

**Needham Finance Committee
Minutes of Meeting of March 4, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:05 pm in the Selectmen's Meeting Room at Town Hall.

Present from the Finance Committee:	David Escalante, Chair Lisa Zappala, Vice Chair Scott Brightman Richard Creem	Richard Reilly Steven Rosenstock Michael Taggart Richard Zimbone
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Also Present: David Davison, Assistant Town Manager / Finance Director
Mr. Merson, Department of Public Works (DPW) Director
Mr. DelGaizo, Town Engineer
Mr. Lewis, Superintendent, DPW Water and Sewer and Drain Division

There were no public comments.

FY10 Budget Discussion: There was a discussion of the Municipal Lighting budget and the realized energy savings from the high pressure sodium lights. Mr. DelGaizo stated that they had received one electrical bill, from which the DPW is now projecting an additional \$4,000 of savings above the amount projected by the Finance Committee. This means a savings of \$64,000. The full amount projected by the energy consultant of \$80,000 in savings does not seem realizable based on the one electrical bill.

The Minuteman Regional High School assessment is \$29,434 more than projected by the Finance Committee. There was a discussion of how the FY 2010 Operating Budget should be balanced, given the higher assessment. Mr. Rosenstock suggested that the funds be moved from the Public Schools budget to the Minuteman budget. Mr. Rosenstock stated that he would maintain the \$25,000 in the General Fund Operating Budget for the non-school municipal computer replacement cycle. He stated that it is more thoughtful to invest in infrastructure and cut back some small amount of services. Mr. Creem asked whether a reduction to the Reserve Fund could be used to balance the deficit in the Minuteman budget. Mr. Rosenstock stated his concern that the FY 2009 Reserve Fund may be overspent because of the amount for Snow and Ice Removal for FY 2009 so that the Town will be entering FY 2010 with a deficit. Ms. Miller stated that the deficit is the first item paid from revenue in FY 2010 reducing total revenue by the amount of the deficit. Mr. Zimbone stated that the Public Facilities Department (PFD) budget could be cut in anticipation of savings in energy expenditures from the implementation of items listed in the energy audits of municipal buildings. Ms. Zappala suggested that there are items that could be cut that would not affect current services, such as the DSR-4 of \$3,500 for the Conservation Department. She also stated that energy savings in the PFD could be used for maintenance needs. Mr. Escalante stated that there are a number of places where the Finance Committee could find the funds for the difference in the Minuteman assessment. The total amount of DSR-4s funded for staff is approximately \$11,000. The total amount of DSR-4s is \$36,000. The Finance

Committee could choose to not fund any DSR-4s for FY 2010. Ms. Miller stated her recommendation that the funds be taken from the Reserve Fund. Mr. Brightman stated that the Reserve Fund could be replenished from additional revenue in the fall, should there be additional revenue. Mr. Taggart stated that the Minuteman Regional meeting to discuss the budget will be March 23, after the Finance Committee needs to vote an Operating Budget to be included in the Warrant. Mr. Taggart stated that the Minuteman assessment last year was lower than he had expected for Needham based upon the drop in enrollment and Minuteman's total budget. This year, it is higher than anticipated.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Authorization to Expend State Funds for Public Ways": Mr. Merson stated that the Article must be approved by Town Meeting for the Town to access Chapter 90 funding for roads. The amount of funding is not identified in the Warrant Article to keep some flexibility depending on the State funds available. Last year the funding was \$695,000. Mr. Merson expects approximately the same level of funding.

Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Authorization to Expend State Funds for Public Ways". Mr. Brightman seconded the motion. Discussion: Mr. Taggart stated that the amount of funding last year was \$695,000. The amount two years ago was \$500,000, with an additional \$250,000 distributed later by the State administration. Mr. Reilly asked what happens to the funds if the Town does not approve this Article. The funds are then disbursed to other towns. Mr. Rosenstock's motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled: "Appropriate for General Fund Cash Capital": The discussion focused solely on the DPW requests for General Fund Cash Capital. There are three DPW vehicle replacement cycle components in the Cash Capital request: 1. the core fleet, 2. specialty equipment, and 3. snow and ice removal equipment. The Town Manager has recommended \$277,000 for the DPW core fleet, the entire amount requested. The Town Manager has recommended that specialty equipment and snow and ice equipment be funded only if additional funds become available. Mr. Escalante asked whether the DPW is comfortable with the Town Manager's prioritization. Mr. Merson stated that core fleet is more instrumental to the operation of the DPW than the specialty equipment or snow and ice equipment. In terms of prioritization of the unfunded items, Mr. Merson would prioritize the spreader attachments in snow and ice removal equipment, and the large field mower in specialty equipment. Next year, Mr. Merson will need to work back into the replacement cycle for DPW equipment all items not funded this year.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate for Kendrick Street Bridge Repair Design": Mr. DelGaizo stated that the \$125,000 is Needham's portion of the design for the repair of the entire bridge. The entire \$250,000 is needed for the design. Mr. Creem asked about the difference between funding for the Kendrick Street Bridge and the South Street-Willow Street Bridge. Mr. DelGaizo stated that Needham shares the South Street – Willow Street Bridge with Dover. Dover was able to secure a grant for the design of the bridge repair.

There is no grant available for the Kendrick Street bridge repair. Mr. Taggart stated that the Kendrick Street Bridge was repaired in 1988 and asked about the life expectancy of the bridge. Mr. Merson stated that some elements of the bridge had not lasted to life expectancy. Mr. DelGaizo stated that one problem is that supports on the bridge are exposed to water. Mr. Taggart asked about the High Rock Bridge. Mr. DelGaizo stated that the High Rock Bridge is not a Town bridge. It is owned by the State because of the railroad. Mr. Escalante asked about the total expected cost of repair for the bridge. Mr. Merson stated that it depends on the repairs that are needed. Mr. DelGaizo stated that the total cost would probably be less than \$10 million, and could be in the \$4 to \$5 million range, with Needham paying half. There is an open question whether the State will require that steel on the bridge be replaced with concrete. Ms. Zappala asked whether there is a safety issue. Mr. DelGaizo stated that the State has said that this is a safety issue where there is progressive deterioration of the steel holding up the bridge. Mr. Rosenstock asked about the possibility of getting State funds. Mr. DelGaizo stated that it was unlikely if the bridge is not on the State list of structurally deficient bridges. Mr. Reilly asked whether Newton is ready to go forward with this project. Mr. DelGaizo stated that the Newton City Engineer agrees that the bridge needs repairs, but that funding has not been secured. Mr. Rosenstock asked whether the design may not go forward. Mr. Davison stated that one reason to fund the design through debt is that Needham does not know how long it will take Newton to go forward with its portion of the funding for design.

Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for Kendrick Street Bridge Repair Design” in the amount of \$125,000 to be funded through General Fund debt. Mr. Reilly seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Roads, Bridges, Sidewalks and Intersection Improvements”: This article is the same article that is presented to Town Meeting every year. Last year the appropriation was \$820,000. This year the appropriation is \$875,000. The target amount for appropriation is \$1 million. The \$125,000 for the Kendrick Street Bridge is part of the total amount being appropriated for roads, bridges, sidewalks and intersection improvements. What the funds are spent on varies from year to year. Mr. Merson stated that the Town is making good progress on repaving of roads and making traffic signal and intersection improvements. Mr. Davison stated that the Capital Improvement Plan allocates \$1 million to roads, bridges, sidewalks and intersection improvements for FY 2010, \$1.1 million for FY 2011, \$1.2 million for FY 2012.

Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for Roads, Bridges, Sidewalks and Intersection Improvements” in the amount of \$875,000 to be funded through General Fund debt. Ms. Zappala seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Stormwater Master Plan Drainage Improvements”:

There are two components to the Stormwater Master Plan Drainage Improvements: water quality improvement and upgrades to the system. Mr. Rosenstock noted that the request had been reduced to \$200,000. Mr. Merson stated that the preliminary engineering work for Bradford Street is being deferred.

Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for Stormwater Master Plan Drainage Improvements”. Ms. Zappala seconded the motion. Discussion: Mr. Reilly asked whether \$200,000 is a firm number. Mr. DelGaizo that the number is not based on an engineering consultant’s estimate. It is based on the linear foot requirement of the projects that will be undertaken. Mr. DelGaizo believes the number is reasonably solid. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Parking Meters”:

The \$42,000 that is being requested to be appropriated would complete the upgrade of parking meters. There was a discussion of the upgrade of MBTA boxes. There was a discussion of the revenue generated from parking meters. The parking meters are not a profit-making center. The fees collected are for parking meter maintenance and parking enforcement. There was a discussion whether the parking meters should and can accept other coin denominations. There was a discussion of additional parking meters. This Article is not for additional parking meters.

Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for Parking Meters”. Mr. Taggart seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Athletic Facility Maintenance”:

The Article seeks appropriation of funds for work at the Asa Small field at DeFazio. The source of funding is unspent funds from three prior Town Meeting appropriations. The Town’s capital spending guidelines are for unspent cash capital funds to be re-appropriated to other capital projects paid with cash with Town Meeting approval in order to not distort Free Cash. The exception to this policy is for unspent cash funds of \$5,000 or less. The Finance Committee requested further information about the work to be done at the Asa Small field.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for RTS Enterprise Fund Cash Capital”:

Two items are requested in the RTS Enterprise Fund Cash Capital: a pick-up truck for \$26,000 and a vibratory material screener for \$110,000. The pick-up truck has 121,000 miles on it, beyond industry standards for its life expectancy. The current RTS superintendent does not drive the pick-up truck home. Mr. Merson did not have the maintenance amounts for the pick-up truck. The truck is used for transporting bags within the RTS and for moving parts for maintenance within the RTS. Whether this truck is replaced will not affect RTS fees. There was a discussion of vehicle replacement cycles and whether vehicle

replacement schedules should be followed. Mr. Creem stated that vehicle replacement schedules allow the Town to plan its capital spending. Mr. Rosenstock stated that, prior to the replacement schedules, the Town was spending a lot of money on maintaining old vehicles just to keep them running. The vehicle replacement cycle planning has been tested as a good planning tool by deferring replacement prior to the development of the replacement cycle. Ms. Zappala stated that there are two questions that need to be answered: does the truck really need to be replaced now? And, is it the right vehicle for the RTS?

The vertical vibratory material screener has a 10 year life expectancy. By replacing the equipment, the Town avoids larger costs than the costs of the equipment. The Town would have to contract the work if the equipment is not replaced. This piece of equipment handles construction material.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article

Entitled “Appropriate for RTS Construction Equipment”: The front-end loader being requested is the largest front-end loader with a 10 year life expectancy. Mr. Taggart asked about the difference between the RTS front-end loader and the front-end loader being requested for the Sewer Enterprise Fund. Mr. Merson stated that the RTS front-end loader is much larger than the Sewer front-end loader. The Sewer front-end loader is a 1993 model and has a longer life expectancy because it operates fewer hours than the RTS front-end loader. The RTS equipment works 6 days per week.

Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for RTS Construction Equipment”. Mr. Zimbone seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article

Entitled “Appropriate for Sewer Enterprise Fund Cash Capital”: The combination flushing truck and vacuum unit is the same type of vehicle as has been previously funded in the Water Enterprise Fund. This unit would replace the current 1989 unit owned by the Sewer Enterprise Fund. Currently, the Sewer Division either uses the Water Division’s equipment or waits if the equipment is unavailable. Mr. Merson explained the Sewer Division’s maintenance requirements under NIPDES. The goal under the NIPDES permit is to clean 10% of the drains per year, so that they are on a 10-year maintenance cycle. The Town also is trying to make the catch basins cleaner. There are 136 catch basins in Town. They would like to clean each catch basin once per year. Without the vehicle, the catch basins cannot be fully cleaned. Mr. Escalante asked about the maintenance of the vehicle, whether the vehicle would have the same problems as the camera truck, which has needed a plate replacement for some time now. Mr. Lewis stated that there is no request for additional staffing for this equipment. Mr. Lewis did not have figures on replacement of the plate for the camera truck. He expects it to be in the \$1,000 to \$2,000 range. Mr. Lewis stated that he expects that the Town will negotiate an extended warranty with the purchase of the equipment for the Sewer Division. Mr. Lewis clarified that the Sewer Division cleans approximately 10% of storm drain lines per year and 1 1/3 of the catch basins per year. This means all the catch basins are

cleaned once per year, and 1/3 of them are cleaned a second time, so that each catch basin has been cleaned 4 times every 3 years.

Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled “Appropriate for Sewer Enterprise Fund Cash Capital”. Mr. Rosenstock seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Wastewater Pump Station Design - Reservoir B”: The design is \$577,000. The construction of the project will be approximately \$4 million. The project will be funded through the MWPAT with lower interest loans. Mr. Rosenstock moved that the Finance Committee recommend approval of Draft May Town Meeting Warrant Article Entitled “Appropriate for Wastewater Pump Station Design - Reservoir B”. Mr. Creem seconded the motion. Discussion: none. The motion was approved by a vote of 7-0 (Mr. Zimbone having left the room temporarily).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate to Council on Aging Trust Fund”: Ms. Fitzpatrick, Town Manager, Mr. Matthews, ViceChair of the Board of Selectmen, and Ms. Garlick, member of the Board of Selectmen were present for the discussion. Mr. Matthews stated that the current projected revenue does not allow for funding of this Article. Mr. Matthews is hoping that there may additional revenue recognized at some point that would provide for funding of half the Article request. Mr. Matthews explained that, at the time that the Board of Selectmen wanted to move forward with a feasibility study of Ridge Hill, there were insufficient funds available. The Board of Selectmen asked the Council on Aging for funds. When the Article for design funds of a Senior Center at Ridge Hill was withdrawn by the Board of Selectmen, the Council on Aging felt that it had been led down a primrose path by the Board of Selectmen. The Board of Selectmen felt that there was consensus for the need for a Senior Center but not consensus as to where the Senior Center should go. The Council on Aging felt let down because they made a large contribution from limited resources. The Board of Selectmen does not feel that the feasibility study of Ridge Hill was wasted funds.

Mr. Brightman stated that there was no buy-in for the site. The right thing to do would be to reimburse the Council on Aging. Mr. Rosenstock stated that he is hard pressed to see the Council on Aging as victims. The Selectmen felt that there was good reason to move forward with a Senior Center. There was pressure from the Council on Aging to move forward with a Senior Center. The Council on Aging had full support of the Board of Selectmen when it agreed to spend funds on the feasibility of the Senior Center at Ridge Hill. Mr. Creem stated that what happened is now history. Mr. Creem asked about the average balance in the Council on Aging Trust fund and the uses for the funds. Mr. Zimbone agreed with Mr. Creem that this is history. It does not matter how the Council on Aging and Board of Selectmen got to where they are. It may be more appropriate to replenish the Council on Aging Trust fund when the feasibility for the Senior Center goes forward. Mr. Rosenstock stated that the Trust fund could be replenished from the debt for construction of the Senior Center. Mr. Escalante stated that he is unalterably opposed to the reimbursement of funds to the Council on Aging. The

design for a Senior Center was approved by the Finance Committee and, because of the Council on Aging's funding of the feasibility study, was brought to Town Meeting without prior debate. Mr. Escalante stated that he understood the political problem faced by the Board of Selectmen. Mr. Matthews stated that the Board of Selectmen asked Town Meeting to refer the design of the Senior Center back to the Board of Selectmen. An enormous amount of work has gone into determining why the consensus that the Board of Selectmen thought had existed evaporated. Mr. Matthews stated that progress is now being made through the Senior Center Exploratory Committee. Mr. Escalante stated that Mr. Wasserman had come before the Finance Committee at the time that the feasibility study monies were being sought and stated that Ridge Hill was the only place to build a Senior Center. The Council on Aging told the Finance Committee that it understood that it could lose its funds if construction at Ridge Hill did not proceed. Mr. Brightman asked whether the Council on Aging would still seek reimbursement of its funding if Ridge Hill is selected as the site for the Senior Center. There was a discussion of the different sites currently being considered for the Senior Center and Ms. Garlick provided an update on the work of the Senior Center Exploratory Committee.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Articles Entitled "Appropriate for Water Enterprise Fund Cash Capital" and "Appropriate for Water Distribution System Rehabilitation": The Water Enterprise Fund Cash Capital core fleet request is consistent with the vehicle replacement schedule. The pick-up truck is a larger truck than the truck being replaced at the RTS. It is a half-ton pick-up truck for carrying of heavy equipment and supplies. The fire hydrants are in year 3 of a 5 year maintenance program. The program is funded every other year. Mr. Merson stated that the purpose of the water supply feasibility study is to get another well developed so that the Town can draw up to its permit limit. The questions answered will be: is there water there? Is it usable? How much will it cost? Mr. Rosenstock asked about the number of lead pipes still in the Town's water service connections. Mr. Lewis stated that there are approximately 300 to 500 lead line services, and approximately 3,000 iron pipes with lead goosenecks. Mr. Lewis stated that the construction for pipe replacement is trying to stay a couple of years ahead of the Highway Division reconstruction schedule. If a road needs to be done earlier, then the pipe work needs to be done earlier.

The \$330,800 being requested is the balance of the \$1,330,800, \$1,000,000 of which is debt requested under the "Appropriation for Water System Distribution System Rehabilitation" Article. The work done for FY 2010 is construction work on Chapel Street and May Street. The work For FY 2010 and 2011 is the Pickering Street/Great Plain Avenue design, engineering and construction.

Mr. Rosenstock moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Articles Entitled "Appropriate for Water Enterprise Fund Cash Capital". Mr. Creem seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Mr. Reilly moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Articles Entitled "Appropriate for Water Distribution System Rehabilitation" in the amount of \$1,000,000 to be funded through debt. Ms. Zappala seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

FY10 Budget Discussion – DPW budget: Ms. Fitzpatrick stated that there is a new trench law. Trench fees of \$50 have been voted by the Board of Selectmen. There will be a new trench by-law for Town Meeting vote at the Special Town Meeting. The Board of Selectmen also voted a new street opening permit fee structure which will be effective beginning April 1, 2009. The Finance Director has indicated that he will be recommending a revision of the revenue estimate for FY 2010 of \$53,000 to account for the increase in street opening permit fees. Ms. Fitzpatrick stated that the anticipated increase in revenue is adequate to cover the \$53,000 required to fund a construction inspector to coordinate the street opening permit process. The revenue estimate is based on 90% of the number of permits in the last 5 years and does not include the new trench fees. Ms. Fitzpatrick stated that the sentiment of the Board of Selectmen was to increase the fee to fund the position.

There was a discussion about the permit fee to occupy or obstruct a roadway without excavation. There was a discussion about the definition of a trench. There appears to be no pushback from contractors concerning the fee. The fee does not affect the work that the Town contracts. In response to a question about the Town's liability if there is no construction inspector, Ms. Fitzpatrick stated that there is a risk of road deterioration if there is no inspector. Ms. Fitzpatrick stated that a reading of the regulations regarding trench safety indicates that the Town would need to free up staff to investigate trench safety if there is a complaint. There was a discussion of the Town's insurance levels. Town Counsel has reviewed the insurance levels.

Snow and Ice Removal Budget Overdraft Discussion and Vote: An overdraft request for snow and ice removal totaling \$950,000 above the budgeted amount of \$200,000 was submitted based on estimates for snow and ice removal through the last storm. Mr. Creem moved that the Finance Committee authorize Snow and Ice Removal overdraft expenditures up to a total amount for Snow and Ice Removal of \$1,150,000. Mr. Zimbone seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled “Appropriate for Compensated Absences Fund”: Mr. Creem moved that the Finance Committee reconsider its motion to recommend approval of Draft May Town Meeting Warrant Article Entitled “Appropriate for Compensated Absences Fund”. The amount of \$75,000 for the appropriation in the Draft Warrant was incorrect. The amount should read \$25,000, not \$75,000. Ms. Zappala seconded the motion. Discussion: Mr. Taggart stated that this was the first time that he heard of a different amount for the appropriation. The motion to reconsider was approved by a vote of 6-1-1 (Mr. Taggart opposed the motion, Mr. Zimbone abstained). Mr. Creem moved that the Finance Committee recommend approval of Draft May Town Meeting Warrant Article Entitled “Appropriate for Compensated Absences Fund” in the amount of \$25,000. Mr. Rosenstock seconded the motion. Discussion: none. The motion was approved by a vote of 6-0-2 (Mr. Taggart and Mr. Zimbone abstained).

Mr. Zimbone moved to adjourn the meeting at approximately 11:30 pm. Mr. Taggart seconded the motion. The motion was approved by unanimous vote: 8-0.

Respectfully submitted,

Louise Miller
Executive Secretary