

Final, Approved unanimously, March 8, 2017

FINANCE COMMITTEE

MEETING, January 11, 2017

A Finance Committee meeting convened at 7:00 pm in Room 5.

Members of the committee in attendance: Mr. Creighton, Ms. Mellish, Ms. Kaneb, Mr. Oldeman, Mr. Susko, Mr. Furlong and Ms. Thorne. Mr. Croft and Mr. Evans were absent.

Board of Selectmen in attendance: Mr. Kehoe, Ms. Driscoll and Mr. Barclay.

Town Administrator, Mr. Federspiel, Town Accountant, Ms. Mainville, Interim DPW Director, Ms. Murray and DPW Operations Manager, Mr. McLean were also present.

Mr. Creighton presided.

Agenda items scheduled for discussion:

- Budget Overview and Discussion
- DPW Budget Review
- Budget Review, Discussion and Department Approvals
- Capital Budget and Funding
- School Budget Discussion
- Other business that comes before the Committee.
- Approval of Meeting Minutes

Ms. Thorne called the Finance Committee meeting to order, Mr. Oldeman seconded.

Mr. Creighton stated the Committee would move through the sections of the budget to keep the process moving forward, if there were questions liaisons would follow up with Department Directors for answers. The process will start following the presentation by DPW.

Ms. Murray began her presentation by stating she and Mr. McLean had spent several hours in Emergency Response Training which is an annual requirement for DPW employees.

Highway Division: Ms. Murray stated that last year the Department stepped back and examined paving projects beyond just the riding surface. The Department reviewed drainage, sidewalks, curbing, water and sewer lines; the estimated costs of the program escalated from \$350K to \$1M. Rather than proceed with just making a street smooth, the Department realigned the program's priorities to construct the streets properly, avoiding reconstruction in 5–10 years. In 2018 the Department is proposing a pavement program that maximizes capital investment over the long term, this in place of managing the infrastructure in segments.

Drainage: The MS 4 regulations regarding storm water have been adopted by EPA and DEP. The first step in FY 18 is to file an intent to comply by September 1, 2017. The intent to comply needs to be supported by a plan of how compliance will be accomplished. The Department has started on

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development of the plan. The first years are anticipated to focus on completing an inventory of the storm water system.

Snow and Ice: During this winter the Department is utilizing only 2 outside contractors, reducing the number of contractors from over 12 in previous years. The new plan provides full service unless there is another historic snowfall, like winter of 2015. The change has been accomplished by maximizing plow route efficiency and proper equipment purchases. Storm summary reports will be provided after each event to document labor, equipment and materials used.

Training: Safety training was a priority in FY 17. DPW held the first annual safety day in the spring in conjunction with MIAA (insurance provider). Credits toward insurance premiums were received for participation in the courses. DPW workers are among the most at-risk professions for work place injuries. The Town's DPW employees are now easily identified by their fluorescent vests or jackets.

Seawalls: The seawalls at Black Beach and Black Cove were repointed to protect their integrity and the streets next to them. This will be an ongoing maintenance effort, along with drainage reconstruction.

Ms. Murray presented two new programs currently not funded but recommended for funding.

Sidewalks: In the capital budget the Department has proposed a sidewalk program of \$150K to reconstruct sidewalks beginning at the schools and then moving out. The proposal includes reviewing curbs and drainage. Sidewalks were a major theme identified in the Master Planning process and important for many in the community.

Guardrail: A second proposal in the capital budget is a guardrail replacement program to make the guardrails crash worthy. The type of rail selected will be determined in the context around the guardrail.

General Update:

The right sizing of equipment has resulted in a reduction in additional equipment needs for FY 18 and subsequent years. Over the past year, the Department has developed a better equipment management schedule and improved the identification of current and future equipment needs.

Facility for DPW is under consideration with the Master Planning Committee. Ms. Murray agrees the Compost site is a good choice for the Department.

Ms. Murry concluded with the statement that significant progress has been made in identifying and understanding the needs of the Town's infrastructure. There is work remaining, however, plans are in place and progress has begun on resolving infrastructure issues.

Mr. Furlong asked Ms. Murray where Ocean Street was in the planning process for road and pipe repair. He stated on Ocean Street sewage backs up with small amounts of rain, there is no sea wall and the surface is at best difficult to drive. Ms. Murray pointed out that Ocean Street was a challenge due to pipes carrying salt water in and out. Pipe issues need to be resolved along with sewer and drainage

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before paving. Ocean Street may be an exception to the long-term plan and is currently on scheduled to be paved this year.

Water and Sewer Department: Both Departments operate as enterprise funds, meaning the fees charged for water and sewer are used to support the operating costs of the divisions. Fees have and likely will need to continue to increase as the Town deals with the significant capital needs both operations are experiencing.

Water Division:

Distribution system maintenance/improvements: As part of the unidirectional flushing program, all hydrants and valves were inspected and operated. Sixty hydrants were identified as needing to be repaired or replaced along with numerous valves. To get this backlog corrected, a project was advertised in December for construction over the winter. This will result in the critical components being address so we have control over the distribution system.

A draft of the capital efficiency plan is under review. The plan has identified \$40M in needs. The plan has been layered with the pavement plan as the first step to a comprehensive asset management plan. The wastewater layer will be added next, built on the information gathered in the Comprehensive Wastewater Management Plan. Storm water information produced by the MS 4 requirements will be another layer. Sidewalks, signs and other assets will be added as available. The goal is to produce an assessment of the complete infrastructure allowing for effective planning.

Flushing: The directional flushing program began in the fall of 2016, as outlined in the plan. This has been successful, using less water and getting a more effective cleaning in less time. Much of the work was accomplished during the day for the first time.

Water Source: A firm yield analysis is being conducted on Gravelly Pond, to identify capacity. Drought conditions of this year highlighted the need to fully understand the Gravelly Pond resource. Work continues eliminating unaccounted for water.

Meter Replacement Program: The past program for meter replacement was not as effective as originally planned: only 80% of the meter replacement was completed, many of the meters were oversized (which means they will not record low-flow water consumption) and the quarterly drive-by meter reading approach is now outdated. After careful review a change is recommended.

Correctly sized meters will allow for proper accuracy, more frequent monitoring and overall improvement in water management for the Town; which we learned through the recent drought period, is an essential capability going forward. The improved system will flag and alert the Town to water-use spikes, allowing for notifying customers in advance and reducing the number of water abatement occurrences.

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Wastewater Division:

Inflow and Infiltration (I&I): Progress has been made in the elimination of I&I, but salinity remains an issue. Two problem areas have been isolated; Beach Street and the Harbor Loop. The long-range needs identified in the I&I plan continue to move forward, with salinity being the critical action item.

Treatment Plant: An evaluation of the Plant is beginning. Many of the systems in the Treatment Plant are nearing the end of their useful life, and replacement will be necessary. The 3 Pump Stations will be reconstructed, including a back-up power supply and SCADA in early 2017.

Discussion with Ms. Murray following the presentation: Mr. Creighton asked about the permitting process and asked if the Town was current with all permits for DPW. Ms. Murray indicated we are in good shape with permitting. Environmentally the Town has pulled out of a deep back log of permit issues with the help of Tata & Howard and CMA Engineers.

One line in the DPW budget required an increase from \$37K to \$60K line 52901 – Sludge Removal. Budget was adjusted to reflect increase.

Ms. Mellish asked about the contract with Woodard & Curran, the contract is for \$350K a year and provides the Town with 2 to 2.25 personnel. Consideration is being given to moving that contract work in Town (this would require additional staff).

General Government Budget Items Reviewed by Finance Committee:

- Town Administrators Office, \$364,874 – Mr. Creighton moved approval of the budget, Ms. Thorne seconded, the motion passed unanimously.
- Town Hall and Common, \$73,100 – Ms. Thorne moved approval of the budget Mr. Oldeman seconded, the motion passed unanimously.
- Street Lighting, \$70,000 – Mr. Oldeman moved approval of the budget, Ms. Thorne seconded, the motion passed unanimously.
- Moderator's Budget, \$50.00 – Mr. Creighton moved approval of the budget, Ms. Kaneb seconded, the motion passed unanimously.
- Finance Committee Budget, \$3,320 – Ms. Thorne moved approval of the budget, Mr. Oldeman seconded, the motion passed unanimously.
- Reserve Fund, \$150,000 – Ms. Thorne moved approval of the reserve fund, Mr. Oldeman seconded, the motion passed unanimously.
- Town Clerk Budget, \$106,260 – Ms. Thorne moved approval of the budget, Ms. Kaneb seconded, the motion passed unanimously.
- Election Budget, \$13,880 – Mr. Creighton moved approval of the budget, Ms. Thorne seconded, the motion passed unanimously.
- Parking Clerk Budget, \$23,763 – Ms. Thorne moved approval of the budget, Ms. Mellish seconded, the motion passed unanimously.
- Accounting Budget, \$129,320 – Ms. Thorne moved approval of the budget, Mr. Oldeman seconded, the motion passed unanimously.

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- Assessors Budget, \$186,846 – Ms. Thorne moved approval of the budget, Ms. Mellish seconded, the motion passes unanimously.
- Legal Budget, \$100,000 – Ms. Thorne moved approval of the budget, Mr. Oldeman seconded, the motion passed unanimously.
- Treasurer Budget, \$179,317 – Ms. Thorne moved approval of the budget, Ms. Mellish seconded, the motion passed unanimously.
- Zoning Board Budget, \$32,576 – Ms. Thorne moved approval of the budget, Mr. Creighton seconded, the motion passed unanimously.
- Planning Board Budget, \$76,793 – Ms. Thorne moved approval of the budget, Mr. Furlong seconded, the motion passed unanimously.
- Pension Expenses Budget, \$1,064,707 – Mr. Creighton moved approval of the budget, Ms. Mellish seconded, the motion passed unanimously.
- Total Insurance Expenses, \$1,842,000 – Mr. Furlong moved approval of the budget, Ms. Thorne seconded, the motion passed unanimously.

Capital Budget and Funding:

Mr. Creighton stated Capital Exclusion is a one year situational opportunity for specific projects and is simply an additional funding mechanism for the Town. Capital Exclusion carries no debt service, is less expensive and an opportunity to be considered. Presentation of Capital Exclusion would be part of the Finance Committee report with a graph and paragraph description of the proposed project to be funded. Mr. Creighton asked if there was a motion to proceed with Capital Exclusion. Ms. Mellish objected to such a motion suggesting the Committee defer a motion on Capital Exclusion to further discussion on the Capital Budget and identification of the funding mechanisms for the projects in the budget.

School Budget Discussion:

Mr. Creighton continues to attempt to schedule a meeting with MERSD representatives and the Finance Committee. There is some reluctance on the part of MERSD School Committee Chairperson to meet outside of scheduled School Committee meetings. The Finance Committee believes it is their responsibility to meet with MERSD representatives as part of the Budget Process and to fully understand the request being made for Town funding. Mr. Creighton will continue to work towards scheduling the meeting.

Ms. Thorne moved to adjourn the meeting – the meeting was adjourned.

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