



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: January 31, 2017

The minutes were approved through the following action:

Motion: Approved as Amended

Made by: Mr Sidney

Seconded by: Mr Linehan

Vote: 8.0.2

Date: March 7, 2017

Respectfully submitted,

Bruce Evans

Secretary

Natick Finance Committee

NATICK FINANCE COMMITTEE MEETING MINUTES

January, 31, 2017

Natick Town Hall

School Committee Meeting Room, Third Floor

This meeting has been properly posted as required by law.

MEMBERS PRESENT:

Patrick Hayes	Dan Sullivan	Jerry Pierce
David Gallo	Mike Linehan	Cathi Collins
Ed Shooshanian	Linda Wollschlager	David Coffey
Bruce Evans		

MEMBERS ABSENT:

Cathy Coughlin	Jim Scurlock	Rich Sidney
----------------	--------------	-------------

Agenda

1. Citizen's Concerns
2. Old Business <ul style="list-style-type: none">a) Future Meeting Dates/Scheduling - FY 2018 Budget & Sub Committee Hearingsb) Warrant Article Questionnaire(s) - Updates and Discussionc) Guide To Bringing An Article To Town Meeting - Updates and Discussiond) Submitted Questions Tracking worksheet - updates as necessarye) Documents & Data Requests- updates as necessary
3. New Business <ul style="list-style-type: none">a) Possible Finance Committee sponsored Warrant Article(s)
4. Public Hearing: Town Administrator's Preliminary FY 2018 Budget <ul style="list-style-type: none">a) Community Services Department (Recreation & Parks, Human Services, Council on Aging, Veterans Services, NCOF)b) Sassamon Trace Golf Course (Enterprise Fund)c) Sassamon Trace Indirectsd) Water & Sewer Enterprise Fund (All budgets)e) Water & Sewer Indirects
Adjourn

Attachments (located on NovusAgenda):

ATTACHMENTS – Old Business:

Description	Upload Date	Type
Fincom Spring 2017 Hearing Schedule_DRAFT V10.0 01302017	1/31/2017	Exhibit
Guide To Bringing An Article to Town Meeting-DRAFT v5.0	1/31/2017	Exhibit
Natick Warrant Article Citizen Petition_DRAFT v2.0	1/31/2017	Exhibit
Warrant Article Questionnaire_Draft_Jan 27 2017	1/31/2017	Exhibit
Budget Question Submission Tracking_Jan 29 2017	1/31/2017	Exhibit
Document and Data Request Tracking Sheet_Jan 31 2017	1/31/2017	Exhibit

ATTACHMENTS – New Business:

Description	Upload Date	Type
FinCom Meeting Notice and Agenda for January 31 2017	1/31/2017	Cover Memo
Section VI - Community & Health Services	1/31/2017	Exhibit
Section X - Water & Sewer Enterprise Fund	1/31/2017	Exhibit
Section XI - Sassamon Trace Enterprise Fund	1/31/2017	Exhibit
Section IX- Shared Expenses	1/31/2017	Exhibit
NCOF 2015 Annual Report	1/31/2017	Backup Material
NCOF 2015 Tax Return (Form 990)	1/31/2017	Backup Material
NCOF Form 1	1/31/2017	Backup Material
FY 2018 Budget - DPW Water-Sewer Operations - Preliminary 1-31	1/31/2017	Budget Amendment
FY 2018 Budget - Sassamon Trace - Preliminary 1-31	1/31/2017	Budget Amendment
PS FY 2018 - Golf Course - Preliminary-013117	1/31/2017	Budget Amendment
Community Sales question responses	1/31/2017	Exhibit

Citizens' Concerns: None

Mr Evans moved to open the FY 2018 Budget public hearing; seconded by Mr Coffey, Vote 10 – 0 – 0

Community Services

Ms Jemma Lambert, Director, Community Services

Jessica Ordway, Recreation and Parks Commission

Ms Lambert introduced her staff: Kurt McDowell, Sassamon Trace; Karen Partanen, Recreation and Parks; Susan Ramsay, Council on Aging; Paul Carew, Veterans Services; Linda Simpkins, NCOF.

Our objective is to deliver the breadth of programs at the lowest possible cost the taxpayer. Demand for our services continues to grow. More than 10,000 residents are registering for at least one recreation or class activity (to a third of our resident population). 2200 children are participating in our summer programs alone. 11,000 volunteers are donating 50,000 hours with the value of \$400,000, we would not be able to do what we do in our department without the help of these volunteers so thanks very much to those volunteers. This year 14,000 miles were logged for transportation and 15,000 meals were delivered to homebound seniors. Tonight we will provide an overview requested increases at the request of the Chairman of the Finance Committee. However we are very happy concerning the Community Services department. Also report out on our revolving accounts, as requested by the finance Committee.

Ms. Lambert reviewed her PowerPoint presentation.

- We have met or exceeded our performance measures
- Working to expand the reach of our programs particularly through the Council on aging, trying to reach seniors by creating a “virtual senior center” and through the Recreation and Parks department to streamline registration for programs.
- Expanded daytime and weekend program hours as well as weeks for the camps that we run to help parents of school-aged children to schedule around pool hours adult programs.
- Mr. Carew, along with others in our department, is working very hard on veteran suicide prevention activities. Paul has now taken this statewide and it’s been recognized in getting a lot of traction in a critically important area.
- Partnered with YMCA to provide needed daycare services in town in the afterschool slots at the East School
- Established a Community Services Advisory Committee to help us do gap analysis and develop a strategic plan.
- We have four capital projects going on right now:
 - o East school and Navy Yard park design is under way - these projects are designed to be priced together and constructed at the same time to be as efficient as possible.
 - o Design of the open space at the Community Senior Center (CSC) - the contract is project underway very shortly.
 - o Replacement of the pond liner at Sassamon Trace. Done some site work looking for an appropriate window and the weather to be able to install liner.

