

TOWN COUNCIL BUDGET/MANAGEMENT COMMITTEE
Wednesday, May 21, 2014 at 6:00 p.m.
Town Council Chambers, Town Hall

Present: Chairman Michael Molisse
Councilor Rebecca Haugh
Councilor Brian McDonald

Absent: Councilor Jane Hackett
Councilor Patrick O'Connor

Also Present: Richard Swanson, Town Auditor
William McKinney, Chief Financial Officer
Kenan Connell, Public Works Director
David Tower, DPW Business Manager
Ken Morse, Water & Sewer Superintendent

Recording Secretary: Patricia McDonnell

Chairman Molisse called the Budget/Management Committee meeting to order at 6:41 p.m.

14 0570 – Department of Public Works

Kenan Connell and David Tower were present for measure 14 0570. Auditor Swanson posted the following questions which Mr. Connell answered in conjunction with a PowerPoint presentation.

Kindly provide the Committee and Auditor with an updated organizational chart for DPW, by operation.

An overview of the entire DPW staff was presented in an organizational chart. They are currently staffed with 83 employees throughout all categories.

Councilor Haugh asked for historical information about staffing levels throughout. Mr. Connell stated based on his research there were 40 additional positions prior to the landfill closure. Mr. Tower stated staffing has been holding steady for the last ten years or so. Councilor McDonald asked if they will be employing youth over the summer. Mr. Connell responded yes. Councilor Haugh asked if high school volunteer program students have been used for park cleanup. Mr. Connell stated there may be insurance and oversight concerns using students and that seasonal personnel is the best way to be as productive as possible.

The total FY15 budget for expenditures is \$137,540, or 1.4% higher than the FY14 revised budget.

The FY15 DPW budget is intended to be reflective of a level services budget in regard to salaries and expenses. The intent is to maintain a full crew status in FY15. Program enhancements are shown in the sidewalk restorations, and \$50,000 is being funded in an effort to provide the ability to restore sidewalks utilizing in-house capabilities to maximize the scope of work. Expansion to rubbish collection services is being instituted to have the contractor include beaches/parks and fields in the scope of work, freeing up two Park & Tree employees on a daily basis which will improve park maintenance. Training of employees will also be improved. The insurance carrier is an incentive driven company which will recognize employee training in many instances and reward the town in real dollars saved off of the premiums.

The total FY15 budget for salaries is \$2,108,197.00. What manpower level does this support compared to FY14. Are COLA, CBA, and STEP changes incorporated in the FY15 budget? Kindly discuss with the Committee.

Seasonal labor funded at \$30,000 is the only proposed increase to manpower. CBA changes and any known step changes are incorporated. Effective July 1, 2014 the CBA salary schedule is increased by 2% per contract. A 2% COLA has been factored into nonunion employees as well.

The total FY15 budget for overtime (excluding snow and ice) is \$109,345 compared to FY14 nine month actual overtime of \$60,047, which annualizes to \$80,063. Why the \$29,282 increase in FY15?

It is very difficult to annualize an item such as overtime for the DPW as the seasonal demands and calls for service fluctuate. The increase is designed to coexist with the additional work scheduled in the sidewalk program. Many other job functions may benefit from an extended work day in the summer months. The town has a lot of work to do and the DPW looks to be aggressive in its efforts to improve the town.

Why are FY15 salaries increasing by \$37,484 under Management & Administration?

The Director's position is agreed to be funded at Grade 20, Step 8 in FY15. Collective bargaining raises the Principal Clerks from grade S-13 in FY14 to Grade S-14 in FY15. Added is an overall wage scale increase to the entire CBA pay grid of 2% on July 1, 2014. Also, adjustments are assumed at 2% for the nonunion personnel funded under Management and Administration.

What type of training and for what position will the \$5,000 pay for in Management & Administration?

This item is level funded to the FY14 budget. There is a vast network of resources available through the various organizations in the municipal world. Management can benefit from the seminars and programs offered, saving the town extreme costs.

Why are Sundry/Supplies increasing by \$2,000, or 6.7% under Management & Administration?

In review of this budget line the trending of this account is indicative of a need to increase funding. The primary expenditure is medical supplies department wide but consolidated for administrative oversight and ordering. Also, the account for postage is collapsed.

In the engineering budget Copy/Maintenance increased by 200%. Why is this? What does the \$2,500 in Other Professional pay for?

This increase follows the trending of 2013-2014 and the fact that the only color printer for the entire DPW is in the Engineering room. Monthly payments for maintenance and use contracts related to copying and printing equipment is also funded for the wide format scanner/plotter. The \$2,500 covers the reimbursement costs for expenses incurred by the members of the department for classes in procurement, software maintenance agreements, pavement management, and membership to the Mass Association of Land Surveyors.

In the Street Sidewalk and Storm Drain budget please explain why Police Overtime is budgeted 67% higher than in FY15. Also, what is driving the 160% increase in Materials?

DPW is initiating a program to make repairs on many of the town's deteriorated sidewalks and also to improve ADA issues. The increased program which is presented at \$50,000 will require the additional police details to perform the work.

Please provide a list of all contracts that support the \$5,212,500 in Refuse Collection & Removal? What components of the Refuse Collection & Removal are under a multi-town contract?

EZ Disposal and Recycling LLC, collection and transportation of solid waste, yard waste, and recyclable materials. This is a five year contract initiated on July 1, 2013 through June 30, 2018 and includes a five year extension possibility. The contract is \$1,100,000.00 for rubbish collection services and a like amount for recycling to be increased according to the cost of living index, not to exceed 2% annually.

Councilor McDonald expressed concern with the per ton cost for Covanta as other communities on the Cape and Plymouth area are only paying \$60 per ton. He asked that this be reviewed to see if there is an escape clause. Mr. Connell stated he will pull the contract and look into what is the best deal for the town.

Councilor Haugh asked when the resident trash fees were set at \$25 per quarter. Mr. Tower stated they have held this cost since 2006, along with the line item, and the fees collected cover one-third of the cost of the program. Councilor McDonald stated he believes Wellesley has a highly successfully program that should be reviewed. He stated he will confirm it is Wellesley. Mr. Connell stated he would welcome any information. Councilor Haugh asked if there is an opportunity for the town to recycle scrap metal. Mr. Tower stated that this would be labor intensive and there would associated problems.

Kindly review with the Budget/Management Committee the Bid/Quote process currently employed by DPW. Discuss the use of "Consortium Bids and Contracts" and the resulting cost savings.

DPW follows the guidelines of the Massachusetts state procurement rules and regulations. Most of the DPW procurements are performed individually according to project. Weymouth is a large enough entity to ensure competitive pricing on large items. Another example of cooperative bidding would be salt purchasing, which is put out by the Town of Plymouth each year.

Building Maintenance is budgeted at \$205,000 for FY15, which is only \$5,200 higher than FY14. Kindly explain the following: Why is Gas Heat budgeted at \$15,000 lower than FY14 when we have rising prices for fuel? Water and Sewer Charges, Elevator Maintenance, and Fire/Life are budgeted at zero, where is the expense for next year? The FY15 budget for Building & Maintenance totals \$135,000, compared to \$99,000 for FY14. What drives the increase of \$36,000? Chem/Clean and Small Equipment are budgeted at zero compared to \$4,500 for this year. What other line item in your budget will cover these costs, if needed?

In review of the Public Works account it was noted that some of the categories were funded but expenses historically have been charged elsewhere in the budget lines so the dormant lines were collapsed. Funding the gas heat at \$40,000 was more in line with historic reflective costs and the \$15,000 was more appropriately assigned to the other building maintenance categories and divided amongst departments. The account overall increases by only \$5,200 for all departments.

Are there contracts for Gas & Diesel Fuel and with whom? What is the per gallon price in the FY15 budget? Kindly explain the internal controls in place to monitor usage by authorized employees.

The gasoline and diesel fuel vendor is currently Global Montello Group. Currently the total per gallon cost for gasoline is \$3.217 and for diesel is \$3.320309 per gallon. Based upon an escalating actual usage shown in FY13 and FY14 this account has been adjusted by \$25,000. Internal controls are in place by virtue of a keyed system for pump access and in addition oversight is provided by crew chiefs, management, and department heads. Other controls include video monitoring and the entire compound is secured by a locked gate during closed hours.

Councilor McDonald asked if all the town vehicles are fueled through this bid. Mr. Connell responded yes.

Diesel Fuel was budgeted at \$45,000 this year and is projected to be zero for next year. Does DPW still use this type of fuel?

The Diesel Fuel line previously funded at \$45,000.00 is collapsed into the VM line items. All vehicle fuel purchases are expended through the Fuel Depot line item.

Mechanical Parts for FY15 are budgeted \$42,000 higher than this year. Why such an increase?

In addition to collapsing the diesel fuel line item into vehicle maintenance, the trending of expenses in the major departments was researched and budgeted appropriately which will increase accountability.

Why are Salaries decreasing by \$33,000 under Parks & Playgrounds?

This decrease is related to the removal of the position of Parks Superintendent. This position is in development and will be resubmitted in future budgets. Mr. Connell stated when facing a reduction of \$225,000 it made sense not to fund a position that currently is not filled, even though there is a great need for this position.

Councilor Haugh asked if the Legion Field bond is approved if this is the first year payment already taken out. Mr. Connell stated that in FY15 they estimate approximately \$100,000 will be required for the bond. Councilor Haugh asked if this budget will decrease back to \$500,000 in FY16. Mr. Connell stated they expect the \$400,000 remaining in meals tax expectation will be used on all parks and fields under their jurisdiction in the budget lines in the Parks Department so improvements can be made over all thirty fields in town.

Councilor Molisse stated he feels the position of Parks Superintendent is very important. He noted that fees need to be adjusted to try to make parks more self-sufficient. Councilor Haugh asked how much money is currently made on usage fees. Mr. Tower stated the DPW budget is not affected by fee structures, this would fall under the Parks & Recreation Department.

Actual expenditures for Equipment are shown as \$59,368 yet are budgeted at zero for FY15, why is this?

This was a supplemental budget appropriation of \$60,000.00 for the one-time purchase of a John Deere tractor for Central Maintenance.

Please discuss with the Committee what the plans are for the use of the \$500,000 under Parks/CON/MA.

Utilized in FY14 under the oversight of the Planning Director for town wide improvements at Great Hill, Ester Park, and Stella Park, the intention of the meals tax funding this year will be shifted to use by the Park and Tree Department for a direct impact on maintenance issues on all town fields. The actual amount will vary once bond issuance and payment terms are developed relative to the Legion project.

What organization is under contract for the \$460,000 for street lighting? Is the price fixed and for how many years?

National Grid is the supplier and Suez is the energy distributor. The price is not fixed and terms are indefinite. Bills are evaluated monthly for cost effectiveness.

Councilor McDonald asked if the town is putting in LED lights. Mr. Connell stated the town does not own the street lights but they are changing bulbs within their own ability in parking lots and town buildings. Councilor McDonald asked if there is a

program available through National Grid. Mr. Connell stated there is no program available unless the town took over the lights in an ownership program.

In Snow & Ice Control there is \$73,143 for Overtime. Is this for employees or contractors?

The overtime line in Snow & Ice is for employees.

In the salary detail explain what is paid for with the \$12,580 Meals, OOG, and CDL under Street Sidewalks & Storm drains.

These are contractual allowances for the employees funded through this category. Employees working overtime receive an additional \$2.00 per hour for a meal allowance. Commercial driver's license contractual compensation is \$25.00 per week per employee. Employees assigned to work out of grade are paid at the rate of the position to which they are assigned.

In the salary detail explain what is paid for with the \$9,550 for Meals, Standby, OOG, and Shift Differential under Vehicle Maintenance?

These are contractual allowances for the employees funded through this category. Employees working overtime receive a \$2.00 per hour meal allowance. Employees working standby are contractually compensated at \$70.00 weekly, \$80.00 if it is a holiday week. If an employee is assigned to work out of grade he/she shall be contractually compensated at the rate of the position he/she is requested to fill. A shift differential of \$1.25 per hour is provided for employees working second and third shifts.

