

MINUTES OF THE TOWN COUNCIL
Budget/Management Committee
Town Hall Council Chambers
May 12, 2010 - Monday

Present: Kenneth DiFazio, Chairman
Arthur Mathews
Michael Molisse
Michael Smart

Not Present: Patrick O'Connor, Vice Chairman

Also Present: James Wilson, Chief Financial Officer
Michael Gallagher, Director, IT and Administrative Services
Richard Swanson

Recording Secretary: Mary Briggs

Chairman DiFazio called the meeting to order at 6:45 PM. Auditor Swanson provided a list of questions for each department budget.

10 020 U-Civil Defense

Michael Gallagher presented the budget. He reviewed the executive summary of each budget. This budget has a single line item; a stipend which includes a \$109 step increase for the Emergency Management Director. There are over 40 volunteer members.

10 020E-Solicitor

A few line items were reduced. Two salaries are in this budget; the Solicitor and a part-time legal assistant. The remaining budget is expenses. In tracking expenses over the last few years, a few line items can be reduced. Special claims and judgements line can be reduced; the town kept these under control and reduced reliance on special counsel. Monies from tax title are reimbursed to the General Fund.

10 020F-Information Services

The town qualified for a federal energy grant this year that will provide funds to replace the server and disc farm within the town hall. Purchase will include software to build a virtual server and should save the town \$13,000 in electric consumption.

This will allow the town to meet certain future requirements. As of July 1st, the town is required under the Open Meeting Law to post all meetings in a conspicuous place that is always available and handicapped accessible. A tool set is being built to accomplish the completion of a posting on the Internet and from that, a calendar can be printed out for physical posting. Discussion is underway with the Planning Department to transfer the permitting process online as well. The firewall has been replaced which will allow better passthrough to the Internet. Talks are underway to use BELD as an ISP via a microwave

dish from the cupola in the town hall to the line of sight facility in Braintree. The cost is the same as the current T1, with capacity increased one hundredfold. The IT position at the police department will be absorbed by the department and this person will be the IT support for the police department, DPW, and the technology at the new water treatment plant. These kinds of projects explored to utilize streamlining efficiency in the town to create a central hub for information technology for the town.

Mr. Gallagher then reviewed the changes to the budget that will be impacted by these changes; personnel functions for the water treatment plant and MUNIS support previously done by consultants are being brought in-house. Utilities are being audited to streamline costs.

A brief discussion followed regarding the separate functions of the town and school IT departments and the impact, advantages and possibility of collaborative efforts.

MUNIS will not be upgraded in the upcoming year; there were too many issues with the last upgrade, and it will save funding.

Councilor Mathews asked that the water and sewer enterprise fund budgets be made available online as well as provide the functionality to the Town Council office for posting agendas online.

10 020I-Town Building Maintenance

This budget is for salary of three custodians, who maintain town hall, the teen center and the McCulloch. Heating and air conditioning line items can be reduced; systems can be maintained with current support. The teen center building can sustain a reduction also. The town hall phone system was reviewed to see where cuts can be made and a billing discrepancy was discovered. Review is ongoing.

10 020J-Administrative Services

All reductions in this budget are represented by personnel elimination. The receptionist position has been removed. There are no intentions to fill the position and the kiosk in the town hall foyer is being removed.

Councilor Molisse noted that it is a safety issue not having someone available in the town hall to greet visitors. Mr. Gallagher responded that there are four entrances, but one does not enter into that area of the town hall. Moving departments around within the building has helped keep foot traffic to within the public areas.

10 020 K-Human Resources

Over the last year the department was reorganized and savings of \$6500 were realized in the budget. Advertising line item has also been cut; any open positions were posted on the town website.

A brief discussion followed on random drug testing and education tuition reimbursement.

Chairman DiFazio asked Mr. Gallagher to obtain information prior to the upcoming Library Department budget review; specifically including budgeting for a single operating library and the fair market values for the library buildings.

