

FINANCE COMMITTEE

MEETING, January 2, 2019

A scheduled meeting convened at 7:00 p.m. in Room 5.

Members of the Committee in attendance: Mr. Oldeman, Mr. Weld, Mr. Even, Ms. Harrison and Ms. Mellish. Mr. Creighton and Mr. Pratt were not present.

Town Administrator, Mr. Federspiel, Finance Committee Clerk, Gail Hunter and DPW Director, Mr. Dam were also in attendance.

Mr. Oldeman called the Finance Committee meeting to order.

Review of Meeting Minutes: There were no meeting minutes to review this evening.

Review Operating and Capital Budget for Department of Public Works:

Ms. Mellish asked if the 1 ½% increase was in the budget book? Mr. Federspiel indicated it was in a spreadsheet attached to the memo he forwarded on the budget.

Mr. Oldeman stated the primary reason for this evenings meeting was to review DPW operating and capital budgets. Ms. Mellish was the Finance Committee liaison to DPW and indicated Mr. Dam had conducted a comprehensive review of the budget with a fresh eye and to her satisfaction.

Mr. Oldeman asked Mr. Dam what his overall perception was of the DPW budget. Mr. Dam stated that judging from his 6 months in the position, he believed there were adequate funds to keep the Department going. Additionally, he understands the priorities for the capital budget which is also subject to when “things break, the broken things need to be repaired”.

Mr. Dam went on to discuss the collapse of storm drains at Tappan and School Street which were unexpected. The collapses resulted in sink holes – the result of failure at the intersection of the drain pipes, the man holes and the surrounding material. Ms. Harrison asked how many catch basins there were throughout Town, Mr. Dam estimated 700 plus catch basins. Mr. Oldeman stated he was under the impression the man holes and catch basins had been categorized. Mr. Federspiel stated that had been completed in the village but not fully inventoried for the Town.

Mr. Dam went on to state that as part of renewing the MS-4 Permit there will be a complete inventory report completed for EPA. Mr. Federspiel stated there were new EPA requirements and the inventory will be part of meeting the new standards. Additionally, there was a contractor cleaning storm drains, but his contract was for leaning not evaluating the drains.

Mr. Oldeman asked if the tidal impact on the Tappan Street drain was normal. Mr. Dam stated yes it was. And from his experience working in Salem that it was a normal problem. Mr. Oldeman asked if higher tides had been part of the failure. Mr. Dam replied yes, the system is old, and the additional velocity is impacting the drains.

Mr. Weld asked Mr. Dam if he had had an opportunity to review the Town's 5-Year Capital Plan? Mr. Dam stated he had. The Department is in good shape on the water and sewer side. The Department is getting jobs built and ready to build. At this time the Department has not developed a Town-wide Drainage Master-Plan but it is on the table. Mr. Dam mentioned the Center Street culvert and moving up Saw Brook as a priority that will require significant funding and a few years to complete.

Mr. Weld also asked about Project Management of all Town projects; indicating project management was a significant issue both politically and fiscally. Mr. Dam indicated Mr. Desrosiers had been hired as the new Project Manager and he believed their backgrounds and skills will help to address the issues going forward. Mr. Weld stated it is important that the residents have confidence in the process and there is a plan in place.

Mr. Federspiel indicated the BOS had received a comprehensive review of the Chowder House project conducted by Bobrek Engineering & Construction, LLC. Findings of the review indicated the Town's consulting engineers could have managed the project better and the Town would have saved had there been tighter management of the project. Ms. Murray, Interim DPW Director felt pressure from CPC to get the project completed quickly and this may have led to the engineers rushing to push ahead despite less than ideal bids. New procedures, check lists and reviews are in place to avoid this issue in the future.

Mr. Even asked if there was a possible penalty for the Town if EPA standards are not met. Mr. Dam stated on an annual basis the Town was meeting the standards and EPA is interested in the ongoing efforts of a community to maintain the infrastructure. If there is an issue like at the waste water plant a Consent Order will be issued and the Town is given time to remedy the problem. Mr. Dam does not anticipate any issues with the Town and EPA.

The Committee moved on to discussion Operations. Mr. Dam stated that overall the Town's DPW staff is older moving forward it will be a priority to recruit younger people who will likely work more quickly. He mentioned the mechanics position. The mechanic works alone – had a part time assistant who was replaced by a roving position. Part of the challenge of meeting and filling positions ideally is: DPW is a small department in a small Town. Mr. Dam also mentioned the loss of institutional knowledge over the next few years will be significant. He cited the Water Department and the lead person who will be retiring in the next few years.

Mr. Even asked about internally manned projects vs. contract work with minimum staffing. Mr. Dam believes the Department is at minimum standards for employees. There are times in the DPW when you want your guy who will report to work. According to Mr. Federspiel the majority of project work is completed by contractors. Ms. Mellish indicated there is less flexibility when work is contracted out.

Mr. Federspiel spoke to the fact that the Town had hoped to bring management of the Water Plant in house. It appears to be more easily stated than executed. It is difficult to identify a person with the appropriate plant certifications. The Town sent the management of the Water Plant out to bid and received only one bid – from the current contractor. Operating the Plant vs contractor does not appear to be cost effective.