Mr. Connell stated continuity of services is the main objective of the Department of Public Works.

14 065 – Sewer Enterprise Fund Annual Appropriation

David Tower presented for measure 14 065. Auditor Swanson posed the following questions which Mr. Tower answered in conjunction with a PowerPoint presentation.

Kindly provide an updated organization chart for Sewer Operations and review said chart with the Committee.

Sewer positions were included in the DPW organizational chart.

What drives the increase in rate revenue of \$502,120 or 3.9%?

Historical data and pending sewer rate adjustment based on current year's rate revenue analysis and additional revenue needed to cover an MWRA \$600,000 increase.

What is the basis for calculating connection fees of \$125,000? Is this conservative as the FY14 actual fees for nine months are \$124,809? Why are Southfield Connection Fees budgeted at zero for FY15?

Connection fees are nonrecurring revenues contingent on sewer hookups and new construction. These are one-time nonrecurring fees. Southfield is currently up-to-date on their fee payments.

Kindly discuss the \$200,000 in Sewer Mitigation and how that revenue is generated. Does this have upside potential since the FY14 nine month actual revenue is \$190,825?

Sewer mitigation fees are based on sewer hookups and new construction. Funds should roll to Retained Earnings for Capital Projects related to I/I removal.

Kindly review the lien process and how the \$950,000 was derived for liens added. Approximately how many customers and percentage of the total pool does this line item involve? Discuss the methods employed for the Collection of Past Due Billings.

Demand notices are mailed out every October and any remaining unpaid bills from the previous fiscal year are added to the real estate tax bills along with penalties and interest. Approximately 2,500 of the 16,500 utility accounts receive demand notices and approximately half of those go through the lien process (7% of revenue).

Explain what I/P Rates and I/P Liens represent for the \$98,000.

Interest (12%) and penalties (10%).

The total FY15 Expense Budget is 3.5%, or \$502,120 higher than FY14 revised budget. Are all salary step increases and pay changes resulting from CBA included within the budget? What manpower level is supported compared to FY14?

The MWRA increased \$600,000 to \$10,981,000. The last rate increase was on July 1, 2011. All CBA and step increases are budgeted with ten fully funded sewer employees and eleven employees whose services are split between both enterprise funds.

What drives the 8.4% increase in Management & Administration Salaries?

CBA and step raises and the reclassification of Principal Clerk to S14.

What items would be paid out of the \$31,500 in Sundry/Supp?

50% water and sewer billing costs, postage, and miscellaneous office supplies.

Who receives Ret Reserve & CBA Stipends of \$11,000 (\$5,500 Water & \$5,500 Sewer) under Management & Administration salary detail?

Contractual benefits: retirees receive \$4,000 plus unused vacation time, employee paid meal allowances, out of grade pay, COLA.

Kindly discuss the usage of Overtime (\$100,000) and how Management intends to control the usage.

The Sewer Department has an employee on weekly standby with scheduled overtime shifts and responds to all sewer backups and emergencies 24/7. CBA pays 4 hour minimums for callbacks.

In the line items Electricity, Gas Heat, and Vehicle/Equipment Maintenance FY15 is budgeted at the same level as FY14. Is it reasonable to assume a zero price increase when there is some inflation and a higher cost of doing business? How is FY14 tracking to budget (up to the day of this meeting)?

The department will typically budget on the high side as weather events and equipment issues can influence utilities. FY14 is currently at approximately 60%.

Equipment and Vehicle Maintenance total \$95,000 for FY15. Kindly speak to this level of funding as it relates to the total Vehicle & Equipment pool of assets.

Equipment repair costs are for 12 pump and 18 ejector stations. Vehicle Maintenance Expense is primarily used for Vector pump truck(s).

Gas & Diesel Fuel is budgeted at \$36,000, same as FY14. Why is the actual expense for FY14 shown as zero?

Water and Sewer pay for fuel costs at the end of the fiscal year.

What is the basis for the \$90,000 in ST-Meters and how many meters will this buy?

Water and Sewer departments split the cost of approximately 1,500 meters per year.

