



Natick Finance Committee

Pursuant to Chapter 40, Section 3 of the Town of Natick By-Laws, I attest that the attached copy is the approved copy of the minutes for the following meeting:

Town of Natick Finance Committee

Meeting Date: February 11, 2014

The minutes were approved through the following action:

Motion:	Approval
Made by:	Mr. Pierce
Seconded by:	Mr. Resmini
Vote:	11-0-0
Date:	February 25, 2014

Respectfully submitted,

James Everett
Secretary
Natick Finance Committee

NATICK FINANCE COMMITTEE MEETING MINUTES

February 11, 2014

**Natick Town Hall
School Committee Meeting Room, Third Floor**

This meeting has been properly posted as required by law.

MEMBERS PRESENT:

Jonathan Freedman, Chairman
Karen Adelman Foster (7:25)
Mari Barrera
Jimmy Brown
John Ciccariello
Cathleen Collins
Catherine M. Coughlin

Bruce Evans, Vice Chairman
James Everett, Clerk
Michael Ferrari
Patrick Hayes
Mark Kelleher
Jerry Pierce
Christopher Resmini (7:16)

MEMBERS ABSENT:

Edward Shooshanian

ATTACHMENTS:

- A. Agenda for this evening's meeting
- B. Memo from Town Administrator
- C. Copy of Revised Board of Selectmen Budget

Meeting was called to order by Mr. Freedman at 7:08 p.m.

The Chairman reviewed the evening's agenda.

PUBLIC CONCERNS/COMMENTS:

Mr. Brown announced that Natick Forever will be having their sixth annual Selectmen Candidate Night on March 5th at the Morse Library from 7:00 to 9:00 p.m. Candidates this year are the incumbent Mr. Nicholas Lombardi and coming out of retirement is Mr. John Connolly.

Ms. White took to the podium to correct a statement that she had made at the previous meeting. When asked about the overtime that the fire department is incurring because of the fire chief on administrative leave, she gave a number in the range of \$90,000; the correct number is \$30,589. She included the Fire Chief's salary, which they would have incurred anyway.

Mr. Everett clarified that was only for this year's numbers; it did not have anything to do with the budget, it only had to do with this year's actions.

Mr. Freedman stated there are no changes to the schedule that was distributed at the last meeting. He stated the Warrant was provided to him for Town Meeting, which he forwarded to the members. Mr. Freedman stated that he was concerned with the number of Warrant Articles as well as the weather report for Thursday. Because if this, he is planning on

scheduling a meeting for Tuesday night, which is school vacation week and asked the members if they would be able to attend.

SUBCOMITTEE CONCERNS/COMMENTS:

Ms. Collins stated the Education Subcommittee will be meeting with the School Administration on 2/20, 3/3 and 3/5. She asked members to look at the budget and send out their questions as early as they can so they can get the best answers possible.

Mr. Hayes stated there was a subcommittee meeting earlier with the Community Services Committee and Technology; he will provide those Minutes when available.

Mr. Freedman asked Subcommittee Chairs to look at that Warrant and see if there is anything they need to schedule meetings for. If there is, he asked them to make sure they copy Ms. White and also Mr. Freedman so they are aware of what they are doing. Ms. Collins stated there are two School Committee sponsored articles on the warrant and they will be included in their meetings. Ms. White suggested the School Department should be engaged in discussion on the proposal to create a new Stabilization Fund for one-to-one technology. She stated she would be happy to be at that meeting.

MEETING MINUTES:

The Chairman turned the floor over to Mr. Everett to chair discussion of Meeting Minutes.

Mr. Everett noted there are three sets of Minutes.

Finance Committee Meeting Minutes Dated January 23, 2014:

Mr. Everett noted that everyone with the exception of Ms. Collins is eligible to vote. Mr. Everett asked if there were any corrections or additions. There were none.

A motion was made, at 7:20 p.m., to approve the Minutes of the January 23, 2014 Finance Committee meeting.

Moved/Motioned by:	Mr. Pierce
Seconded by:	Mr. Coughlin
Motions or Debates:	None
Vote:	12 – 0 – 0 (unanimous)

Finance Committee Meeting Minutes Dated January 30, 2014:

Mr. Everett noted that everyone with the exception of Ms. Barrera and Ms. Collins is eligible to vote. Mr. Everett asked if there were any corrections or additions. There were none.

A motion was made, at 7:20 p.m., to approve the Minutes of the January 30, 2014 Finance Committee meeting.

