April 4, 2019

Finance and Warrant Committee Minutes

Kevin Hughes, Kevin Preston, Susan Fay, John Heffernan, David Roberts, and Marty Lindemann present.

Meeting called to order at 7:05. Mr. Preston began the meeting with an opportunity for public comment. There was none. The committee moved to discussion of reserve fund transfers.

Denise Moroney and Bonnie Roalsen took the floor to present a reserve fund transfer on behalf of the library. The request is for $50,000 to design a sprinkler system to meet fire codes for the main and Endicott library. This is essential to return the library to its planned programming levels. Kenneth Cimeno, building commissioner, explained that the library was built in the 1880s and has not had a certificate of occupancy or use issued. The library runs programs that have high attendance numbers that bring with them high occupancy. Mr. Preston asked if the library has unwittingly had a compliance issue all along, or if the increased program attendance caused a violation. Mr. Cimeno answered that they discovered this violation in recent consultations of program attendance numbers.

Mr. Preston asked if we had these problems unidentified in other town buildings. Mr. Cimeno answered that no other building had similar scenarios except perhaps the Endicott estate, which also is looking into installing sprinkler systems. Mr. Preston asked if the schools had sprinkler systems. Mr. Cimeno explained that those buildings were grandfathered into the rules. However, undergoing a proposal for change of occupancy requires a re-evaluation.

Mr. Heffernan asked if there would still be a restriction on occupancy after installing the sprinkler. Mr. Cimeno answered that there will be an updated analysis for its occupancy.

Ms. Fay asked if the occupancy review was also required and how much it would cost. Mr. Cimeno replied that it is not his proposal, but as he understands it is only for the design of the sprinkler system. Ms. Moroney confirmed that.

Ms. Fay asked how many more steps it would take to get to full occupancy again. This is only the design for the sprinkler system, and there will have to be more evaluations even after its installation.

Mr. Preston asked much we could expect this to increase future capacity. Mr. Cimeno replied that he expects the fire suppression system to be the most expensive component, and the largest driver for building safety. Mr. Preston asked if he could be more specific as to the effects. Margaret Connelly referred to the 2012 study that estimated 112 occupants.

Mr. Cimeno explained that there are different types of occupancy depending on furniture alignment and space purpose. This means that it is hard to make any estimates now. There may be more safety steps that need to be taken later.

Mr. Roberts asked about a discrepancy with the total expense of this request. Ms. Moroney explained that the reserve fund transfer fund was written based on a verbal estimate. She also pointed out that the low square footage of the Endicott may mean it does not need this system. Mr. Cimeno replied that it is below 7500 square feet, but there are other possible triggers that require evaluation.

Mr. Preston asked if the library trustees could adopt a protocol limiting occupancy of the Endicott library that would prevent any possible need for a sprinkler system. Mr. Cimeno replied that it would require analysis.

Mr. Preston asked if any representatives of the library had comment. Ms. Connelly expressed support for reducing the request and not funding design for the Endicott library.

Ms. Fay pointed out a typo on the request. She asked if the timeline for this project was realistic, and how soon they would need funds for the actual work. Ms. Moroney estimated that it would cost $122-175 thousand for the main library. Mr. Preston suggested they consult with town leadership to figure out whether this money could be appropriated at the correct time.

Ms. Baker explained that the timing could be made to work by amending the capital plan.

Mr. Heffernan clarified that they still need to discern where the fund would come from. Ms. Terkelsen suggested it could be borrowed, or come from free cash, or raised and appropriated.

Ms. Connelly thanked the committee for their support and consideration.

Mr. Heffernan motioned to move $25,000 from the reserve fund to town facilities-technical services. Mr. Roberts seconded. It was voted unanimously in favor.

Ms. Baker presented her reserve fund transfer request for $5000 to central overtime. The health department has had a long term absence that has resulted in difficulty in keeping up with inspections. This supplement is to help pay for extra assistance for inspections, most notably emergency inspections. The finance department has also had a recent retirement that has resulted in the need for finance staffing overtime.

Mr. Heffernan motioned to move $5000 from the reserve fund to town manager-central overtime. Mr. Roberts seconded. It was voted unanimously in favor.

The committee moved to discussion of article 4, Capital requests. Susan Fay took the floor to present on behalf of the capital expenditures committee.

