

**Needham Finance Committee
Minutes of Meeting of July 15, 2013**

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:28 pm in the Highland Room at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair; John Connelly, Vice Chair

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

Also Present:

John Bulian, Vice Chair, Board of Selectmen

Maurice Handel, Board of Selectmen

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Richard Merson, Director, Department of Public Works

Evelyn Poness, Treasurer/Collector

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the Finance Committee approve the minutes of the meeting of June 12, 2013 as distributed. Mr. Connelly seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller abstained, since she had not attended the meeting. Ms. Zappala had not yet arrived.)

Approval of Prior Executive Session Minutes

MOVED: By Mr. Reilly that the minutes from the Executive Session of September 7, 2011 be approved as most recently circulated. Mr. Connelly seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller abstained, since she had not attended the meeting. Ms. Zappala had not yet arrived.)

Water Restrictions

Ms. Fitzpatrick explained that the state Department of Environmental Protection had issued a permit that reduced that amount of water that the Town may withdraw from wells from 4.01 million gallons per day to 2.94 million gallons per day. She stated that 2.63 million gallons of that figure is "registered," meaning that it was approved for use before 1985 and cannot be restricted. The permit covers the amount of water greater than 2.63 million gallons per day. In response to a question from Mr. Lunetta, Ms. Fitzpatrick stated that the Town would need to study water usage to determine if the Town could live within the 2.63 million gallon limit. She stated that the DEP's goal is to restrict the Town water usage to 65 gallons/person/day. Since the Town received a notice of noncompliance, it was faced with the choice of issuing a mandatory seasonal water restriction or conducting daily monitoring of a gauge in Waltham and then

implementing an immediate restriction if a certain flow were reached. She stated that the Town's water usage has been above 65 gallons per person per day for the last 2 years. She stated that the Town will file a plan to reach that level, but at this point, the Town needed to implement the restrictions. Mr. Bulian stated that the Board of Selectmen was not happy with the restrictions because there is no current water shortage. In response to a question from Mr. Reilly, Ms. Fitzpatrick stated that consumption rate was calculated based on the billed residential consumption divided by the number of residents from the last census.

Mr. Davison stated that the water rate structure was amended previously because there were revenue deficits in the enterprise funds due to the way the rates were structured. Under the rate structure, higher users subsidized other users. But, due to those rates, the higher users tried to save water, and the Town did not get expected revenue. Additionally, the Town needed more funding for water-related capital improvements. Mr. Davison stated that the rate structure caused issues of sustainability. In addition, there was concern that the interplay of the enterprise funds and the General Fund could potentially affect the Town's credit rating if an enterprise fund is underfunded even if the General Fund is in good condition. Mr. Davison stated that he was unsure if water rates will need to be increased. The current rate structure gives ratepayers credit after the fact if the Town meets its revenue needs, instead of building in a subsidy up front. He stated that the Town has collected the needed water revenue recently and issued some rate credits. He stated that the sewer rates are even more of a concern since sewer flow is not measured, but instead the costs are linked to water flow. He stated that the sewer rates could be insufficient.

Mr. Lunetta asked if the Town is confident that restricting the times of water usage will decrease the amount of usage. Mr. Bulian stated that they do not know, but can assume that some water will be saved. Ms. Fitzpatrick stated that weather also affects water usage. Mr. Zimbone asked if the Town has gotten any credit for reducing leaks in the system. Ms. Fitzpatrick stated that the discussions with the DEP have focused on the 65 gallons per person per day requirement in the permit. Ms. Miller stated that the Town does not draw 65 gallons per person per day from the water treatment plant, so therefore the ban is not affecting what the Town is pulling. Ms. Fitzpatrick stated that the ban will lower how much water the Town buys from the MWRA, assuming that is what is being used for irrigation. The DEP's policy goal is to limit the water use to 65 gallons, regardless of the source. Ms. Miller questioned whether the DEP had the authority to try to restrict usage of MWRA water. Ms. Miller asked if there was a calculation of how much it would cost the Town to give up permitted water. Ms. Fitzpatrick stated that the Town may not be able to give up the permit. She stated that the DEP originally said that the Town could give up the permit, but later said it could not. Ms. Fitzpatrick stated that it might not be possible to calculate the cost of giving up the permit. Mr. Davison stated that there is a potential unintended consequence that the Town could give up the right to ever pump water, while still being subject to the usage restrictions. The Town would need assurances from the DEP that it would get rid of the restrictions before the Town should consider giving up the permit.

Mr. Reilly asked if there was a process of monitoring the effect of the ban. Ms. Fitzpatrick stated that the Town is monitoring water usage daily. She stated that they will need to compare all of calendar year 2013 to the average of the last 3-4 years accounting for weather to see if progress is being made. Mr. Connelly stated that the Town needs to think about educating the public about conservation. He stated that he would like to see a budget allocation for educational steps next year. Ms. Zappala stated that it was important to be careful at the public hearing; even

if the Town is not happy with the DEP rules, the public should be encouraged to comply. Mr. Bulian stated that there is some confusion because there is no water shortage. Mr. Zimbone stated that the DEP's argument is to protect water sources for future generations. Ms. Fitzpatrick stated that the reason for holding the public hearing after the restrictions were implemented is to start the public education process.

Executive Session

Mr. Lunetta stated that the discussion regarding a possible property purchase may have a detrimental effect on the Town's negotiating position if held during an open meeting.

MOVED: By Mr. Creem that the Finance Committee enter into Executive Session under Exception (6) of the Open Meeting Law: in order to consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, since the Chair did make such declaration.

VOTE: The motion was approved by the following roll-call vote: Ms. Miller: yes; Ms. Zappala: yes; Mr. Lunetta: yes; Mr. Zimbone: yes; Mr. Reilly: yes; Mr. Creem: yes; and Mr. Connelly: yes.

The Committee moved into Executive Session at approximately 8:20 pm. The Committee resumed the Open Session at approximately 8:27 pm.

Committee Business

Mr. Lunetta stated that he would like to hold a retreat to identify goals and objectives for the Committee's upcoming year. He stated that he would like to explore ways in which the Committee can play a more supportive roll in contract negotiation given the significant size of labor as a percentage of the annual budget. He is disappointed that although the meetings are open to the public, very few citizens, if ever, participate in the sessions. Mr. Creem noted that the retreat is a meeting that must be posted and held within the town. Mr. Reilly stated that it is endemic to the process that Town Meeting will focus heavily on a \$2000 expense and quickly approve a \$1 million issue. Mr. Creem stated that some Town Meeting Members stated at the League of Women Voter's meeting that they are presented with the School Department budget bottom line without further detail. He stated that there is a disconnect between what the Town is doing and what people understand. Ms. Miller stated that there should be more focus in the Committee's budget discussions. There is too much information to cover everything every year, so there should be areas of focus each year. She stated that there is some concern that the Finance Committee positions are not known prior to Town Meeting. Ms. Zappala suggested a mailing. Mr. Lunetta suggested inviting Town Meeting Members from different precincts to Committee meetings. Mr. Zimbone stated that social media is another way to get information out. He stated that the minutes are posted, but no one reads them. Mr. Connelly stated that the Committee should streamline its discussions, and that every different budget group does not necessarily need to come in every year. Mr. Lunetta stated that he intends to write a letter to Town Meeting Members after the retreat to invite them to participate more in what the Committee does.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0, at approximately 9:02 p.m.

Documents:

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst