

**Needham Finance Committee  
Minutes of Meeting of January 15, 2014**

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:05 pm at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair; John Connelly, Vice Chair

Members: Richard Creem (arrived 8:05 pm); Louise Miller, Richard Reilly, Lisa Zappala, Richard Zimbone

Also present:

David Davison, Assistant Town Manager/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

**Citizen Requests**

There were no requests to address the Committee.

**Review of FY 2015 Budget Requests**

**Municipal Lighting**

Ms. Lustig stated that expenses are flat in the FY15 budget, but that some allocations have changed. She stated that they determined that last year's energy expense projection model was not accurate, so this year they are using a three-year average for energy consumption. Ms. Zappala stated that she expected energy consumption to decrease as they switched to energy efficient lighting. Mr. Del Gaizo stated that there were savings when lights were switched from mercury to high pressure sodium. However, they had underestimated energy costs in FY14, so they reallocated some money from the repairs budget to offset the additional cost. He stated that the street light contracts charge a flat fee per street light, and that the only available actual consumption data is from decorative lights with meters. Mr. Davison stated that the energy cost of the lights is not subject to the electricity contract, so the costs cannot be determined simply by multiplying consumption by the rate. Ms. Miller asked for the year-to-date municipal energy expenses.

Mr. Lunetta asked about replacing the maintenance contract. Ms. Lustig stated that the current contract will go through FY15, and that they may change to a new company. Mr. Del Gaizo stated that the maintenance cost per fixture has been steadily decreasing. Mr. Creem asked whether the brighter LED street lights that are used in Boston are being considered. Mr. Del Gaizo stated that they have looked into it, and that there is a potential for 17% fewer lights if they can switch from the high pressure sodium lights on every other pole to LED lights on every

3<sup>rd</sup> pole. He stated that a new lighting plan would be complicated by lighting needs at curves and intersections. He stated that street lighting is also a political issue.

### **Municipal Parking**

Mr. Davison stated that he was standing in for Sandy Cincotta. He stated that the Municipal Parking costs include maintenance and rental of certain property for parking. The budget covers all parking but contracted parking. The major cost is rent for leased land. The maintenance work includes crack sealing, pothole repair, and weeding. He stated that the only increase is in rent. Under a new agreement with the First Church of Christ Scientist, the cost will increase 2.4%. He noted that the FY13 Municipal Parking budget was not expended because the budgeted work was not done. The maintenance costs for FY15 are flat, though there will be an expanded number of spaces. He noted that there is a new fee structure. Mr. Zimbone asked whether the new fees will cover the debt service and costs. Mr. Davison stated that at least half of the spaces are free, and generate no revenue. Part of the rent paid by the Town covers these spaces which generate no fees. He stated that there have been discussions of installing meters, but the idea has gotten no traction.

### **Department of Public Works**

Mr. Reilly presented the FY15 budget, and outlined the differences from the current budget. He noted that the union contract expires at the end of FY14 and that the new contract has not been settled, so any wage increases will come from Townwide Expenses. He stated that historically, wages have increased 3.5%. If one assumes the historic year over year wage increase of 3.5%, then the overall cost of the Department budget request would increase by \$70,000, rising from 2.27% to 3.7%. Mr. Reilly stated that there is an increase in electricity costs, mostly due to the salt shed. He stated that repair costs are increasing, because that budget was reduced last year because the money was not being used. Those expenses were replaced in the FY15 budget.

Mr. Reilly stated that he looked closely into two broad areas of the budget: materials purchased, including a description of the bidding process, and garage repairs, particularly how inventory is handled to manage emergency repairs without having unnecessary extra supplies. Ms. Lustig explained how the Town is now using Commonwealth Connect, a mobile device application which is a communication system and also initiates work orders. She stated that the public can report road issues and the Town can respond. She stated that it is a data gathering tool, and includes maps to help organize work. Mr. Reilly stated that the highway's costs for supplies have fluctuated over the years. Ms. Lustig stated that she believes the FY15 request has sufficient funding for the highway department. She noted that the majority of the budget is for supplies. She stated that when the new fleet supervisor is hired, that person will provide guidance on the appropriate purchases. Ms. Reilly stated that in the past there has been some dissatisfaction with the maintenance of vehicles. Ms. Lustig stated that they plan to take a more proactive approach to vehicle maintenance. She stated that the FY15 budget request is needed to maintain vehicles on a timely basis. Mr. Reilly stated that they should collect data to show whether the additional maintenance makes the vehicles usable for more time, and whether the repair costs ultimately decrease. Ms. Lustig stated that the new person will help to make sure that they are keeping on the maintenance schedule. Mr. Merson stated that the budget was reduced last year, and the FY15 budget intends to bring it back. He stated that the lack of investment in repairs shows. He stated that there is an acting garage superintendent in place who has gotten some procurements underway and gotten the team moving forward, and working on

the backlog. Mr. Reilly stated that the department proposes to reinstate \$20,000 to the budget for preventative maintenance. Mr. Merson stated that they have changed from a system of stocking shelves to ordering as needed. However, since they are emergency responder, they need to stock some supplies for weekends and holidays. Mr. Zimbone asked whether the asphalt costs have continued to increase. Mr. Lustig stated that asphalt costs are drive by the Mass. DOT process, and the Town does not have control. Mr. Hoyland stated that the line is level-funded for FY15 but that there was a big increase last year. Ms. Lustig stated that they are going out to bid, and want to be sure to come within the budget, but that she is comfortable keeping it flat.