Our preliminary budget request for all divisions FY 18 is as follows:

	2015 Actual	2016 Actual	2017 Appropriated	2018 Preliminary	2017 vs. 2018 \$ (+/-) % (+/-)	
Personnel Services	\$ 1,186,369	\$ 1,258,790	\$ 1,299,797	\$ 1,305,013	\$ 5,216	0.40%
Total Salaries	\$ 1,186,369	\$ 1,258,790	\$ 1,299,797	\$ 1,305,013	\$ 5,216	0.40%
Operating Expenses						
Purchase of Services	\$ 60,368	\$ 51,374	\$ 82,664	\$ 86,290	\$ 3,626	4.39%
Tech/Professional Services	\$ 46,326	\$ 46,127	\$ 52,790	\$ 53,890	\$ 1,100	2.08%
Supplies	\$ 14,997	\$ 16,564	\$ 18,950	\$ 20,200	\$ 1,250	6.60%
Other Supplies	\$ 3,750	\$ 3,828	\$ 4,200	\$ 4,200	\$ -	0.00%
Other Charges/Expenses	\$ 270,482	\$ 243,302	\$ 328,902	\$ 328,902	\$ -	0.00%
Total Operating Expenses	\$ 395,923	\$ 361,195	\$ 487,506	\$ 493,482	\$ 5,976	1.23%
Total Community Services	\$ 1,582,292	\$ 1,619,985	\$ 1,787,303	\$ 1,798,495	\$ 11,192	0.63%

Revolving Funds

CSC Rental:

We began the year at \$77,636 in the Rental Revolving fund and added \$77,237 in rental income so far this year. Expenses for this revolving fund are \$56,106 and the account balance at the end of the year was \$98,557. Diving a little deeper, there are two sources of revenue going into that account – rental income and Fitness room memberships. We brought in \$61,000 in rental income revenue and expended almost \$44,000 in staffing and other expenditures. I wanted to let the Committee know that we are pricing rentals appropriately and are making money on these rentals. Fitness room memberships brought in \$16,207 and expended \$12,715, netting \$3492 at the end of the year. That is cutting it pretty close so we'll keep our eye on our fees and costs. Our rates are very good and we'd like to keep them that way to serve citizens, especially senior citizens. In addition, we're seeing the need for repairs and maintenance to the Fitness Center equipment, so we'll need to monitor this closely.

Community Education Revolving Fund

This is a revolving fund associated with the Council on Aging (COA). The starting balance was \$52,532 this year. We brought in \$108,145 in revenue this year, and expenses are \$85,549, netting \$22,596.

Recreation Programs Revolving Fund

This revolving had a starting balance of \$500,409. Revenues were \$1,214,413; expenses were \$1,233,742, and the account ended FY 16 with \$576,080. Note that expenses were \$19,329 greater and revenues. We're going to have to assess program participation and ensure that we're charging the appropriate amount to cover our costs.

Grants

Division	Total	Notes
Recreation	\$ 51,700	Arrowhead, athletics, special events
Council on Aging	\$100,120	Programming, Wellness, Technology, Electric Car, Volunteer Recognition , Communication
Veterans	\$ 5,000	Support for needy Veterans
NCOF, Inc.	\$34,385	Teen program, facility improvements, refrigerated truck,
TOTAL	\$191,205	

Ms. Collins: Can we get a list of the sponsored nonprofits? Ms Lambert confirmed.

Mr Evans: Can you elaborate on the composition of the Community Services Advisory Committee?

Ms. Lambert: They are community members, most of whom are graduates of the Citizen's Leadership Workshop?

Mr Evans: I was hoping that was the answer - that it was a good cross-section of people

Veteran's Services questions

Mr. Coffey: Are you seeing an uptick in the number of veterans at that you are offering services to?

Mr Lambert: Right now, we're seeing a decrease in the number of veterans due to the passing of World War II and Korea War veterans. That's why the budget has not increased this year. We're seeing greater demand in the younger population of veterans. Within the next couple of years, we're going to see an increase in the number of veterans requiring services.

Ms. Collins: What type of outreach to veterans does veterans services do?

Ms. Lambert: Mr. Carew invested in the project couple years ago that came about as a result of our first departmental retreat. He reached out to every veteran in town by mail which part I number of veterans into the program.

Mr. Hayes: on page VI.17, why aren't we seeing an increase in funds allocated to veterans this year?

Mr. Carew: The two areas where we're not seeing increases are the cash allowances and medical. As Ms. Lambert said, many of the World War II and Korean War veterans are passing therefore that figure has declined relatively speaking. The youngest World War II vet in Natick is 88 years old and Korean War vet is 83 years old. We're not gaining that the young veterans as quickly but that will change over the next few years. We have a program in place to help these veterans as well. But down the line, Vietnam veterans like me are in their 60s now. As they age they will need more of the veteran's services. Majority of the chapter 115 recipients are widows of veterans right now.

Mr. Hayes: On chapter 115 funds, where do these funds show up in the budget? Where does it go once it's received?

Ms Lambert: It's on page VI.19 it's broken out by cash allowance and medical?

Council on Aging questions

Mr Pierce: What type of programs are you looking for the younger seniors?

Ms. Ramsay: The COA forming a strategic planning process and this is one of the questions identified. We'll do a client survey, reaching out to all people in the community 50 years of age or older to request their feedback on the types of programs they would like to see offered and whether there still working so would need more programs offered in the evening and weekends.

Mr Pierce: Is the COA doing any work to help seniors stay in housing in Natick?

Ms Ramsay: The COA board is looking into this issue – it is the most frequently discussed issue - whether they can stay in their homes, how they need to adapt their homes to allow them to remain in their homes safely, or need to downsize because of mobility and age-related issues.

Ms Collins: Is there any duplication of services with the Natick Service Council (NSC)?

Ms. Ramsay: This year, we've collaborated with the NSC and they recently received a grant to provide nutrition and exercise services to their clients. As part of that, they are introducing their clients to the exercise and wellness programs offered at the CSC. We collaborate with them on a regular basis.

Ms. Collins: Are all groups using this CSC paying rental fees?

Ms. Lambert: There is not a straightforward answer, so I'll do the best I can. There are groups that use the CSC at no charge - those include any town group, board, or committee. We also have a few groups that we sponsor who are struggling nonprofits whose mission aligns with the Community Services mission (pay a flat axis fee of \$10 per rental). The number of sponsored non-profits, as well as the duration of agreements, is under discussion now. This is the first charge that I put to the community services advisory Committee to answer that question. Everyone else pays a rental fee and it is room-dependent,

Ms. Collins: Can we get a list of the sponsored nonprofits? Ms Lambert agreed to provide.

Mr Evans: Can you elaborate on the composition of the Community Services Advisory Committee?

Ms. Lambert: They are community members, most of whom are graduates of the Citizen's Leadership Workshop?

Mr Evans: Great I was hoping that was the answer - that it was a good cross-section of people.

Questions on Veteran's Services

Mr. Coffey: Are you seeing an uptick in the number of veterans at that you are offering services to?

Mr Lambert: Right now we're actually seeing a decrease in the number of veterans due to the passing of World War II and Korea War veterans. That's the reason why the budget has not increased this year where actually seeing greater demand in the younger population of veterans. Within the next couple of years we're going to see an increase in the number of veterans requiring services.

Ms. Collins: What type of outreach to veterans does veterans services do?

Ms. Lambert: Mr. Carew invested in the project couple years ago that came about as a result of our first departmental retreat. He reached out to every veteran in town by mail which part I number of veterans into the program.

Ms. Collins: I'm not being critical - just trying to understand what makes Memorial Day much more expensive than Veterans Day?

Mr. Carew: Memorial Day is more expensive because we put not only American flags on each grade but also geraniums are planted. We also supply the flagpoles that are used in the cemeteries.

Mr. Hayes: on page VI.17, why aren't we seeing an increase in funds allocated to veterans this year?

Mr. Carew: the two areas where were not seeing increases are the cash allowances and medical. As Ms. Lambert has stated many of the World War II and Korean War veterans are passing therefore the that figure has declined relatively speaking. The youngest World War II vet in Natick is 88 years old and Korean War vet is 83 years old.

We're not gaining that the young veterans as quickly but that will change over the next few years. We have a program in place to help these veterans as well. But down the line, Vietnam veterans like me are in their 60s now. As they age they will need more of the veteran's services. Majority of the chapter 115 recipients are widows of veterans right now.

Mr. Hayes: on chapter 115 funds, where do these funds show up in the budget? Where does it go once it's received?

Ms Lambert: It's on page VI.19 it's broken out by cash allowance and medical?

Natick Community Organic Farm (NCOF) questions

Mr Coffey: Can you tell us where we are with respect to Town Counsel's assessment of NCOF and the town?

Ms. White: Town Counsel as well as the State Ethics Commission has weighed on this issue. The best course of action is for the town employees to remain town employees and employees of the NCOF 501(c)(3) remain employees of NCOF. State and federal law governing these items are complementary in some cases and conflicting in others, so the recommended course of action is to leave the employee relationships as they are today.

Mr. Hayes: My understanding, as this Committee's representative, in speaking with Town Counsel has allowed me to ascertain certain things. There was a clear indication from Town Counsel that the employee classification should remain as is. Town Counsel determined that there was no impact to the town in the FY 17 budget, with respect to past employee classifications. The Town Administrator's recommendation to move forward with that employee classification intact on both sides of NCOF is an appropriate organizational alignment, in light of all the things that have to be considered. Town Counsel has validated this approach.

Mr. Pierce: on page VI.28, there is an error in the salaries supervisory line where the FY 18 appropriation is greater than the FY17 appropriation yet the difference is displayed as a \$-288. Is that this in error?

Ms. White: Yes that's incorrect we will fix that error.

Mr Pierce: How much is the town reimbursed for salaries?

Ms. Lambert: The town is reimbursed by the 501(c)(3) for two of the three town employee salaries. The Executive Director salary is paid by the town.

Mr. Pierce: How is the town able to avoid conflict with the Anti-Aid amendment?

Ms. White: By going through the bidding process that addresses the Anti-Aid amendment restrictions. For example, we went out to bid for services to support business development interests in Natick Center. Not surprisingly, the only successful bidder was Natick Center Associates. We were able to contribute to NCA because we put it out to competitive bidding process.

Mr Linehan: If circumstances change would Town Administration to change this approach?

Ms. White: The land and buildings of NCOF are owned by the town, so we have a vested interest in the Stewardship of that property. While we have confidence in the 501(c)(3) organization and personnel, it's important to have a "dog-in-the-hunt".

Ms Collins: The analysis that you spoke that the chairman of the BOS promised to this Committee. Will we get that?

Ms White: Not all of it. There are some matters that were discussed with Town Counsel that we are prohibited from distributing.

Ms. Collins: I'm looking for the numbers analysis that Town Counsel told us he needed to have in order to figure out the proper handling of this employment classification and budgetary impact.

Ms White: I don't recall being briefed on that topic or was present when chairman of the BOS and/or Town Counsel made that commitment, so I can't comment on it.

Ms. Collins: Ms. Lambert, can you provide answer the question concerning what activities the town has made on behalf of NCOF?

Ms. Lambert: Yes - there is a table that is largely completed, but I don't have numbers for trash pickup and plowing and insurance. Because it's an umbrella policy that includes all buildings and I'm unable to separate out insurance for the NCOF building. They pay all their own energy costs. I apologize that this chart is not totally complete. I'd like to take this opportunity talk about this amazing public-private partnership the benefits residents with is a huge array of programs, and the investment of \$750,000 per year by the 501(c)(3) on behalf of Natick citizens. We would not be spending \$750,000 of taxpayer money to deliver these programs. In addition, NCOF has made a number of capital investments that were not borne by the town.

Ms White: All educational programming is provided to Natick students at no charge.

Ms Collins: Given that the Conservation Commission recommended that the NCOF property be leased, has Town Counsel opined on whether the Conservation Commission overreached since it promised town services be provided to the NCOF without authorization.

Ms White: Town Counsel hasn't asked that question.

Mr. Hayes: I will have to go back and look through my notes to see if Town Counsel has weighed in on this issue at all. It was a question that we asked, but as far as I know we don't have an answer yet.

Mr. Hayes: I believe that Town Counsel has received verbal information from the State Ethics Commission, but not received anything in writing. Can you confirm this? Also can you confirm what it is we're looking to receive from the State Ethics Commission?

Ms. White: We're looking for a ruling in writing from the State Ethics Commission that validates that our approach is the correct approach and our rationale is sound. Receiving the information that says if you take this path these are the types of things that you must do or if you take an alternate path these are the things that you must do in that case so to provide us with guidance from the State Ethics Commission point of view.

Mr Coffey: One of the items we were provided with today was the Form 990 from 2015. Is that form for 2016 available yet? The Treasurer of the NCOF 501(c)(3) said, because we are a nonprofit, our Form 990 gets filed in the summer., So the 2016 Form 990 will be available in June. The Form 1 that is part of Form 990 is filed with the Commonwealth of Massachusetts, also in June.

Mr Linehan: Do we charge for programs when students aren't from Natick? Ms. Simpkins said yes – we charge those children for participating in NCOF programs.

Mr Coffey suggested that we withhold consideration of NCOF from the rest of the community services budget until February 28, 2017.

Mr Hayes: May I ask you to elaborate on what information you think you need to have in order to make a decision on the NCOF budget?

Mr. Coffey: I'd like to see answers to the "Response to Finance Committee FY 18 budget (including indirects and improvements to town property) in these charts that are listed as TBD about contributions that NCOF receives from town.

Mr. Hayes: I want to confirm what I thought you said. You think that information and these charts that are listed as TBD are necessary for you to make a decision on the community services budget, or it may's impact your ability to support that portion of the budget. Mr. Coffey confirmed that this was his concern.

Mr. Hayes: When do you think you would be able to have all the information on the two charts completed?

Ms. White: On the plowing, that is going to vary considerably year-to-year. For trash collection, a truck is sent to once a week. Do we really need the DPW director to provide an estimated cost for that one trip per week? Finance processes payroll, but they do that for every town employee - municipal and school, so how do you separate out NCOF only? HR is only involved when we fill a position that is a town employee position. In each of these cases, we could list the indirect costs as nominal. In addition, services such as trash pickup and plowing are part of the lease the town has with NCOF.

Ms. Lambert: I've had conversations with each department head involved. Many of them don't actually track the cost for trash pickup at NCOF. We also have of a blanket policy on all of our buildings, so it's very difficult to separate out an individual building.

Mr. Hayes: I suggest that we take an approach like we did with Sassamon Trace and assign a percentage of time allocated to the indirect costs associated with NCOF.

Mr. Shooshanian: I'm getting a little lost here. The indirect costs are not going to change this budget, so why can't we vote on their full budget tonight.

Ms. Collins: I would like to vote in support of this budget, but it may take an executive session for us to be able to do so. I need to understand what questions were asked and what answers were given with respect to NCOF, Anti-Aid and employee classification. Short of a full understanding of this, I'd don't feel comfortable voting for the NCOF portion of this budget.

Mr. Hayes: if I understand this correctly, when we meet to discuss this on February 28, you would want to have at least a portion of the meeting in executive session with Town Counsel. Ms Collins confirmed.

Ms. White: Town Counsel determined that it would not be proper for the finance committee could to hold an executive session on this topic. The reason the BOS were able to this discuss this in executive session was a reason specific to that board and its authority.

Ms Collins: let me clarify what I am looking for. I'm looking for the questions and answers that were posed by Town Counsel to address the issues that were sent to the state ethics commission. These should be public documents. I'm looking for factual statements from the state ethics commission.

Mr Coffey moved to postpone consideration of the NCOF budget until February 28, 2017; seconded by Ms Collins. Not voted.

Mr Evans moved approval of the community services budget in the amount of \$1,798,495, \$1,305,013 in personnel services and \$493,482 and total operating expenses: seconded by Mr. Pierce. Voted 4 – 6 – 0

Mr Linehan moved approval of the community services budget, excluding the NCOF budget, in the amount of \$1,621,391, \$1,127,909 in personnel services and \$493,482 and total operating expenses: seconded by Mr Gallo. Voted 9 – 0 – 1

Comments on proposed motions

Mr. Coffey: The reason I requested this delay is that last year when the issues of personnel in the NCOF arose, we debated it at length last year. At that time, I made a motion to fund NCOF for six months to put some pressure on to get the answers to our questions before the next budget. That motion was voted down, and it's a year later and we still haven't received answers we're looking for. TBD means will get back to you; it doesn't say that the numbers are minimal. I prefer we have this material so that we can make informed decisions.

Ms. Collins: I seconded this motion for discussion. I'll be supporting the lower number budget which accomplishes the same thing. As previously said, we were promised answers and have not received them. Until I get answers

that I can understand and explain to someone, I won't support funding of NCOF. I don't believe the town should be supporting an organization (the NCOF 501©(3)) that has \$1,000,000. I also don't believe that the lease the Town Meeting authorized the Conservation Commission was properly implemented. We have a number of unanswered questions.

Mr. Evans: I don't share the angst about not getting answers to these questions. We had representation from this committee in discussions with Town Counsel. It's a complex problem and Town Counsel has guided Town Administration along the path that they have indicated is the best path forward. I'm not a lawyer, I don't play one on TV, so I am taking the advice of Town Counsel in the spirit that it's been given. I'd probably feel little bit better with more complete answers, but I'll still be able to sleep with or without those answers. During tonight's discussion, we heard the word nominal used many times in association with the indirect costs. To me, nominal means once a week at most and as needed in the case of plowing. Now we can go back through this extraordinary exercise and calculate the DPW spends 0.0023% of its time picking up trash from NCOF. I don't see the why we need to keep re-hashing this. I'd like to vote for the full budget now. We don't know yet exactly what's on the warrant and I don't want to see us get backed up against the wall to complete our work.

Mr Pierce: We heard a comprehensive review of the community services budget tonight, and I received enough clarification of the issues that were raised last spring to move forward. We've spent a lot of time on this; Indirects aren't going to affect this budget anyway as Mr. Shooshanian said earlier.

Mr Linehan: I don't want to hold the rest of the Community Services budget because we need further answers on the issues that we've raised. The issues raised earlier were only associated with the NCOF budget.

Mr Gallo: The maker of the motion for the full Community Services budget expressed what I think pretty well, but there are members on this committee still have questions, so I'd like to give them the opportunity to have those questions answered for them to feel comfortable voting for the full budget.

Mr Hayes: The questions that were given to the Community Services Director were only given to her on Monday this week, so she hasn't had a great deal of time to research those answers. As this committee's representative to the discussions on NCOF, I've had access to information but not all the information due to client-attorney privilege. If members feel that there are questions some of which I asked that it eight or nine months ago need to be addressed before the feel comfortable voting on this, then a delay of two weeks might be in order. I want to make sure that everyone understands that this is not lack of support of NCOF it is a request for additional information.

Sassamon Trace Enterprise fund

Bill Chenard, Deputy Town Administrator, Operations

Kurt McDowell, managers, Sassamon Trace golf course

The Sassamon Trace Enterprise Fund budget clearly is supported by the sound methodology for a number of rounds and season passes provided by Mr. McDowell. Year-to-date revenues for FY 2017 are tracking what we accomplished in FY16; that number produced the highest retained earnings in the golf courses history. We plan to use \$50,000 of retained earnings and a tax Levy subsidy of \$252,200. You'll note that we rounded up a little so it's slightly more (to the nearest \$100) than the expenses of the golf course. I'd like to give a summary of retained earnings – where we are this year and where we have been:

- Median value for retained earnings over the last six years is about \$151,000.
- The average value of retained earnings is under \$156,000.
- The minimum is \$72,000 and the maximum is \$277,916, which is the certified balance at the end of FY16.

- At Fall Town Meeting, Under Article 9 - Motion C, we expended \$20,000 for a liner for the water retention pond to prevent leakage, so the current retained earnings balance is \$250,916.
- We're proposing to use \$50,000 of retained earnings in support of the Sassamon Trace Enterprise Fund budget.

Indirects

We did the analysis of Indirects for the golf course. To briefly explain, with an Enterprise Fund, you must analyze it like an independent business that must have enough revenues to offset expenses, at a minimum. Indirect costs are the cost of services provided to that Enterprise Fund from parts of the municipal government. Those costs are paid for by the Enterprise Fund. For FY 18, we estimate \$43,692 in indirect costs for Sassamon Trace Enterprise Fund. These indirect costs aren't appropriated here (they are appropriated in the general funds associated with the individual departments), but they are voted in this budget.