Operating Budget Detail:

- Salary line is a little higher due to Project Manager, Mr. Desrosiers' addition to the Department.
- Acknowledged DPW's responsibility to provide Project Management for CPC and Parks and Recreation capital projects.
- Expenses are similar to previous years. Mr. Dam is bringing expenses in line with what was spent year-to-date.
- Mechanic does interface with other departments, performing routine maintenance for vehicles for COA, Fire Department and Police. – D-3 budget line indicates 2 mechanics (line will be corrected) additional person added to highway skilled labor.
- Committee suggested asking for an intern from Vocational Training Program.
- D-5 Trash bags – increase price for bags as long as quality remains the same. Price was increased 2 years ago. Sanitation costs are going up. The cost of bags should reflect that increase, the Committee agrees.

Ms. Mellish requested a discussion on compost site, the grant and match on the grant. Mr. Dam stated he was currently evaluating the transfer site for Black Earth to move their compost site. The Town did receive a grant for \$400K with a Town match of \$179K for a total cost of \$579K.

Mr. Dam stated the total cost through the first phase is higher to relocate the Transfer Station – the Transfer Station and the Composite site cannot be at the same site because neither site is large enough to handle both operations.

The School Street site is presenting problems now, according to Mr. Weld. It appears to be unsafe with large trucks making deposits. This evolves into a political issue because residents do not understand how the site is being managed. Mr. Federspiel spoke to the benefits of the Town being a Regional Facility which the Committee did not find appealing. The Town's

contract with Black Earth is open and can be renegotiated. Mr. Federspiel indicated the Town may refuse the grant and reject the possibility of becoming a regional facility. Additional information will be available in a month.

Mr. Oldeman noted there was nothing out of the ordinary in the Capital Budget for DPW.

J-3, 4 and 5 Enterprise Water and Sewer

- There is a budget line for Water misc. repairs – the funds were spent on the meter program and upgrading meter reading devices.
- Sludge removal – previous budgets included additional removal of septic waste which is expensive. Sludge is removed monthly and outstanding issues are resolved with cost of removal more predictable.
- Mr. Federspiel indicated debt service and total expenses are down and those funds have been moved to capital.
- Mr. Weld asked for clarification of \$40M in expenses – Mr. Federspiel stated that was projected over 30 years.
- Mr. Weld also asked for clarification of waste water treatment plant expenditure of \$4M, Mr. Federspiel indicated that was over 5 years.
- Ms. Mellish asked if there was an annual 3% increase in water rates, Mr. Federspiel confirmed that was correct and it covers increases in operating expenses.
- For stormwater I & I, the last significant project is the repair to the Harbor Loop pipe. Tata and Howard had recommended a new plant, but Mr. Dam requested an additional assessment with a focus on relining the existing pipe. Upon reassessment it was agreed the pipe can be relined. Relining involves Cured in Place Pipe (CIPP) which is fiberglass reinforced lining.

Capital Summary Focusing on 2020 Requests:

- \$350K - \$500K requested for road resurfacing – partly paid for with Chapter 90 funds from the State
- Sidewalk tractor replacement \$108K with a 4 X 4 snow removal tractor
- Mr. Dam would like to discuss the possibility of Garage Hanger to remove salt from vehicles – this discussion will take place once Master Plan and development of current Pleasant St. site development is resolved.
- Message Boards are a new item on the Capital Budget – the Town has rented in the past but the need and use for message boards is ongoing.
- Complete Streets grant pays for construction not design – design is included in Capital Budget. The Committee questioned the need to complete these projects. It was pointed out by Mr. Federspiel it was for pedestrian safety.

- Town Hall Renovations decreased from \$3.8M to \$75K – Town Hall needs a new HVAC system.
- Street Lights will be completely installed by the end of January 2019.
- Water and Sewer valve and hydrant work is being paid for with bond funds – there are \$776K remaining from the \$1M bond.
- Master Plan Discussion is in process for the 13 acres on Pleasant St., the current location of DPW garage.

Mr. Weld asked if Mr. Dam had thoughts on regionalization (shared services) with Essex? Mr. Dam has not had any conversations with Essex about shared services. Mr. Federspiel indicated the Town, along with Essex had received a grant to explore the possibility of shared services and will be working with the Boards of Selectmen of both Manchester and Essex to identify the most likely areas for shared services.

The Committee expressed interest in sharing equipment, mechanic services and management of Town Departments.

Ms. Mellish had an issue that she had requested to be on the agenda but did not appear on the agenda. On 6/10/2018 she gave the Town a check and it was not deposited until 12/10/2018. She was concerned that checks written to the Town were missing.

Mr. Federspiel explained 8 checks were misplaced in a drawer. The first time in the 5 years he has worked with the Town that this had happened. Deposits are made weekly and this was an error. The situation was discussed internally and with the Town's Auditors to confirm proper procedures were in place.

It happened at a time when the office was short a part-time support person and was related to beach sticker checks that were in an envelope and placed with census information. Mr. Federspiel is assured the issue has been resolved and will not be repeated.

Adjourn

Ms. Harrison moved to adjourn the meeting, Mr. Oldeman seconded the motion. The motion passed unanimously.

Meetings Scheduled for Finance Committee:

January 9, 2019 – Fire, Police and Harbormaster

January 16, 2019 – School Budget Discussion

January 23, 2019 – Review Concerns and Tentative Recommendations

Final Minutes for 1/2/2019

January 29, 2019 – MERSD Final Budget Hearing

January 30, 2019 – Joint Meeting with BOS

Meeting Materials:

2020 Preliminary Budget