Ms. Fay thanked Andrew Pepoli, chairman of the capital expenditures committee, for his work preparing the capital report, Mr. Podolski of the capital expenditures committee, as well as the town representatives for their assistance. Ms. Fay asked Mr. Kern to explain which items were being bonded to the committee.

Mr. Kern explained that this year is slightly unusual in that they have proposed to bond several items they may not normally bond, like pool windows and rooftop RTA units. Some of the items are customary to bond, because the idea of bonding is to spread expense for items beneficial in the future to future taxpayers. There are rules about bonding that can place restraints on this process. Borrowing has been relatively inexpensive in recent years, and our town is well within the acceptable debt service for a typical budget.

Ms. Fay explained that the 7 items listed as being bonded are seen as absolute necessities. These include rooftop HVACs, pool window repairs, and the Rustcraft road pump station improvements. This pump station needs upgrades to support future development in the area. The road is being renovated in the near future, and if these improvements are done later, it will undo much of those renovations.

Mr. Preston asked if Mr. Kern had accounted for this level of expenditure in his earlier presentation. Mr. Kern answered there had not been any operating capital attributed to this budget. Ms. Terkelsen noted these would not be bonded until the end of fiscal year 2020, so no debt service is estimated in this budget.

Mr. Roberts asked why the Walnut street sidewalk repairs were not in the same item as all other road maintenance. Mr. Kern explained that $1.2 million dollars represents ongoing maintenance, whereas the requests for the walnut street repairs are extraordinary improvements over and above normal maintenance. Mr. Roberts clarified that this is in coordination with the MWRA.

Mr. Lindemann asked about the rules for bonding for vehicles. Mr. Kern summarized it as depending on the overall cost and length of use of the vehicle. Mr. Lindemann asked if there are hard and fast rules or if this is a judgement call. Mr. Kern answered that this specifically is a judgement call, but there are rules for how long a period of time borrowing can be for. Mr. Kern further clarified that while this appears to save money in the short term, it obviously doesn’t actually conserve funds.

Mr. Hughes asked if any of the curbing was covered by the MWRA. Ms. Fay answered no. Mr. Hughes raised the concern that the damage to the street and sidewalk was caused by the MWRA. Mr. Kern acknowledged that the MWRA does all of the repairs to the street, and does not always tear up the sidewalks. Ms. Fay clarified that these improvements will also fully extend the sidewalks on both sides of the street to improve pedestrian use, which the MWRA would not help with in any circumstance.

Mr. Roberts asked if the sidewalk would extend to the Endicott estate. Ms. Fay answered no, it would be Whiting to Mt. Vernon.

Mr. Heffernan asked about the improvements to the pump station on Rustcraft road, and if the design process was completed. Mr. Mammone replied that the design is still undergoing. Mr. Heffernan asked if it would be wiser to wait until the design was finished. Mr. Mammone answered that is normally the course he would take, but there is a serious time crunch with the MassDOT improvement to the area.

Ms. Terkelsen explained that the sewer repairs will be largely funded through the sewer enterprise. She explained that it will be bonded and its debt service paid through the sewer fund. Because of its high cost, it would be bonded in any circumstance.

Mr. Kern noted that it is not unusual for a town to fund capital through raised and appropriated funds, rather than free cash. He expects the structure for capital will have to be revised in the future as free cash is no longer at an exceptional level.

Mr. Preston asked how the borrowing this year compared to borrowing in previous years. Mr. Kern answered that it was comparable, or even low, were it not for the rustcraft road pump station.

Mr. Lindemann asked if the updates to the pump station accommodate for new potential buildout in that area. Mr. Mammone answered that there are 3 major nearby areas that may be developed that would flow to this pump station. The design also accommodates potential updates to existing property. Mr. Lindemann asked about a particular property near the Costco. Mr. Mammone answered that he has heard of no plans for its development. Mr. Sisson, of the economic development department, mentioned that it has recently been sold but there are no plans to develop it. Mr. Mammone said it would be accommodated for in the design process.

Mr. Lindemann asked if the sewer upgrades are going to be sufficient for potential use in this area. He noted that it would be a disappointment to see development stymied because we underestimated at this building stage. Mr. Pepoli noted that there have been discussions with the planning department to require future sewer improvements caused by new development require contribution from the developer in question.

Mr. Pepoli explained that the process leading to these capital recommendations is the result of a significant amount of cuts from the original request.