FY2018 Indirect Costs

	Personnel Cost	Fringe	Expense Cost	Total
Community Services -Recreation and Parks	8,392	1,184	-	9,575
DPW LFNR	6,104	1,003	2,682	9,789
Equipment Maintenance	2,811	512	1,706	5,028
Highway Sanitation Recycling	610	169	633	1,412
Finance	5,478	891	-	6,369
Town Administrator	3,445	761	-	4,206
Procurement	200	54	-	254
Human Resources	608	172	-	780
Property & Liability Insurance	-	-	3,383	3,383
Vehicle Fuel	-	-	2,897	2,897
Total - General Fund				43,692

Total Sassamon Trace Golf Course Indirect Costs

43,692

Questions from the Committee:

Ms. Wollschlager: How do you determine the indirect costs for this Enterprise Fund?

Mr. Chenard: Last year, I spent a great deal of time questioning staff to determine how many hours per year they were providing to the various Enterprise Funds. I sent out questionnaires and followed up with meetings with the department heads to provide a good estimate of the indirect costs for the Enterprise Funds. This year, with the exception of fuel and insurance, which change year to year, I used those estimates to calculate indirect costs for the Sassamon Trace Enterprise golf fund.

Ms Wollschlager: When will you next review the number of hours?

Mr. Chenard: We intend to survey our department heads every 3 to 4 years to update our estimates. Last year we spent a great deal of time building the model invalidating it with the department heads. Now that this work is done it is easier to update in the future.

Mr. Sullivan: I noticed in looking at your website that you have two rates for season pass holders one for Natick residents and the other for non-Natick residents. Can you give me estimate what percentage are non-Natick residents?

Mr. McDowell: 91% are Natick residents.

Mr. Sullivan: What percentages of rounds are played by people with season passes?

Mr. McDowell: That number changes year-to-year. It varies depending on the season. For example, in January, we might have nine or 10 golfers and nine of them would be season pass holders whereas in the middle of June that ratio would be much less. An average season pass holder plays about 44 rounds; breakeven on the season pass is 40 rounds.

Mr. Sullivan: Is any consideration been given to having a split rate for daily greens fees or in Natick versus non-Natick residents?

Mr. McDowell: The golf course used to have a split rate and they found that it was not workable and that the cost difference was not worth the confusion that it generated. The greens fees were designed to be attractive versus the courses that Sassamon Trace competes against.

Ms. Collins: I'm thrilled that they're going to be using \$50,000 of retained earnings toward the operation of the course, since that was an objective of the financing model for the course.

Mr. Chenard: I took a very long look at the revenue and I'm very comfortable with the revenue projections, and we are tracking very much like FY16 so far. I'm estimating that will have retained earnings similar to what we had in 2016, which is terrific. The one issue that we were concerned about was water usage and that concern hopefully will be reduced once the pond liner is installed. You'll note that we added an \$8800 reserve fund to this budget to handle unexpected capital expenses.

Ms. Collins: Where are we in the implementation of the pond liner?

Mr. McDowell: They have completed the survey to provide us with at least a million gallon pond capacity. They plan to do the excavation work shortly, and then it's a matter of taking advantage of acceptable weather conditions to install the liner. Their initial estimate is two weeks for installation due to the excavation work required. The good news is that the company wants to get this done before March; and that helps us because we get the work done before the irrigation is needed more than earlier in the season. That will let us have this in place before revenue gaining season.

Ms. Collins: I didn't see any mention of golf cart replacement in this budget. When do you intend to replace these carts?

Mr. McDowell: We have budgeted \$110,000 for replacement of golf carts in the Capital Equipment budget for the 2017 fall Town Meeting. It's on the five-year capital plan FY18-FY22. We funded the purchase of maintenance carts last fall.

Mr. Sullivan: On advertising and promotion, it was \$1500 in FY17 and \$1000 in FY18. The previous course manager looked at advertising, but opted not to invest too much in advertising. We're looking to do some little things though. For example, when someone moves to Natick will send them a card letting them know about the golf course in town. Many of the local businesses are looking to do cross-promotion with the golf course, so we're looking at those opportunities.

Mr. Evans: I'd like to amplify Mr. McDowell's response. There are a number of local businesses that sponsor events at Sassamon Trace. For example, TCAN has a yearly fund raising event and many people are invited to that event and word gets out about the quality of the course. There are a lot of these types of events, so there's great word-of-mouth advertising. I played there a few times and a number of people from outside of the community of commented on how great the conditions are at the course, even the private courses.

Mr. Pierce: Did you hire an Assistant Course Manager?

Mr. McDowell: When the previous manager retired, we were into the prime time of the golf season, so we decided not to fill that position in FY17 but to try to fill it in FY 18. It's on the web site and we'd like to hire one before

March. We added a new league last year and would like to add another and we are increasing the number of lessons where giving. There are some golf courses in the area that are closing, so we want to be position to take advantage of that.

Mr Pierce: Can you provide detail on the agreement with the Sherborn regarding water usage?

Mr. McDowell: The land owner in Sherborn has a retention pond and added a second retention pond last year. We pump water from those ponds into our retention pond, and that saves us approximately \$200,000 - \$300,000 in water usage costs.

Mr. Shooshanian: Has anyone reached out to the owner of the new driving range and Learning Center on Speen Street?

Mr. McDowell: Absolutely - we have already partnered with the owner of the new center (he used to bring his students to the Sassamon Trace golf course), so we'll do some cross promoting with the center. We also did some work with the Dedham golf range.

Ms Collins: Do we provide any benefits to Natick students?

Mr McDowell: The Natick golf team plays free of charge at the course; Dover-Sherborn also uses the course, but pays \$7500 to us to use the course. I'm also looking to add a junior varsity team for Natick next year. I had 36 players try out for the varsity golf team, so I had to cut 20 kids. We're getting a lot of interest from the Natick high school students. My estimate is we'll provide about \$7000 in benefits to the Natick students.