Mr. Reilly stated that the field maintenance revolving fund used to raise \$46K of additional revenue. He stated that the Finance Committee pushed for an increase in the user fee last year, which brought in an additional \$46K for field maintenance. Therefore, \$92K of field maintenance costs were covered by the revolving fee instead of the operating budget. He stated that Mr. Olsen is working on an update of last year's field cost projections for the different levels of playing fields. Mr. Reilly asked what the reaction has been to the increased user fees. Mr. Olsen stated that the field conditions have gotten progressively better over the years, aside from Memorial Field, so the sports groups have been supportive. He stated that the fields are overused. He stated that there was a funding gap in the fall, which was made up by a gift from a soccer group. There was some savings because Greene's Field opened late. Ms. Zappala stated that the grounds keeping supplies line is down, but it would be helpful to see the total expenditures, including items funded by the revolving funds as well as by the operating budget. Mr. Olsen stated that he would break down the costs in the field maintenance memorandum. Ms. Lustig stated that there is a vendor providing service and grounds keeping supplies which is covered in the "other property related services" line, which is increasing.

Mr. Reilly stated that there is a DSR4 request for a wetting agent for fields. Mr. Olsen stated that this is needed for sand fields, which percolate quickly and do not hold water. The wetting agent suspends water in the root zone so that overwatering is not needed to keep the roots healthy. Ms. Lustig stated that the wetting agent is helpful when water restrictions that prevent them from watering on certain days. Mr. Olsen stated that he does not know specifically how much water will be saved. Mr. Zimbone stated that since they measure the water usage on the fields, they should be able to calculate the change in usage next year.

Mr. Connelly asked whether the Reserve Fund will be needed in the salary increases. Mr. Davison stated that the funds will come from the Classification, Performance and Compensation line within Townwide expenses, but that there may need to be an appropriation for Enterprise Fund salary increases at Town Meeting.

Mr. Reilly turned to the Capital Improvement Plan. He asked whether either of the small specialty equipment requests for mowers for Parks and Forestry could be pushed out. Mr. Olsen stated that these mowers last 3-5 years because of the hard terrain. This request will replace them after five years. If they are not replaced, they will need major repairs or overhauls. Mr. Reilly asked about the Large Format Scanner request. Mr. Del Gaizo stated that the current scanner can only produce black and white, and this would upgrade to color because there is a need for full-size color plans. The old machine needs frequent repairs. Ms. Miller asked if maintenance was included in the price. Mr. Del Gaizo stated that a maintenance agreement is in the cost. Ms. Lustig stated that the request includes \$5,000 for three years of maintenance. Ms. Miller stated that the price is very good.

Mr. Reilly stated that there is a request for \$900,000 to replace Cooks Bridge, but there is a significant timing issue since the Town needs to coordinate with Newton. Ms. Lustig stated that state and local studies have shown the bridge to be deficient, and the movement of stones in the arch is being monitored. The work will conclude in the spring and will help determine what work is needed. They are seeking design funds at Town Meeting. Mr. Reilly asked why this is designated as Tier 2. Mr. Davison stated that it is listed as debt service Tier 2 because of the timing issue. Space is being held in the debt capacity, but the Town wants to wait for official notice from Newton to split the cost before proceeding. He stated that the \$900K request would cover the full cost of the design. Mr. Davison stated that there is a preliminary estimate of \$6 million for the full cost of the construction. He stated that in the worst case, the bridge will be closed to traffic. Mr. Creem asked if the bridge historic. Mr. Del Gaizo stated that it was built in the late 1800s and is on the historic registry. He stated that they will find out if they can repair it or if a full rebuild is necessary. If they can't preserve it, the construction will be different.

Mr. Reilly asked about the Drain System Improvements request. Mr. Merson states that the Town needs to make storm water quality improvements to clean water before it is discharged into waterways. They also need to reduce the impact of the water that is discharged. They need to look at the watershed areas, and the soil and drainage issues to make a watershed management plan. Mr. Del Gaizo stated that they have a rough estimate of the cost of the consultants, but still need to determine the details. He stated that the NPDES regulations are not complete, also they are not certain what exactly needs to be measured in the water, but they need to keep moving forward.