What is the \$20,000 line item "Coll Rep?"

Collection system and lateral repairs including pipe, manholes, frames, covers, materials, and contractor costs if needed.

What items are in Unc/Exp for \$10,000?

Unforeseen costs including cleanups.

Please review with the Committee & Auditor the allocation worksheet and the basis for the "Factors" used.

Some factors are based on actual costs such as payroll and others are based on revenue and reasonable estimates.

14 068 – Water Enterprise Fund Annual Appropriation

David Tower was present for measure 14 068. Auditor Swanson posed the following questions which Mr. Tower answered in conjunction with a PowerPoint presentation.

Please provide an updated Organization Chart for Water Operations and review said chart with the Committee.

Water Department positions are included in the DPW organization chart.

Kindly explain the type of "Fees" in the \$137,730 line item and how these fees are generated.

Miscellaneous service repairs, renewals, and backflow testing.

Kindly review the lien process and how the \$500,000 was derived for Liens Added. Approximately how many customers and percentage of the total pool does this line item involve? Discuss the methods employed for the Collection of Past Due Billings.

Demand notices are mailed out every October and any remaining unpaid bills from the previous year are added to the real estate tax bills along with penalties and interest. Approximately 2,500 of the 16,500 utility accounts receive demand notices and approximately half go through the lien process (7% of revenue).

The total expense budget of \$9,586,083 is the same as the FY14 budget which means level funding. Are all salary step increases and changes resulting from CBA included within the budget? What manpower level does the budget support compared to FY14?

All CBA and step increase costs are budgeted. There are 27 fully funded Water employees and 11 split employees.

Why do Management & Administration Salaries increase by 7%?

All CBA, step increases and COLA costs are budgeted. The Principal Clerk position was reclassified to S14.

Training is increasing by 25%. What type of training will the \$7,500 be used for?

CDL licenses, hoisting and operator CEC's, distribution training and licenses.

What will the \$10,000 in Other Professional buy for services?

Software enhancements, specialty equipment, engineering analysis and testing as needed.

What types of items are paid out of the Sundry Expense of \$40,000?

50% water billing costs, postage, miscellaneous office supplies.

Explain what the WTR/ASSESS budget of \$14,500 is used for.

Safe Drinking Water Act Assessment, annual fee based on finished water production. Funds used by DEP for training and compliance assistance.

Kindly discuss the usage of Overtime (\$125,000) and how Management intends to control such usage.

Water main breaks, scheduled weekly overtime, emergency calls, and semiannual flushing program.

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Gas Expense under Water Treatment is budgeted at \$8,000, same as FY14. Why is it the FY14 actual expense is zero?

Water and Sewer pay for fuel costs toward the end of the fiscal year.

Please discuss the \$170,000 budgeted for WTR/ENG Testing in regards to the type of work done and why it is required.

Weekly, monthly, and annual water quality testing, technical advisor and engineering services, software upgrades.

What is SLDGE/MANA of \$150,000? Discuss the type of work that is done with these monies.

Costs associated with the annual removal and disposal of sludge from settlement basins.

Gas & Diesel Fuel for FY15 (under Water Distribution) is budgeted at \$60,000, yet the nine month actual is only \$10,000. Kindly discuss.

Water and Sewer pays for fuel costs at the end of the fiscal year.

There is \$160,000 budgeted for ST-METERS and ST-PIPE-HY. What basis was used to calculate these line items? The FY14 actual expenditures show only \$39,710 expended through nine months. Are most of the purchases done in the fourth quarter?

Water and Sewer split the cost of approximately 1,500 meters per year (\$100,000). \$60,000 is budgeted for pipe, valves, and hydrants.

In the Water Distribution Salary detail, please explain the \$22,480 budgeted for Standby, Ret Res, Meals, Grade Diff and CBA stipends.

Emergency standby \$70 per week, Ret Res \$4,000, Meals \$2/hour + \$6 meal ticket, and grade differential as required.

Mr. Tower stated the Water Enterprise Fund is level funded at this time and they anticipate a 2.5% rate increase. He stated in the current fiscal year they are collecting approximately \$400,000 in user fees from Southfield, which helps to balance the budget. He stated Southfield is current on their bills and should they start construction again there are mitigation fees that will come into play.