Ms. Collins: Mr. Chenard, can we ensure that that \$7000 is counted in our net school spending, so we get credit for every last dime.

Mr. Hayes: I'm looking for some guidance from the administration on what you'd like our motion on Sassamon Trace to be. And, the golf course benefits are included in this budget?

Mr. Chenard: there are actually two motions: 1) the first motion is \$933,641 for operating expenses for the golf course; 2) the second motion is to support the Indirects at \$43,692. The golf course benefits are included and they have actually gone down in the FY 18 budget.

Mr Evans moved approval of the Sassamon Trace Enterprise Fund budget in the amount of \$933,641 for operating expenses; seconded by Ms Collins; Voted 10 – 0 – 0.

Mr Evans moved approval of the Sassamon Trace Enterprise Fund Indirects in the amount of \$43,692; seconded by Ms Collins; Voted 10 – 0 – 0.

Water and Sewer Enterprise Fund

Mr Jeremy Marsette, Director, DPW

The Water and Sewer Enterprise Fund revenues come from the rates that ratepayers pay for usage of the Water and Sewer systems in Natick. We provide all of our water supplies locally I'd like to compare our water systems with those of neighboring communities who use the MWRA. We're able to provide water at 40% less cost than those communities using MWRA. Natick is still operating under the restrictions of a drought watch, which is monitored by the executive office of the Department of Environmental Affairs. We operate 12 drinking supply wells, three water conditioning facilities and two water storage tanks. We maintain 1400 fire hydrants and a similar number of water gate valves. 13,000 customers with associated water meters to service, maintain, and replace. Once that water is used, it's routed to the wastewater supply system (the sewer mains). There are 34 sewer pump stations, which isn't a lot compared to peer communities. Four of those pumping stations are larger buildings. On average, we collect 3 million gallons of wastewater per day. It is pumped out to Deer Island for sewage treatment. We pay a pretty hefty fee to MWRA for pumping wastewater and that is one of the challenges

to this Enterprise Fund budget. The MWRA assessment is slightly over \$6 million which amounts to 40% of the total Water and Sewer Enterprise Fund. One of the unknowns on the horizon is the MWRA is facing a permit renewal or discharge into Boston Harbor. In the past, the MWRA was the sole signatory on the permit, but they are now believed to be requesting member towns to be co-signatories on the permit moving forward. What that means to the town in terms of potential liabilities is not known at this time. The permit is a five-year permit; the five year permit lapsed about two years ago. Another challenge is maintaining the aging Water and Sewer infrastructure in town. We have a number of capital projects to repair and replace aging and's substandard infrastructure. As an example, our older sewers use "sewer chimneys", where sewage comes in at a shallower depth and then the sewer drops in. These sewer chimneys are often made of clay sewer tile pipe. We did a survey and found that 640 of these chimneys were over 35 years old. When they collapse, they create a pretty large sinkhole in the road and clog up the sewer pipe, necessitating emergency repairs. We're developing a plan to repair the older sewer chimneys and line them to stabilize their operation. There are also a lot of regulatory changes on the horizon that includes testing for new unregulated contaminants. FY 18 is the year for our mandated lead and copper testing. 29 employees are covered in this Enterprise Fund; most of them in operations as well as Water and Sewer building operations.

Some of the highlights of the budget include:

Sewer operations budget high points are:

- MWRA sewer assessment projection is going up 5% vs/ FY17. This represents 85% of the increase in the sewer operations portion of the budget from FY17 to FY 18.
- We budgeted a 3% increase in the cost of electricity. The sewer pump stations run on electricity so there's significant cost there.
- We're continuing our Inflow and infiltration (I&I) work to reduce the amount of inflow into the sewer system to lower our pumping costs to the MWRA. Over the past few years, we've reduced I&I by 50%, saving over 1..5 million gallons that we don't have to pay to pump to deer Island.

Water operations budget high points are:

- Reduction in energy use that comes from the electricity generated by the rooftop solar that's currently under construction on 75 West St. roof and the hockey rink. We can allocate some of the generated power to DPW facilities: so we've chosen to add that to the Springvale water treatment plant, one of the biggest energy users in town. We estimated approximately \$34,000 in savings through this approach.
- We're increasing our budget for water testing it to meet the FY18 demands.
- We're adding some money to ensure the structural integrity of the water buildings (gutters, windows, doors, humidifiers) and add fire hydrants to protect those buildings.
- We're doing more service connection replacements; last year we did 110, and we try to do that ahead of our paving program. Given that where expanding our typical paving program in FY 18 that this number will likely increase.

Water & Sewer Revenues

Mr. Chenard: On Enterprise Funds, there is no concept of Free Cash, only retained earnings. I looked at the six-year history of retained earnings of the W&S Enterprise Fund. The median is \$2.1 million; the average is \$2.1 million, and the minimum is \$849,000. That minimum makes me very nervous because the last time we had a minimum of \$849,000 was when we had a summer-long water ban. So, we're tracking this very closely – our water usage fees

are down \$150,000, but our sewer fees are up \$100,000 at the half-year point in FY17. We think we're going to be OK, but we'll keep monitoring it. Last year, certified retained earnings were \$1.8 million. At 2016 fall Town Meeting we used \$357,000 in capital. We're not proposing to use any retained earnings to reduce water and sewer rates, and have proposed a 3.75% increase in water and sewer rates. Rates are set by the BOS, but here's how they are determined. This includes a 3% rate increase plus 0.75% increase to increase retained earnings. Because we're down to 1.8 million in retained earnings, we want to get that number up because we use retained earnings for capital equipment. We do carry a \$200,000 reserve fund in this Enterprise Fund, but all it would take is a problem with one of the pumping stations or a water main leak and we would deplete this reserve fund rapidly.