Moved/Motioned by:	Mr. Pierce
Seconded by:	Mr. Coughlin
Motions or Debates:	None
Vote:	11 – 0 – 0 (unanimous)

Finance Committee Meeting Minutes Dated February 6, 2014:

Mr. Everett noted that everyone with the exception of Ms. Barrera and Ms. Collins is eligible to vote. Mr. Everett asked if there were any corrections or additions. There were none.

A motion was made, at 7:20 p.m., to approve the Minutes of the February 6, 2014 Finance Committee meeting.

Moved/Motioned by:	Mr. Pierce
Seconded by:	Mr. Coughlin
Motions or Debates:	None
Vote:	11 – 0 – 0 (unanimous)

Mr. Everett noted that other Minutes will be coming in. Subcommittee Minutes should be going to him as soon as people can get them. There is one older set of Minutes that they are still revising.

OLD BUSINESS:

PUBLIC HEARING – WATER AND SEWER ENTERPRISE:

Mr. Chenard began his presentation by explaining what the different sections of the Water and Sewer Enterprise are. He stated he will pause after each section for questions.

Sanitary Sewer

- There are 127 miles of sewer mains buried throughout the town and 34 sewer pump stations that are maintained by this division of public works. For this sewer portion, they are requesting \$5,264,488. That is a \$263,828 increase to that budget (page X.10).
- Mr. Chenard thanked the Committee and Town Meeting for allowing the DPW to institute several energy upgrades. It is paying off as they are saving and reducing their energy budget next year \$28,500 within this section of the water sewer enterprise. Upgrades were able to be done with grants.

Member questions and discussion included the following:

- Mr. Chenard will provide the Board with retained earnings information as requested by a member.
- Question was asked regarding the MWR rates. Mr. Chenard explained this in detail.
- Questions were asked about Inflow and Infiltration; Mr. Chenard explained this in detail. He stated this was caused by leakage from groundwater in the sewer system and also by people having their sump pumps connected to their sewer. He stated they can change their flow rates based on the I&I number.

Water Supply

- There is an overall increase of just over \$92,000.
- The Utilities/Electrical Energy line item is going down \$14,100 due to energy efficiency upgrades, mostly funded through grants.
- They are proposing to add an additional position of an ISO Coordinator. Mr. Chenard explained what this person would be doing.
- There are no other major changes to this budget and it is flat-level funded budget.

Member questions and discussion included the following:

- Question was asked about the ISO Coordinator position. Mr. Chenard noted there are several different regulations that they are expecting over the next 18 months to five years. Right now, out of necessity, the Water Sewer Supervisor is overseeing this.
- The DPW ISO is an environmental management ISO; the regulations are all based upon environmental management.
- Training comes out of the Administration Budget for the DPW. Mr. Chenard explained different types of training provided and what budget it came out of.
- Overtime on the Water side through January 31st amounts to \$48,495.60. The primary reason for that is due to the institution of a water flushing program. Water flushing needs

to be done at night. The total Operational Staff Overtime for FY14 was about \$108,000, so the run rate is less than 50%.

Utility Billing

- This is down \$8,343. Major reason is due to replacing a senior staff member with someone more junior to the system and the salary is less. He referred members to the Salary Sheet on page VII.41. Mr. Chenard stated he and Mr. Towne will be going over the Utility Billing section in the spring as neither one of them prepared it. They want to be sure to understand it 100% and may make a recommendation in the fall along with the MWRA to reduce this section of the budget.

Member questions and discussion included the following:

Mr. Freedman stated that the Board will skip over the Benefits Budget tonight but will take that budget holistically when the rates are available. Mr. Everett questioned whether or not the bottom line number would be voted on tonight since the employee benefits are part of the bottom line number.

Debt Service

- Mr. Chenard referred members to page X.12. He stated they are proposing an increase in the total Debt Service this year of \$331,476, which is for new projects. He noted these are all approved projects that had been voted on and referred members to pages X.20-X.21. He stated these are estimates at this time; however, they are confident based on their research. Mr. Chenard stated they are asking for a total Debt Service Budget this year of \$2,468,387 and explained the breakdown.

Member questions and discussion included the following:

- The various projects were discussed that the Town Meeting approved.
- Mr. Chenard noted with pride that the Chrysler Road Project came in estimated at \$240,000 from the Engineers; their Water Sewer Division said they could do that for the cost of materials in-house and reduced that cost. They reduced their authorization request and completed the work in-house for \$48,000, which reflects a \$192,000 savings.

Budgetary Reserves

Mr. Freedman noted this fund is separate and very distinct from the Reserve Fund for the General Government side.