Mr. Lindemann asked if they had the ability to modify the recommendation during their deliberations. Mr. Preston answered yes. Mr. Pepoli stated that the capital expenditures committee feels every element of the capital plan they recommended is absolutely necessary.

Ms. Fay pointed to the computer refresh request. It is part of an ongoing plan. She also pointed out the continuation of the town security camera initiative with networked cameras at various town buildings. The cost is $75,000 for 3 more sites. This is not the full amount requested, and the capital expenditures committee suggests leaving the site selection up to those planning the security project.

Ms. Fay noted that the $80,000 special education expense prevents 5 out-of-district placements, which would wind up being more expensive. Mr. Rippen said that it is critical as this funding is tied to an operating budget expense.

Mr. Hughes asked if this was a one-time charge. Ms. Fay answered yes, it’s a one-time remodel.

Mr. Lindemann asked how the school decided to replace the specific amount of computers. Mr. Rippen answered that Mr. Langenhorst the school technology director is following a master plan he has developed. This is necessary to maintain a 1-1 chromebook to student ratio. It is based on enrollment. Mr. Lindemann asked if this was a place to save money this year.

Mr. Kern explained that he looked into that idea, but has been convinced it is not a good place to cut the budget. The technology director is already working hard to save money while continuing to maintain the computer program.

Mr. Podolski pointed to the expense for updating the town master plan. Local bylaws require we update our master plan, and we saw many benefits from the previous master plan. Mr. Heffernan asked about Mr. Podolski’s comment that the town bylaw required a master plan. He asked how often we require this. Mr. Podolski answered ten years.

Mr. Pepoli pointed to the expense for the effort to get a national historic site designation for the Motherbrook. He explained that this process is already underway, and not continuing to fund it would disrupt a project that money has already been spent on. The same is true of the GIS expense.

Mr. Podolski informed the committee of an upcoming meeting of the Motherbrook group working towards that designation. Ms. Fay emphasized the historic value of the Motherbrook as the nation’s first man-made canal.

Mr. Dello Iacono, chairman of the parks & recreation commission, took the floor to speak on a capital item. He explained that the request for safety netting at Rustcraft field was rejected 2 years ago, and it was suggested they permit games differently to minimize field overlap. That has not proven feasible. The danger of a stray ball, particularly from the baseball diamond, is significant. At a recent Parks & Recreation capital meeting, it also came up that similar issues were happening at nearby fields. The expense is expected to be $36,000 to cover both fields. There have been several incidents to date.

Mr. Preston asked what made this different from the risk of any foul ball. Mr. Dello Iacono explained that because the people using these fields aren’t expected to be watching the baseball game, it amplifies the risk significantly, particularly the playground.

Mr. Heffernan asked how much the cost for netting is at Fairbanks park. Mr. Dello Iacono answered that the request represents both combined.

Mr. Preston asked why the Capital Expenditures Board voted against this expenditure. Mr. Pepoli replied that it was extensively discussed, and the committee ultimately voted in favor of not funding it. However, the committee was told there had not been any documented incidents.

Mr. Lindemann asked if the multiple dump truck requests could be shared by a single department. Ms. Fay explained that they are two different types of truck altogether.

Ms. Fay asked if the town was certain it did not want to evaluate the MBTA property because of contamination. Mr. Sisson replied that they likely desire to work further with experts to evaluate options.

Ms. Fay cautionedthat the mention of “site contamination” will probably raise concerns if this ever comes up again in town meeting. She asked if this meant the site was not going to be usable in the future. Mr. Sisson explained that that is not true. The study into this property was mostly done to see whether taking ownership of this property made sense. This contamination does not preclude any sort of use.

Mr. Lindemann echoed Ms. Fay’s sentiment that the phrasing about this concept could create a political misunderstanding because of the history of controversy in the area.

Ms. Baker explained that the contamination of this area is a statement of fact, while it may be subject to mitigation, she does not feel it is inflammatory or opinionated.

Mr. Hughes asked Mr. Flanagan why the sidewalk construction on Walnut Avenue was not covered by the MWRA. Mr. Flanagan explained that this construction has not damaged the sidewalks that are being repaired.

The committee moved to discussion of line item transfers.

Ms. Terkelsen explained that the first budget item is to fund the remainder of the 2019 blue hills regional technical school tuition assessment. There was a difference between our budgeted amount and the actually assessed amount. There are sometimes unofficial estimates of the assessment.

