass fields versus artificial turf. Mr. Olsen stated that by his calculation, assuming that replacing the turf costs \$1.5 million every 10 years, for 7 acres of turf, the cost per acre per year is more than double the cost of natural grass. He noted, however, that having the turf takes pressure off the natural fields, and has other advantages. Mr. Reilly stated that there are increased concerns about concussions and other injury.

Ms. Lustig described the first DSR4, a request to replace the remaining incandescent traffic lights with LED lights, which will save energy. Ms. Miller suggested that this request could be made in a separate warrant article. Ms. Lustig stated that the next DSR4 was for a portable tablet pilot program. The third priority request was for infield renovation at Warner Field, which was not part of the completed resodding project.

RTS Enterprise Fund

Mr. Zimbone introduced the budget. He noted that there is not much change, since creating the budget was one of the first projects for the new RTS Superintendent. He stated that there was a DSR4 request for roll-offs. Ms. Dorfman stated there is a request to purchase one specialty and one regular roll-off container this year, and maintain a rolling replacement schedule going forward. Mr. Zimbone stated that the RTS Committee is focused on how to make the RTS sustainable. They expect to propose a new policy for approval by the Board of Selectmen and the Finance Committee. Mr. Zimbone stated that the RTS Committee is looking at many aspects of the facility, including the hours of operation, logistical issues, and whether Town pick-up would be cost effective and appropriate.

Sewer Enterprise Fund

Mr. Zimbone stated that the Salary and Wage line was up 3%, but the expenses line was down 18%. He stated that the handout showed overtime as a percentage of regular wages in comparable communities. Mr. Davison stated that there is no conformity among communities in how they budget or break out overtime. Ms. Lustig stated that she did not have sufficient time to get enough information to get an apples-to-apples comparison. Mr. Reilly stated that an issue was raised with the diesel consumption calculation. Ms. Lustig stated that she did a 3-year average and the result was lower than the requested amount. Mr. Davison stated that he will adjust the number. Ms. Miller asked for the actual for FY 11 and FY 12 for drains. Mr. Davison stated that he would provide the BVAs.

Water Enterprise Fund

Mr. Reilly stated that the diesel adjustment needs to be made to this budget as well. He stated that the key expense driver will be the adjustment to the MWRA assessment. Mr. Davison expects that the number will drop significantly because the well had been offline, and now the new well is up and running. Mr. Roy stated that the well has been getting 2 million gallons per day right from the start. Mr. Zimbone asked about the new filter media. Mr. Roy stated that they just signed a new contract. They need to do an analysis of the natural and the synthetic greensand. They will have information mid-summer. Mr. Reilly asked Mr. Roy to check the number for chemical supplies since the number has jumped around.

Capital

Mr. Reilly stated that Free Cash is expected to be lower than previously anticipated. If the Town follows the usual practice of using some free cash for the operating budget, and some for capital, then it seems that there will be insufficient funds for any Tier 2 cash capital items, and possibly only 50% of Tier 1 items.

DPW Capital

Ms. Lustig stated that the two-way radio upgrade is for \$48,000 to replace radios in vehicles that do not have narrow-banded radios. The concern is to maintain communications in emergencies when cell service is down. Mr. Merson stated that the radios are also used in the snow program to talk to all vehicles at once. Mr. Hawes stated that 10 of the radios requested need to be replaced because they cannot be narrow-banded. Mr. Reilly asked whether the core fleet replacements are driven by the schedule or by maintenance costs. Mr. Merson stated that they use the replacement schedule. They plan to build a new model and stretch out the replacement schedule to consider cost of maintenance, vehicle age, and condition. Ms. Lustig stated that the requests are based on price quotes plus a 5% inflator each year, assuming that the purchases will be after October 2013. There was a discussion of vehicle maintenance costs. Mr. Hawes stated that the figures show the maintenance cost over the life of each vehicle.

Mr. Reilly asked what should be replaced if all of Tier 1 capital items cannot be funded. Mr. Olsen stated that vehicle 186, the leaf collector, is dead. He added that vehicle 303, the 1985 tractor is overdue for replacement, and vehicle 356, the 1985 aerator, is old technology and is not useful. He stated that vehicles 65 and 72 could sustain another year of operation. Mr. Hawes stated that if he could replace any vehicle, it would be vehicle 6. It does not have many miles, but does rough work.