- Mr. Chenard explained that the Reserve Fund for Water and Sewer covers water and sewer emergencies that are unbudgeted. He stated it would also cover a cost that the town would incur as a result of a sewer back up if they had a station failure or a sewer main failure. He pointed out the Board has voted several of those over the last few years. He stated \$200,000 is somewhat of a concern; however history does not support a bigger number than that so that is what they are going to request.

Member questions and discussion included the following:

- The actual for YTD FY14 is \$36,000, FY2013 actual was \$17,730.46 and FY12 the actual was \$98,554.64.
- Member asked what the cost on average would be if a station failed. Mr. Chenard explained that it depended on the station; there are some that would cost as little as \$300,000 and some as much as \$1.5 million.
- If they do not use all their Reserve Funds, it goes into Retained Earnings at the end of the year. Member asked for that number, which Mr. Chenard stated he would get.

Indirect Costs

- Mr. Chenard referred members to page X.22 in the Budget Books. He stated the Indirects are where General Fund Services or Expenses go to support the Water Sewer Enterprise Fund. He explained this and gave examples such as engineering.
- They are in a 3 year plan to reduce the Indirects. Although the audits that were done say that they are supportable, they want to reduce them to a more realistic number as they have made several budgeting changes and changes in operations on the General Fund side.

Member questions and discussion included the following:

- Explanation was given as to why there are two Treasurers and two Collectors and why in the Collectors there is a positive and a negative number.
- The 5% reduction in the Sewer and Water would reduce the Sewer and Water rates and stay on the Town budget.

Mr. Freedman stated that the Indirect cost allocations are not appropriated but they are approved and they are a separate line within the budget. He stated the Board can take Motions and vote on whether the members approve those allocations tonight. After that, at the request of the Town Administration, the members can engage in some discussion as to any other ideas or thoughts regarding the rest of the Water and Sewer Enterprise Budget.

Member questions and discussion included the following:

- The rates from the West Suburban Health group were just voted today. They have not been applied to either the General Fund Benefits Budget or the Enterprise Fund. Discussion was held as to whether or not to vote the budget tonight including employee benefits and come back at the end of the cycle and make an adjustment.
- Ms. White stated if the Board were to approve the overall Water Department Budget tonight, they would know that budget had support and even though the whole budget had to be opened in order to re-vote a portion of it, they would be hopeful that the only discussion would be on benefits.
- The Indirect cost allocations are not an appropriation that Town Meeting makes. They are, however, approved by Town Meeting because the expenses are charged out of the General Fund, which are voted and appropriated by Town Meeting.
- There are two votes for Water and Sewer Enterprise; the first is a recommendation on the Enterprise fund, which is the \$11,895. The second vote is a recommendation to Town Meeting on whether it should improve the Indirect cost allocations. The Board will take them as separate votes because Town Meeting takes them as separate votes and is looking for a separate recommendation on each.

PUBLIC CONCERN/COMMENTS:

None.

A motion was made, at 8:30 p.m., to recommend approval of Indirects of \$2,207,400, as printed on Page X.3.

Moved/Motioned by:	Mr. Everett
Seconded by:	Ms. Coughlin
Motions or Debates:	None
Vote:	14 – 0 – 0 (unanimous)

A motion was made, at 8:31, to recommend favorable action in the amount of \$11,895,288 for the FY2015 Water Sewer Enterprise Budget.

Moved/Motioned by:	Mr. Ciccariello
Seconded by:	Ms. Coughlin
Motions or Debates:	<p>1. Mr. Ciccariello stated he was a little concerned about the implementing of another employee for the ISO position but he clearly recognized that with all the rules and regulations that are coming about; i.e. the Water Management Act, the EPA and DEP regulations, it is important to be pro-active in knowing about the regulations and the impact they have on the Town of Natick Water and Sewer Enterprise Fund, as well as the impact it may have on the community as a whole. He stated he did not want to be in a position where they did not know the rules and regulations and did not abide by them and would be fined as a result of that, which could be worse than the actual payment of the appropriate amounts. He also stated there is approximately \$540,000 increases, most of which are for the MWRA charges and the principal for debt. He stated the principal and the debt had to be paid. He stated there is not a lot of movement as far as the MWRA is concerned because they are the controlling agency. He stated if there weren't those increases, there would probably be a reduction in the Water and Sewer Enterprise Budget. From his perspective, he looks at retained earnings as an attempt to try to at least maintain the rates level as opposed to increasing the rates. He points out there have been reduction in this budget in a lot of different places and that speaks to how the department is run as a whole. He states the department recognizes there needs to be continued efforts to find savings, find potential reductions and they have done a good job of that. Therefore, he asked that everybody support this budget.</p> <p>2. Ms. Coughlin agreed with previous speaker.</p>
Vote:	14 – 0 – 0

BOARD OF SELECTMEN

Mr. Freedman reminded the members about the revised pages (Attachment C) included in the packet along with a memo from the Town Administrator to the Board of Selectmen, dated February 6, 2014 (Attachment B) that speaks to that revision.