Mr. Roberts asked how tuition went up mid-year. Ms. Terkelsen clarified that it did not, we merely budgeted incorrectly and are correcting it now.

Mr. Preston asked how much of this expense is attributable to increased enrollment numbers. Mr. Kern answered that he believes all of it, but could not say with confidence. Ms. Terkelsen clarified that the request is the difference between our incorrect number and the actual expense.

Ms. Terkelsen explained the next line item transfer as an increase in the salary contingency of $301,000. There have been two major contract negotiations settle, and the town has had to pay for retroactive pay increases along the way. This has left us short for the fire and police contracts that were ratified in November. This would cover the expense for the fire and police contracts, as well as anticipated cost for the remaining contracts to be ratified in May.

Mr. Preston asked what led to the previously allotted contingency funds to not be sufficient, specifically why our projections were off. Mr. Kern clarified that police and fire contract negotiations wound up above the projected expense. Ms. Terkelsen explained that the salary contingency money that was unused in the previous year because negotiation that did not complete were turned over to free cash, not used for their intended purpose.

Mr. Kern clarified that the school departments also lose access to their contingency if negotiations do not finish in time, and roll over to free cash.

Mr. Heffernan emphasized how important it was that our health insurance expenses have dropped.

The third line item transfer is a request for $12,195 for technical services and planning. This is to pay Mcmahon and Associates for additional planning department contract work to cover our lack of town planner.

The fourth line item is a request for $10,000 for temporary substitutes to cover for the town planner.

Mr. Heffernan asked that the department name instead of number be put into the line item transfers.

The fifth line item transfer is a request for $13,249 to cover the transition of one position from school facilities to town facilities.

The sixth line item transfer is a request to split $325,000 across snow & ice removal, covering a deficit in wages and equipment use. Mr. Preston asked why snow & ice was so expensive, given the relatively low level of snowfall this year. Mr. Flanagan explained that we had many ice events this year, which can be extremely expensive in salt costs. Mr. Preston asked if we are under budgeting for our snow & ice removal.

Mr. Kern said that part of why this might have seemed like a light year for snow & ice is that there were many events that didn’t actually affect people, like weekend snow storms and long storms.

The seventh line item transfer is a request for $370,000 to fund excess solid waste expenses. Mr. Flanagan explained that we have a new waste management contract, and now we have to pay for disposal of recycling because of the current national issues with recycling. This is largely due to the change in Chinese recycling law.

Mr. Flanagan explained that the white goods pickup also costs the town a lot of money. Mr. Preston asked the total annual bill for solid waste management. Mr. Flanagan estimated $2.7 million dollars.

Mr. Kern pointed out that the acceptable levels of contamination to export recycling to China are 0.5%. Dedham’s contamination rate is in the low 20%. Communities that enforce are in the 7% contamination range.

Mr. Preston asked how much we would save if we reduced our contamination rate. Mr. Flanagan answered a couple hundred thousand dollars.

Mr. Roberts asked who could change our policy on white goods pickup. Mr. Kern answered the Board of Selectmen.

Mr. Preston asked what we were doing to try to improve recycling efficacy. Mr. Kern explained that they are considering putting a board of experts together to research it. Mr. Flanagan explained that there have been some in-house changes to policy to try to improve recycling efficacy. He pointed out that not everyone in the town is happier with more scrutiny on their recycling. If cameras on the recycling truck see a house putting lots of trash in the recycling, that house will receive more scrutiny, and repeated offenses will result in recycling bins not being picked up.

Mr. Preston asked if phone or other methods of informing poor recyclers could improve contamination rates. Mr. Kern suggested that such a policy would not work very well without enforcement.

Mr. Hughes asked about the $170,000 expense on the solid waste line item. Ms. Terkelsen explained that this is money taken from Mr. Flanagan’s staff vacancy savings.

Ms. Fay asked about a $190,000 expense on the operating budget. Mr. Flanagan explained that it largely covers storage of things like snow, leaves, and is likely to increase when they lose access to the Striar property.

The 8th line item transfer is a $30,000 movement from the fire department stipend to overtime. Mr. Preston asked why the stipend expenditure is under budget. Chief Spillane explained that the executive officer retired halfway through the year. They also budget for people with EMT certification in case they are achieved partway through the year.

The 9th line item transfer is for $4500 additional payroll to cover a health department absence. This is similar to the 10th line item transfer, funding contractors for $2500 also to cover the absence. This money is being taken out of surplus director salary from the human resource department.