Mr. Reilly noted that the Public Works Infrastructure Program was restructured in order to allow for financing of the Senior Center, and FY15 was originally schedule to have this program funded with \$600K. However, the Town Manager said at that time if additional funding were to become available, she would fund this program further. She has allocated an additional \$200K to the program in FY15, which comes from savings on interest on bonds. Ms. Miller asked what work is planned for drains. Mr. Merson stated that they still need to determine which work will be done. He stated that there are three tiers of work: quick and simple work; work with capital needs with some surveying and engineering; and bigger projects requiring larger studies. He stated that they will be meeting to categorize the projects and to make work plans. He stated that it will require a team effort with engineering to determine where the money will be used. Mr. Creem asked for a list of what work has been deferred due to the program reductions. He feels the Town is falling behind in this area because it has been inadequately funded.

Mr. Reilly noted that the CIP Core Fleet Replacement calls for a change from a F150 truck to a F350. Mr. Olsen stated that the change is for safety purposes, since the old vehicle is not good in the snow. Ms. Lustig stated that the vehicle could be deferred. Mr. Reilly asked why the traffic light costs are going up if the installation of LEDs is supposed to make costs decreases. Mr. Merson stated that there are many new lights being installed.

## **Water and Sewer Enterprise Funds**

Ms. Miller stated that the Water and Sewer Enterprise Funds generate income which is used to invest in infrastructure. She outlined the operations and the staffing requirements. She stated that the union contract is still being negotiated, so the salary lines do not reflect a salary increase. She stated that the Sewer budget contains a line for operating capital to replace two sewer pumps at different facilities. She stated that the Water budget includes two DSR4s. There is a request

to replace windows with more energy efficient windows at the Charles River Water Treatment Facility. There will be no huge reduction in energy costs, but new windows are needed. The other request is for funding for implementing the Water Conservation Program.

Ms. Miller stated that the number of calls is part of the union negotiations. She stated that they need a call program in order to be able to respond to emergencies. She stated that some of the camera work on drains needs to be done on an overtime basis. She stated that hydrant flushing is also overtime because it is done at night. Mr. Zimbone asked if the filter media replacement will be finishing up. Mr. Roy stated that the current work is going well, and that the last one will be done next year. He stated that the new type of filter media is not showing signs of breaking down. Ms. Miller stated that there are capital requests for improvements on a water treatment station, a water main replacement, and the design of the replacement of well #3. The work on the well will allow the well to pump at the maximum permitted rate. Mr. Roy stated that the well has been a problem for some time. It was redeveloped and brought back to half capacity, but it has slipped since then. Ms. Miller stated that the long term plan is to add a 4<sup>th</sup> well. Ms. Miller stated that the capital plan also includes funding for sewer service connections. Mr. Roy stated that this funding provides for the installation of ready connections to the sewer system for homeowners that are not currently connected to the system. The connections provide sewer access without digging up the road.

Mr. Zimbone recommended that since the Enterprise Funds are essentially run as small businesses, the Committee should review not only the expenses, but the revenues and retained earnings to see where they come from and how they are calculated. Mr. Davison stated that all of the information will be in the Town Manager's budget. Ms. Zappala stated that she and Ms. Miller were doing such a review for the RTS Enterprise Fund and that they could go back and review the others as well, though the revenues are not as significant.

### **Finance Committee Updates**

Mr. Zimbone stated that there was a liaison meeting with the School Department and School Committee, as well as a School Committee meeting. The supplementary budget request was discussed. He stated that in response to his request that they make a plan that achieves the same goals in two years with no override, they removed the technology request which decreased the request from \$2.1 million to \$1.8 million. They said that they could fund the technology with cash capital or year-end funds. They also removed \$180K for the assistant principals and worked the cost into the FY15 budget. He stated that there was a working group meeting coming up to discuss \$300-\$400K in cuts to the FY15 budget. He stated they complied with his request, but they said that it is too early in the process to abandon the override. He stated that he reviewed the labor agreement which provided a 1.75% increase for Units A, B, and C, spells out the new time commitment which extends teacher preparation time. He stated that there is a clause that the School Committee will seek an override, and if it does not pass, there is no agreement. He stated that if he had had the opportunity, he would have advised them to tie the agreement to getting funding, but not to an override. He stated that Dr. Gutekanst made a compelling case at the School Committee meeting for the override and what he intends to do with the extra funding. He stated that the School Department understands that the Finance Committee is not arguing with the educational aspect of the request.

Mr. Zimbone stated that he has not told the Schools where to cut the budget. He feels that some of their materials costs could be one-time expenses. He stated that they are reticent to give up

the \$600K in SPED contingency tuition. He stated that there could also be \$50-\$70K to cut in the substitute teacher salary line. He stated that February 25 is the deadline by which they would need to file to seek an override.

### **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 9:34 p.m.

Documents: Town of Needham Departmental Spending Requests, FY2015, December 11, 2013; Town of Needham Capital Improvement Plan FY 2015 – FY 2019, dated January 7, 2014.

Respectfully submitted,

Louise Mizgerd,  
Executive Secretary/Staff Analyst

*Approved January 29, 2014*