Ms. White started by explaining the change in the Selectmen's Budget they are asking the Board to approve tonight; which results in a net savings.

- Specifically, the Environmental Compliance Officer for the town will be retiring at the end of the month. They have been looking at different options to fulfill his responsibilities. She stated he had two separate and distinct areas of responsibility; 1) Conservation Agent for the Conservation Commission and, 2) being in charge of the efforts to "green" the community.

- They devised a plan to divide this one position into two positions, which results in a net savings.
- First, with respect to the Conservation Agent side of the responsibilities, they propose to create a part-time, non-benefited, Conservation Agent position at about 15 hours per week. This position would be on the Part-Time Classification and Pay Plan at Grade H11, which has a pay scale of \$19.44-\$21.98/hr.
- For the greening side of the Environmental Compliance Officer job they are proposing to create a full-time Sustainability Coordinator position. The current Environmental Compliance position is at a Grade 4. The Sustainability Coordinator position would be a Grade 3 with a salary range of \$55,000 to \$80,000. They are technically budgeting \$60,232 in the Selectmen's Budget because it is a 52.2 week year. It is a slight increase in the Selectmen's Budget of \$9,490 but a decrease in the Community Development Budget of \$32,672 for a net savings of \$23,182. The Environmental Compliance Officer salary at present is split equally between Selectman and Community Development.

Ms. White continued to go through the entire budget as a whole. Highlights include:

- This budget proposed reflects an increase from FY14 of 8.67%. This is due to an increase in salaries because of the Sustainability Coordinator and the two Deputy Town Administrators. Ms. White explained the two Deputy Town Administrators model.
- There are two individuals who have been with the town for 20+ years who will be retiring within the next year or two. In light of this, the plan is to bring someone into the office to be trained by both of those individuals resulting in an overlap of at least one year. They will then revert to a 2 support person model upon the retirement of the two individuals.

Member questions and discussion included the following:

- Discussion was held regarding the full-time Sustainability Coordinator and the part-time Conservation Agent. The part-time Conservation Agent is in the Community Development Budget, which the committee has already taken action on. The role and the importance of the Sustainability Coordinator were discussed. This individual could also potentially help create some policies such as guidelines for new town buildings and projects as well as potential developments by outside sources.
- The Oil Tank Remediation Program increase is because of the Community Senior Center. Even though that site has been cleaned, they need a one-year cycle of additional testing above and beyond what has been done but then should have no further requirements beyond this year. This will reduce in FY16.
- Member brought attention to page VII.7 that some of the numbers do not carry over to the final column and requested a corrected copy.
- Two retirements are reasonably imminent within the Selectmen's office; the Town Administrator Executive Assistant and the Selectman Executive Assistant. They have not given dates yet.
- Question was asked if the payroll has been automated yet. Mr. Chenard stated a huge portion of it has been but not 100% of it.
- Questions were asked regarding the surveys. The amount was reduced from \$10,000 to \$5,000.
- The only unsettled contracts are with the Fire Fighters and the Deputy Fire Chiefs, which are two separate unions. These should be ready for presentation at Town Meeting. Adjustments will be made accordingly to FY15 budget.
- The town originally was required to hire the Environmental Compliance Officer due to a paint spill. This position was discussed. In response to a member's question, Mr. Chenard stated that he is comfortable that they have put things in place to make sure that everything that the Environmental Compliance Officer did is now being covered. There are checklists in place and people responsible for those tasks.

PUBLIC CONCERNS/COMMENTS:

None.

A motion was made, at 9:20 p.m., to move favorable action in the amount of \$1,338,988, of which \$848,381 is for Personnel Services and \$490,607 is for Operating Expenses for the FY2015 Board of Selectmen Budget/Town Administrator Budget.