The 11th line item transfer is $5000 for central overtime, also being taken out of the HR surplus.

The final line item transfer is for $60,000 from the school electric utility line to the school facilities: other budget item. This is for the RTU request, specifically for consultants and engineers to design the installation of the new RTUs. This would have been part of the bonding, and this cost will be reflected in a decrease to the bonding authorization for the RTUs.

Mr. Roberts asked why the design work is so expensive. Ms. Moroney explained that they are covering all of their design work at once. Mr. Lindemann asked why this design had to be done when they are just replacing existing units. Ms. Moroney explained that they are required to put the controls, installation and other elements into a single bid package.

The committee moved to discussion of Article 19. This article is primarily a zoning article, with a request for $75,000 as part of a study looking at the redoing of the mixed-use area.

Mr. Podolski, as a member of the planning board, explained that this article requests a 7 month moratorium on mixed use development and planning to evaluate the future of mixed-use development in the town and have experts review town bylaws for mixed-use development. The planning board has discovered some issues with the by-laws, which could lead into issues with major mixed-use developments. The funds would primarily be used to hire counsel for the planning board.

Mr. Lindemann asked if we expected the expert hired to be able to provide us with benchmarking and comparison to other successful towns. Mr. Podolski answered yes. They have had discussions leading them to expect major mixed-use developments in the future and they need to be prepared to have the correct level of control over that development.

Mr. Lindemann asked if these by-laws affect our ability to require mitigation from developers. Mr. Podolski answered that mitigation is tricky, as it is technically illegal to require a developer to provide mitigation. Developers often voluntarily provide it, particularly when their development requires waivers.

Ms. Terkelsen explained that if the town is given money with a purpose that money is unrestricted and can be used for anything.

Mr. Roberts asked if we could bond for the library sprinklers, given that they have a long-term value. He sees our current free cash situation as a tricky predicament.

Mr. Preston asked what elements of this article was the responsibility of the finance committee. Ms. Baker answered that the moratorium is the domain of the planning board but the decision to fund the study is the domain of the finance and warrant committee.

Ms. Fay asked Mr. Podolski whether he would choose this study or to start the master plan. Mr. Podolski answered the study, but emphasized that both work together well.

Ms. Terkelsen suggested that the town still has free cash available, and will be receiving more. She suggested that the town could also wait until next year to use the reserve fund for expenses they feel can be deferred.

Ms. Fay asked if it would make sense to complete this study first before beginning the next master plan cycle. Mr. Podolski answered yes, certainly. The mixed use study would be key to the master plan. Ms. Fay asked if this year’s reserve fund was exhausted, or if they could use money from the reserve fund to fund Article 19. Ms. Terkelsen answered that it may be possible. However, the reserve fund will be closed out to free cash, so it is not exactly saving money.

Mr. Preston asked about the procedure of discussing the budget. The committee discussed how they could suggest changes to the budget and how the rules of order applied. Mr. Preston suggested that after deliberation they could make motions to adjust line items up or down, before finally voting to approve the budget as amended.

Mr. Heffernan suggested the committee discuss their proposed amendments in a meeting before they do their votes on the proposed amendments, to give the committee time to discuss.

Mr. Roberts reminded the committee of the time they voted to reduce the total school budget by $100,000. Mr. Preston qualified that they can adjust the total budget for the school not individual line items.

Mr. Hughes asked what the most recent operating budget estimate of the tax levy was. Ms. Terkelsen pointed to documentation where he could find it.

The committee discussed the contents of their upcoming meeting.

Mr. Preston asked that the town departments look carefully at their budget to determine where they would cut money from the budget if it had to be done. Mr. Heffernan suggested it would be easier to do that if they had a target number to cut.

Ms. Terkelsen cautioned the committee against relying on free cash to fund the operating budget. She emphasized that it is probably better to make a hard decision than gamble on an unsustainable budget.

Mr. Roberts pointed out that the budget has had access to a great deal of free cash for a long time.

Mr. Rippen expressed hope that the finance and warrant committee have an idea of where they project the town’s tolerance for the tax levy to be, and be able to provide the department with a guideline of what needs to be cut to get there so they can start looking at it as soon as possible.

Mr. Podolski provided the committee with the original estimate for the expense of article 19.

Mr. Roberts motioned to adjourn. Mr. Heffernan seconded. It was unanimously approved. Meeting adjourned at 9:45.