Mr. Reilly asked what would be done in the infrastructure program if only the Tier 1 portion is funded. Mr. Merson stated that the infrastructure program was reviewed a couple of years ago when discussing how to finance the Senior Center. He had worked with the Finance Director and the Town Manager to determine that if the funding were trimmed to \$600,000, the funding would still support the important parts of the program. He stated that \$200,000 would be used for road resurfacing, and \$400,000 for combined roads and sidewalks. Last year, an additional \$310,000 was added. Mr. Creem asked if he foresaw any supplemental funding for the infrastructure program this year. Mr. Merson stated that the Finance Director is looking into it. Mr. Creem stated that \$600,000 would be woefully inadequate.

RTS Capital

Mr. Merson stated that one vehicle is the waste handler that grinds and compacts waste materials to allow more waste per load. Another request is for the tilt-frame truck that moves the roll-off containers. Mr. Zimbone asked why the Town is not financing the roll-off truck with debt if there are insufficient retained earnings. Mr. Davison stated that if the fund has \$218,000 from retained earnings, it will use that, and if not, they will figure out financing. He stated that it is not enough that he wants to use debt.

Sewer Capital

Mr. DelGaizo described the Inflow and Infiltration removal program. Mr. Zimbone asked what \$500,000 for closed circuit TV services would cover. Mr. Merson stated that the cost is \$2/foot for examination of the drains system, so they expect to cover approximately 47 miles. The entire system is 125 miles. Ms. Miller asked if there has been improvement since the earlier work was done. Mr. DelGaizo stated that they are still gathering information, but described an area near

the Charles River where they discovered 47,000 gallons of water per day that was infiltrating into the system which they repaired.

Water Capital

Mr. Roy stated that vehicle 160, the vacuum truck, is currently inoperable. He described its functions. Mr. Reilly asked about the timing of the work on service connections and the reduced road work. Mr. Davison reminded the Committee that one of the benefits of holding off on some road work was to allow the sewer service connections work to catch up. This work should move forward so that it can be done before the road work.

Mr. Reilly stated that the St. Mary's Pump Station project is over \$5.5 million. He asked whether there have been any changes to the project since it was discussed for the design and engineering phase. Mr. Merson stated that there have been no changes. He stated that an assessment was done of the current structure and everything above ground needs replacement, while the foundation is solid.

Mr. Reilly stated that the Committee is asking all departments with high dollar budgets, including the DPW, to determine where they would make cuts if they have to. He stated the departments need to look for savings of hundreds of thousands not tens of thousands of dollars. Mr. Merson stated that they will do that.

Finance Committee Updates

Ms. Zappala stated that she attended a meeting discussing the Minuteman School. She stated that they are moving forward with the capital project, but that the renovation is about 1 ½ years away, so should not impact FY14 budget. They are hoping for relief in how the reimbursement is calculated. She stated that they did give a sense that the annual assessment for FY14 could be \$47,000 less than FY13's assessment, but that is not final.

Mr. Reilly stated that the School Department has learned of an additional \$130,000 need in Special Education costs for FY14, which will result in roughly \$95,000 increase in the base budget. The Superintendent has identified two tiers of cuts. The first is for approximately \$287,000, of which \$90,000 is based on increasing the assumed rate of circuit breaker reimbursement from 60% to 64%. The second tier reduction is for approximately \$270,000. The proposal includes approximately \$480,000 in net reductions. Mr. Zimbone stated that at the public hearing, many people spoke in support of the full budget with no reductions. Mr. Reilly stated the School Committee will vote their recommended budget on January 29, before the Town Manager's recommended budget is released on January 31. They may not agree.

Mr. Reilly stated that he wants to examine Town expenses that are covered by outside sources and determine what would happen if that funding was lost. Mr. Davison stated that most federal funding that comes directly from the federal government or through the state is in the Health and Human Services Departments. One recently lost grant was for the Council on Aging bus service. He stated that the Town has been slowly moving budget items from the Library state aid funding to the Library's operating budget, which might need to be done in other areas as well. He stated that Planning also gets grants to provide services for third parties.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0, at approximately 9:30 p.m.

Documents: Town of Needham Departmental Spending Requests, Fiscal Year 2014; Parks Forestry FY 14 Tiers Cost Breakdown/Vehicle Maintenance/Water and Sewer Overtime

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved January 30, 2013