

FINANCE COMMITTEE

MEETING, February 20, 2019

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

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

Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter and Town Accountant Ms. Mainville were also in attendance.

Mr. Creighton called the Finance Committee meeting to order.

Review of Meeting Minutes: Minutes for January 30, 2019 and February 6, 2019

Mr. Weld moved to approve the minutes of January 30, 2019 and February 6, 2019 (with an edit to January 30, 2019 minutes), Ms. Mellish seconded the motion. The motion passed unanimously.

Review of Town Budgets: Parks & Recreation, Debt Service, Enterprise Funds and Other Proposed Budgets

Parks & Recreation:

- Crowell Chapel – the Chapel is a cost to the Town of \$6,500 in heating and with general maintenance included Mr. Federspiel estimated the annual cost of maintaining the building is under \$10K. Revenue generated in the previous fiscal year was \$1,700. Mr. Weld will review the possibility of productive uses of the property and develop a proposal for the property going forward.
- Tuck's Point revenue also appeared to be a little short.
- Coach Field – resurfacing will be necessary in the upcoming years. Mr. Creighton suggested the cost of resurfacing may be significantly less than estimated \$400K and provided Mr. Federspiel with the name of an Essex resident who may be helpful in providing a less expensive option for field resurfacing.
- Singing Beach – canteen rental is a 3-year contact.
- Ms. Mellish asked what happens to the extra money in the revolving account, Ms. Mainville responded the Town takes some of the funds into the General Fund where it helps with expenses. It is necessary to keep funds in the account because of Department expenses that occur at the end of the Fiscal Year and prior to receipt of revenues for summer programs. Ms. Mellish also suggested using funds from the revolving account for Park maintenance and improvements.

Mr. Weld moved to approve the Park & Recreation budget in the amount of \$355,600, Mr. Even seconded the motion. The motion passed unanimously.

Debt Service:

Mr. Creighton noted Debt Service expenses were down 20% and mentioned the goal to eliminate debt by 2030. Mr. Federspiel stated the goal is to replace debt with capital exclusions. Capital exclusions have been used to fund street light conversion, Saw Mill culvert and in FY 20 the ambulance.

Mr. Even asked if there was a process in place for reviewing and refinancing Town bonds. Mr. Federspiel indicated there was a review process and Ms. Mainville stated 90% of the Town's bonds had been refunded and the remaining bonds were at a low rate that would likely not be available in the current market.

Mr. Even moved to approve Debt Service in the amount of \$1,234,763, Mr. Weld seconded the motion. The motion passed unanimously.

Enterprise Funds:

Enterprise Funds are part of DPW review, Ms. Mellish was the liaison and she stated the Funds seemed very reasonable.

Mr. Creighton noted salaries were up 3 ½ %. Mr. Federspiel indicated there were new hires in the Departments and in addition to COLA the new hires have steps in their contract. The Town had given serious consideration to bringing the contracted management of the water in-house, however it was difficult to identify and hire properly licensed personnel. Woodward & Curran continue to manage the plant.

The Town is reviewing the possibility of shared services with Essex – Essex currently manages their water plant in house.

Ms. Mellish moved to approve the Enterprise Fund for Sewer in the amount of \$1,240,392, Mr. Weld seconded the motion. The motion passed unanimously.

Ms. Mellish moved to approve the Enterprise Fund for Water in the amount of \$1,292,004, Mr. Weld seconded the motion. The motion passed unanimously.

Non-Appropriated Expenses:

Mr. Even asked what were non-appropriated expenses? Mr. Creighton replied these were expenses beyond the specific appropriations contained within the Budget Article and other

Town Meeting articles. Such costs include various State assessments for services, county assessment for county services and amount estimated for tax abatements and exemptions.

Mr. Weld moved to approve non-appropriated expenses in the amount of \$482,354, Ms. Mellish seconded the motion. The motion passed unanimously.

Other Proposed Budget:

*Ms. Mellish moved to **amend the North Essex Regional Agricultural Technical High School budget to the amount of \$152,731**, Mr. Even seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to **amend the Insurance budget to the amount of \$1,747,000**, Ms. Mellish seconded the motion. The motion passed unanimously.*

Mr. Creighton moved to approve the Building Department budget in the amount of \$82,939, Mr. Even seconded the motion. The motion passed unanimously.

Review of Capital Projects and Planning:

- Assessors Department capital request covers an upgrade to software in the amount of \$33,500.00 to allow for fly-over GIS maps and cloud-based storage.
- Town Hall phones are 14 to 15 years old; are analog lines; replacements are no longer available.
- Town Hall HVAC system is estimated to cost \$460K. It is proposed to repurpose \$275K from the LED to help convert Town Hall to the new HVAC system. Town Hall renovations in the budget is likely 10 years away.
- The Town is proposing upgrading water pipes from Magnolia Avenue eastward in response to the fire on University Lane. Hydrants in this area of Town produce no more than 500 GPM. Additional capital funds to accomplish more of this in the coming year could come from the general fund reserve and enterprise reserves.

The originally proposed capital plan for FY 20 had \$100K for water pipe upgrades and \$280K from the general fund for sewer plant and pipe upgrades. It is proposed the Town use the sewer fund balance in the amount of \$280K and redirect \$280K general fund money to water pipes. In addition, the Town could add \$350K from the water fund balance and take \$500K from the general fund balance.

The water pipe replacement could have \$1.23M to improve flows in the eastern portion of Town. This proposal would correct about half of the low flow areas. With a similar

effort in FY 21 the Town should be able to correct the remaining eastern portion of Town.

Mr. Creighton asked if you looked at the entire Town what would the cost be? Mr. Federspiel responded that would be \$40 million over 30 years.

Ms. Mellish asked how this proposal played into the Town's overall plan? Mr. Federspiel responded it is consistent with the plan – it is speeding the plan up. Ms. Mellish also asked how Mr. Federspiel determined this was the appropriate amount of work to do? He replied it was determined in conjunction with the DPW Director. While it is aggressive, the sense is it can be handled in light of the need and most of the work is on less traveled side roads which impacts fewer people.

Mr. Creighton stated this is a significant amount of work and was work proposed being shifted away from a different project to address this need. Mr. Federspiel replied no, this work was planned for but in a more phased way.

Ms. Mellish stated we are doing this in response to an incident, and questioned was the plan The Town had in place an appropriate plan? Mr. Federspiel indicated the original plan was an appropriate plan.

Mr. Weld asked why the Town needed to speed up the plan in place? Mr. Federspiel stated it was in response to demand from residents in this part of town and is work that needs to get done eventually.

The Committee discussed the amount of money requested and the impact this request would have on the multi-year strategy. Ms. Mellish proposed in the interest of time the Committee vote on Capital and leave the decision on Water for the next meetings, with a more comprehensive discussion including adjustments to the long-term Capital Plan.

Votes on Capital:

Mr. Weld moved to approve the DPW Capital Requests in the amount of \$1,134,000, Mr. Even seconded the motion. The motion passed unanimously.

Mr. Even moved to approve the Land Management Capital Request in the amount of \$50K, Ms. Mellish seconded the motion. The motion passed unanimously.

Mr. Weld moved to approve Assessor's Capital Request in the amount of \$33,500, Town Hall Request in the amount of \$120,000, Council on Aging request in the amount of \$15,000, Library request in the amount of \$20,000, Public Safety request in the amount of \$722,500, Harbor request in the amount of \$70,000 and Sewer Department request in amount of \$510,000, Mr. Even seconded the motion. The motion passed unanimously.

Next week the Committee will review the Town Clerk's Capital Request.

Other business that comes before the Finance Committee, discussion only.

Adjourn: *Mr. Creighton moved to adjourn the meeting, Mr. Weld seconded the motion. The motion passed unanimously.*

Meetings Scheduled for Finance Committee:

February 27, 2019, March 6, 2019, March 13, 2019

Meeting Materials:

- FY 20 Preliminary Budget
- Finance Committee Minutes January 30, 2019 and February 6, 2019
- Updated Budget Sheets