Councilor Haugh asked about unpaid water bills at Southfield. Mr. Tower stated the matter she is referencing is internal to Southfield. From the town's perspective Southfield is treated as a customer and billed accordingly. Councilor Haugh asked about lowering the high yield limit from 27 units per quarter rather than applying an across the board rate increase so seniors and those who have lower usage rates are not penalized. Mr. Tower stated the town currently offers senior discounts and they process over 2,500 of these discounts per year.

14 066 – Sewer Retained Earnings – Pump Station Improvements

Mr. Tower stated they are requesting \$200,000 out of the retained earnings for pump station improvements. They have engaged the services of CGA Engineering to create bid specs to install a grinder pump system at the Pond Street pump station and make structural improvements at Wituwamat and Emerson. He stated any residual funds will be used to start upgrading pumps in all stations.

14 067 – Sewer Retained Earnings – Capital Equipment

Mr. Tower stated they are requesting \$30,000 out of retained earnings to purchase a 4 x 4 pickup truck and plow which is used to plow the pump stations and inspectional services. This vehicle will replace a 2004 F150 that is currently being used.

He informed the Committee that National Water Main Cleaning is inspecting the sewer system looking for deficiencies, inflow and infiltration. Should they find any deficiencies a bid document will be put together for the work to be done.

14 069 – Water Retained Earnings – Water Main Improvements

Mr. Tower stated they are requesting \$1,000,000. This is an annual program based on the Water Master Plan for water main improvements and street paving. Mr. Connell stated they are trying to conduct this type of work in concert with the road repair program to ensure utility work is done ahead of paving whenever possible. Mr. Tower stated by asking for these funds at this point this can go out to bid in the winter months to get better prices from the contractors.

14 070 – Water Retained Earnings – Great Pond Dam Sluice Gate Repair

Mr. Tower stated they are requesting \$250,000 from retained earnings for sluice gate repairs at Great Pond Dam. He stated this project will probably lead to additional projects as there has been very little work done to this dam.

14 071 – Water Retained Earnings – Great Hill Water Tank Rehabilitation

Mr. Tower stated they are requesting \$650,000 to paint the Great Hill Water Tank. He stated it is starting to blister, peel, and rust due to the salt air. He stated this amount is based on an average cost of other tanks they have repaired. Councilor Haugh stated the Essex tank contained lead, which drove the cost up, and asked if this tank contains lead. Mr. Tower stated he does not believe there will be lead on the Great Hill Tank as it was put into operation in the early 2000's.

14 072 – Water Retained Earnings – Capital Equipment

Mr. Tower stated they are requesting \$100,000 to replace their service truck, which is a heavy duty F550 with tool body and compressor. This is used at water breaks and service repairs. This will take a 1994 GMC out of service that is used every day.

Mr. Tower stated the goals and objectives of the Water and Sewer Departments are to reliably and economically deliver quality drinking water to all residents and collect and transport all the wastewater out of town.

Councilor McDonald asked what the total budget is for 14 0570, Department of Public Works. Mr. Tower stated the total budget is \$10,132,185.00.

14 061 – Free Cash-FY14 Snow Removal Appropriation

Mr. Tower stated there is a \$791,000 deficit in snow removal.

14 081 – Reappointment to the Board of Registrars – Sandra Carle

Councilor McDonald made a motion to recommend reappointment to the Board of Registrars of Sandra Carle. Motion seconded by Councilor Haugh and voted 3-0-0.

14 082 – Reappointment to the Conservation Commission – Scott Dowd

Councilor McDonald made a motion to reappoint Scott Dowd to the Conservation Commission. Motion seconded by Councilor Haugh and voted 3-0-0.

With no further business to attend to, Councilor McDonald motioned to adjourn at 8:05 p.m. Motion seconded by Councilor Haugh and voted unanimously.

Respectfully Submitted by: Patricia McDonnell, Recording Secretary

Approved by: Chairman Michael Molisse

Voted unanimously on 14 July 2014