09 111-External Audit Proposals

Councilor Mathews reviewed; at the committee's last meeting a motion was made to approve two finalists (Melanson, Heath & Co., and Malloy, Lynch & Bienvenue) and Mr. Swanson was instructed to reach out to get final lowest bids on a three-year contract from each of the two firms. He asked Mr. Swanson to reach out, which he did over two days prior to this meeting. Councilor Mathews asked Mr. Swanson to report out on his findings.

Mr. Swanson reviewed his notes for the committee. He looked at each firm's original pricing. Malloy Lynch & Bienvenue originally provided a quote of \$43,000 for FY10, \$45,000 for FY11 and \$47,000 for FY12. Melanson Heath & Company originally provided a quote of \$52,000 for FY10, \$53,000 for FY11 and \$54,000 for FY12. Mr. Swanson was able to negotiate over the phone and the partner at the firm was willing to drop his price to \$47,000 for FY10 and \$52,000 for each of FY11 and FY12. A savings of \$9,000 was realized through a phone call.

The external audit for the three years includes the School Department. These prices remained the same. Pricing for Melanson Heath & Company is actually \$1,500 less than the bid from Malloy, Lynch & Bienvenue in FY11 and FY12. (The price is \$5,000 and has not changed over the last several years.) The committee had voted to award a three-year contract. Mr. Swanson summarized the difference in pricing to the committee. The firm of Malloy Lynch & Bienvenue is less expensive with a total contract price of \$135,000 and Melanson Heath & Company's price for the same contract is \$151,000. Mr. Swanson then recommended to the committee that the town go with the firm of Melanson Heath & Company in light of the re-negotiated fee and the number of professionals in the firm. They employ 86 individuals, including 36 CPA's and they are the largest audit firm in northern New England.

There are 25 employed at Malloy Lynch & Bienvenue. He personally has had better experience with larger firms; they've been through a lot more audits, they have more qualified people, and are better than local firms. Better auditors want to join the larger firms, such as in his own experience with Price Waterhouse. The partner at Melanson Heath & Company also noted that the firm has performed 89 audits of cities and towns and Tier 1 audits. It is Mr. Swanson's recommendation to award the contract to Melanson Heath & Company.

Councilor Mathews also noted he asked for the references to be contacted for both of the two finalists, since previously the only contact was with the lowest bid. Mr. Swanson received two references from Mr. McIntire, who is the partner in Melanson Heath & Company; Mr. Marshall from the town of Danvers, and Mr. Addleson from the town of Lexington. Both of these references highly recommended the firm; they were extremely pleased with the excellent communication and professional work. The firms has

outstanding service regarding the audit of cities and towns, with many clients. Both references reported no problems with the audit, financial statements or school audit. They also said that the firm issues timely, outstanding management letters.

He also spoke to someone at Malloy, Lynch and Bienvenue, who provided a reference from the town of Randolph. He spoke with the reference, an administrator, who reported no problems with the firm. He said he had only been with the town three years, and this is the only firm he was familiar with. He did not have anything negative to say.

The Chairman thanked Mr. Swanson for the amount of work accomplished in a short time.

Councilor Molisse asked where the additional funding will come from for the higher priced contract. Councilor Mathews noted that the initial year is already budgeted and the charter dictates that the Mayor must fund the additional years. He did not see where the town would have difficulty coming up with an additional \$5,300 a year for two years in a budget of \$127,000,000. He is confident with the recommendation. the chairman noted that Councilor Molisse's point is that funding will need to be located for the additional years.

A MOTION was made by Councilor Smart to endorse and support the proposal made by the auditing firm of Melanson, Heath & Company for the external audit, including the school department end of year report --at the cost of \$47,000 for FY10, \$52,000 in FY11 and \$52,000 for FY12 and was seconded by Councilor Mathews.

Councilor Molisse thanked Mr. Swanson for his effort but noted he will not support the motion because of his concern with the higher price. He has confidence in Malloy Lynch & Bienvenue, as they are a local firm. He is not in support of using a firm outside of Massachusetts when there are qualified firms such as Malloy, Lynch & Bienvenue locally.

Vote passed 3/1.

At 8:10 PM, there being no further business, a MOTION to Adjourn was made by Councilor O'Connor and seconded by Councilor Smart. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Briggs as Recording Secretary

Approved by Chairman DiFazio