Moved/Motioned by:	Mr. Everett
Seconded by:	Mr. Pierce
Motions or Debates:	<ol style="list-style-type: none"> 1. Mr. Everett stated he came to the meeting tonight not quite understanding why one position was being turned into two positions. He states this is not the first time this has happened. His first concern was that it was not really two positions; it is two different individuals but not two full-time people. The second concern was to make sure the town had all the compliance, judging from the title change and understanding why Mr. Boise had been hired in the first place. He stated he wanted to be sure nothing was going to be lost by having a Sustainability Officer and Compliance for the wetlands only. He stated he got that answer tonight. Regarding the PIR, knowing that there are two people in a position and they both are going to retire at the same time, there better be turnover change for training. It is something that needs to be done. It is going to be a short term period that has been done in the past. He stated he is comfortable with the budget as it stated; however, expecting that it is going to change and if there is a problem, this will be revisited anyway once the contract settlement changes are made. Mr. Everett recommended approval. 2. Mr. Pierce stated the memo was quite clear and made some valid points. He is especially glad to hear they are building on the green community project. He stated that is a great thing for the town of Natick. 3. Ms. Collins stated she does not particularly care about greening the community; however, she does get excited by almost \$100,000 in energy savings. As a taxpayer, she is very excited about that. Because it is paying off for the taxpayer, she thinks it is important. She also stated the town will be getting 1.5 people for about 70% of the cost that it used to be for one person to cover all of those things. She is a little disappointed that the payroll has been as slow in turning over because it was started many years ago. She stated there are some places where she could argue one way or the other but on the whole she is satisfied that they are doing what they need to in an economic way that is good for the citizens of the town in both results and in dollars. She stated she will support this budget. 4. Mr. Ciccariello stated he had some reservations when he first saw this revised budget. He stated he got the

answers that he needed tonight. He stated when he looks back at the Environmental Compliance Officer and the reason he was hired was that there was no choice. The state said, “You will retain an Environmental Compliance Office as part of a negotiated settlement,” and that was done. Somehow a little later when the Conservation Commission had issues and did not have an agent, this person took on the duties of the Conservation Agent as well. Then this person started to get involved in ways where the town of Natick could save money; the solar systems, lighting programs, etc. He started looking effectively at ways to save money for the town and was very successful. He stated this was an individual who had one responsibility and was given three. He stated he did every one of them very well and in fact the town of Natick saved a lot of money. Sustainability to him means a lot of things. In the real world, in the architectural business and in the engineering business it means meeting certain standards. Some of those standards are saving energy, energy consumption, the products used in buildings, the materials for flooring for finishes, the materials used for cleaning. All those things eventually impact cost. He was concerned about the mix of the Conservation Agent and the Environmental but that was clarified tonight what their respective roles are going to be. As far as the extra operational staff person, having served on the board for nine years there is a distinct break. There is a person that assists the Town Administrator and the Deputy and then there is the person that really handles all the duties for the Selectmen, all the secretarial and paperwork duties. For years they have been trying to catch up on Minutes and more so on Executive Session Minutes so that they can be processed and reviewed. The only person right now that knows those is the individual that works for the Selectmen. His hope is that if this person is approved and brought on that perhaps this person can start handling some of the meetings so the individual on board right now can concentrate on getting everything that needs to get done before she leaves. As much as he does not like adding employees and salaries, there is a definite need here to resolve some of the ongoing issues that exist. They have a person that retired and yet that person has been coming back and working part-time because the individual in that particular position, they went from 2 to 1 to 1 and a part-time. He stated the people in the Selectmen’s office seem overloaded. If this is approved, he stated to hire the person and get these other folks to do the things they need to catch up with before they walk away.

	<p>5. Mr. Ferrari stated he thinks it is important what the Environmental Compliance Officer has done over the years to save the town money and he agrees that is an important role. He would like that to continue with the new Sustainability Coordinator but he stated we shouldn't lose sight of the fact that budgets are also about the values as a community. He stated he salutes the Town Administrator and Board of Selectmen for thinking progressively about Sustainability. He thinks it is important that we use whatever resources we have available to think about energy efficiency and recycling and making the community more livable and working collaboratively with other departments and Boards in order to do that. He stated this is a good idea and he supports it.</p> <p>6. Mr. Kelleher stated that he always drops down to the bottom right of any box to see what the increase is going to be and here there is an 8.7% increase. He stated it is actually not 8.7% because there is \$60,000 in this year's budget that is not seen. This means year over year increase is only about 3.6%. It is a different way to look at it but when he looks at it, it is a pretty tight budget. He stated he is supporting this because they already made the decision to have two Deputy Town Administrators.</p>
Vote:	13-1-0

Mr. Freedman reminded members to let him know if they are not going to be at the meeting next Tuesday.

ADJOURN (9:32 P.M.):

A motion was made to Adjourn at 9:32 p.m.

Moved/Motioned by:	Mr. Pierce
Seconded by:	Mr. Evans
Motions or Debates:	None
Vote:	14 – 0 – 0 (unanimous)