Water & Sewer Indirects

Mr. Chenard: Last year we did a major remodeling of the indirect costs to establish the model. On page X.19, there are a number of deductions from the Water & Sewer Enterprise Fund because its personnel also deliver services to the general fund:

- You're seeing a reduction in Indirects for the Engineering Services department this year because the percentage of their workload has shifted or will shift to supporting roadway improvements in FY18.
- Our GIS expert at DPW provides a great deal of service to the general fund; however he is paid out of the Water and Sewer Enterprise Fund so that is an inflow or offset to the Indirects from the Enterprise Fund to the general fund.
- The DPW administrative assistant is also paid out of the Enterprise Fund, but provides a lot of services to the general fund as well, so we make a deduction for that.
- The two administrative assistants in the collector's office process not only Water and Sewer but other items such as property tax so we deduct money for that also.
- Water and sewer personnel do plowing when necessary and that overtime cost also must be deducted from this Enterprise Fund.

Questions from the Committee

Ms. Collins: you mentioned that lead and copper testing has increased this year. Where this that testing take place at the top level is the source level?

Mr. Marsette: the regulatory test that we have to do is that the point of consumption. We are required to test a specified number of homes based on our population. In addition to that, we test all of our water at the source for any contaminants including copper and lead and issue a water quality report.

Ms Collins: You have the preliminary estimate from MWRA Sewer - when do you expect a final number from MWRA?

Mr. Chenard: We expect to receive the "official" rate within the next month, but then the final rate in June.

Ms Collins: Water rates are going up 3.5%. Mr Chenard said that they will be 3.5% to 3.75 because retained earnings number is starting to slide down.

Ms Collins: RE: the Water Management Act – does this limit amount of water a given community can use during a given period of time?

Mr. Marsette: Yes – it essentially applies to permitted well - we only have one at the Elm Bank well site. However, that site is important to us.

Mr Coffey: Where is building security in this budget?

Mr. Marsette: That is in the repair and maintenance to facilities that would apply to both Water and Sewer. You have tall fencing around key facilities and we're expanding our use of security cameras to record to DVR's. We've continued to enhance our card-based identity systems that provide access to certain locations and systems. One of the capital requests that you will see it the 2017 fall Town Meeting is an annual appropriation for the SCADA system, the computer system that helps us operate our water system and we'd like to expand our usage of it. It has a's security elements to it that we'd like to use. It can also alert us to an issue sooner rather than later. This will be a recurring annual request.

Mr. Linehan: you mentioned there are 640 sewer chimneys – is there any way to monitor those chimneys to determine their stability?

Mr. Marsette: we routinely use pipeline video cameras investigate the status of these chimneys. We go through the sewer mains and to the extent that we can go to the surface we do so to evaluate those areas. We do that as part of our I&I program. We not only find water infiltration kiosk but we'll can also see defects in the line that might need further attention.

Mr Linehan: You mentioned that the new MWRA sewer permit may require a participating town to be a co-signatory on the permit. What risks does that mean for the town?

Mr. Marsette: As the town's representative to the MWRA advisory board we're monitoring this very closely. It is a very hot topic at the advisory board and we will provide information as soon as we know.

Mr Sullivan: How is the town paid for Water and Sewer usage by Natick public schools?

Mr. Chenard: We track water and sewer usage at municipal rates, but we don't bill it on any town buildings

Mr Sullivan: It came up at Town Meeting associated with using sprinklers around the high school. Mr. Chenard agreed it was worth tracking.

Ms. Wollschlager: are there grants expected this year and are they built into this budget?

Mr. Marsette: Yes there are grants available from MWRA for funding I&I work. We've received \$2,000,000 in grants and \$2,500,000 in no-interest loans from MWRA. In the current allotments, we have \$1 million that we requested to use on INI activity. Town Meeting then votes whether to authorize this usage. Town Meeting then votes whether to authorize this usage. This money is held in the capital budget. It's a reimbursement from the MWRA spend the money on the project and then get reimbursed by MWRA. MWRA has a line item where this is earmarked for Natick's use. Projects must be submitted to and approved by MWRA to be eligible for reimbursement.

Mr Evans moved approval of the Water & Sewer Enterprise Fund budget in the amount of \$13,250,022; seconded by Ms Collins; Voted 10 – 0 – 0.

Mr Evans moved approval of the Water & Sewer Enterprise Fund Indirects in the amount of \$2,035,229; seconded by Ms Collins; Voted 10 – 0 – 0.

Guideline and Forms for Citizen's Petition

Mr Hayes: I distributed Version 5 and received comments. I have reviewed it with Town Counsel and he suggested a few changes that I've implemented.

Ms Collins moved approval for the Chairman of the Finance Committee to review the Citizen's Petition document with the BOS and distribute it, seconded by Mr Pierce. Voted 10 – 0 – 0.

Mr Evans moved to close public hearing; seconded by Ms Collins. Vote 10 – 0 – 0

Mr Pierce moved to adjourn; seconded by Mr Evans. Vote 10 – 0 – 0 10:50 pm