

Finance Committee Meeting
Wednesday, June 24, 2015

Chairman John F. Doherty called the meeting to order at 7:00 p.m. Members present were Theresa M Manganelli, Robert P. Palmer, Bernard P. Nally, Leigh Martinson, Marianne Gallezzo, Michele Kincaid. Excused: None.

PRESENT IN INTEREST: Jeffery Hull, Town Manager, Mike Morris, Town Accountant

Mr. Hull provided an overview of the results of Fiscal Year 2015 (FY15). FY15 is in good shape. There were vacancies in Fire and Police. New staff are completing their respective academies. They are paid while at academy. There is an anticipated slight surplus in the Public Buildings fuel accounts.

Whitefield School project went through bid process. \$150,000 was appropriated and the lowest bid came in at \$68,000. Shawsheen heating system project is out to bid. Bids are due July 2nd, though work may be deferred to June 2016 if the equipment cannot be ordered and installed before the heating season begins. Bids for the two roof projects, Woburn Street and Shawsheen, are due June 25th. Work will likely be completed before the start of the school year. Public safety building chiller unit bids were received. The low bid was \$204,295. Total appropriation was \$280,000.

Resurfacing of the Shawsheen parking lot is being postponed until after the Shawsheen heating system is replaced including the underground heating oil tank. This will avoid having to cut into newly installed pavement. Butters Row culvert project is expected to start in mid-July. Engineering work for the conversion of the underground gasoline storage tanks to above ground at DPW should be completed in July. Funding to install the new system will be sought in FY17.

Mr. Doherty – Asked about if the tanks needed to be removed sooner, could the town use the Miscellaneous Facilities budget to accomplish it. Mr. Hull – Responded that if needed, that funding source was an option to cover some costs. The tanks were installed 1985, and are inspected regularly. There are no known issues as of now.

The Mass Avenue drainage improvement is scheduled to start in September and to be completed in this construction season. Cunningham Street roadway drainage work will start in August.

Mr. Eaton – Asked when the Glen Road and Middlesex Avenue project will start. After July 4th. Mike Woods, DPW Director is attending construction meetings with Mass Highway.

Mr. Doherty – Asked how the construction will impact Nichols. There will be some impact, however the town and Mass Highway intend to work with them to accommodate parking.

Mr. Nally – Inquired if the roads will be widened. It is more of a realignment project, and the actual roadway is not expected to be widened.

Vehicle bids will be issued beginning in July, including the heavy duty one-ton pickup, the one-ton dump truck and the heavy duty dump truck.

The Yentile Farm project design is heading into the final phase. There is a fundraising sub-committee meeting coming up next week to discuss plans to raise the targeted \$1M in funds which will be used to offset cost of the project.

Mr. Doherty – Inquired if construction will begin before the fund raising goal is met. Fundraising is expected to continue during construction. The project will be bid in late December and construction will start in the spring of 2016. Construction will be complete by spring 2017.

Mr. Doherty – Asked if the construction cost will go up between now and then. There are contingencies built into the cost estimate.

Ms. Gallezzo – Inquired if the town is on target for the Open Space plan. The draft is already on file with the state, which is required in order to receive grant funding. The town is applying for the PARC grant. Assistant Town Manager Kendra Amaral and Director of Planning and Conservation Valerie Gingrich are working on the grant application.

Relative to the rink the town is limited on what can be said at this point. The town is working on obtaining an appraisal.

Mr. Doherty – Asked if appraisal will be on the building, the land and the equipment. The town does not have ready access to the interior of the building.

The scope of services for the Facility Master Plan are being put together in the next month. The Permanent Building Committee will be involved in the effort.

Annual Town meeting, authorized the transfer of \$1M from free cash for Other Post Employment Benefits (OPEB). It also approved the transfer of \$605,000 from OPEB stabilization to an OPEB trust account. The town established a stabilization account, which still allows the town to use that money for another purpose if a two-thirds vote of Town Meeting approved it. However, the rating agencies are seeking irrevocable trust accounts for OPEB.

Brief discussion on unfunded liability and ways to fund it or reduce the liability. Brief discussion on unfunded pension.

State aid for FY16 is currently in the “conference” stage with House and Senators and Governor. Based on the numbers coming out from the state, local aid will be approximately \$96,000 to \$113,000 above what was projected, and Statutory Charges will be \$16,000 to \$24,000 less than budgeted.

Mr. Doherty – Asked if in next year’s budget Essex Aggie will have its own line item. Mr. Morris – Yes.

Mr. Hull – Confirmed Miscellaneous Facilities funding will be budgeted in Public Buildings rather than be a warrant article going forward. This account is used for unanticipated repairs and to deal with unforeseen circumstances related to town buildings.

Ms. Manganelli – Requested a report on how Miscellaneous Facilities funding has been used.

Mr. Doherty – Asked to increase the Finance Committee reserve fund in the next budget. The budget itself has gone up but the Finance Committee reserve has stayed the same figure.

Mr. Doherty – Asked what the anticipated carry forward will be. Mr. Morris – Responded that it is too early to tell.

Mr. Doherty – Inquired if the High School building project is on schedule. Mr. Hull – Responded that it is. The parking lot, islands, tennis court, and basketball court are all slated to be complete by the end of October. There needs to be a close-out process. Contingency is currently estimated to be \$1.3M and \$1.6M, assuming no large change orders come up. A close out audit will begin when the project is complete. This process takes about 12 months. Until it is complete the town will not know the final contingency number.

Mr. Nally – Inquired if issues with oil were discovered during the project. No issues were found relative to oil in the soils. They knew going in that there was asbestos in the building. There was additional asbestos above ceiling tiles which cost approximately \$150,000 over anticipated costs to remediate.

No further questions for Mr. Hull.

Mr. Morris – Explained the process for developing the budget and capital plan. Explained the process of appropriated money and spending limits, and the need to go to town meeting, special or at annual town meeting, to transfer money between department budgets. The only department that had a deficit at the time of the Annual Town meeting was Snow and Ice, of \$286,902.

Mr. Doherty – Asked how the town is doing on getting money back from the state. The town is expecting over \$100,000 from the state. There are a number of limits on what can and cannot be requested. The state reimbursement will not be received by the end of June, and therefore a transfer is needed. When state money does come in it will go to general fund/free cash.

A motion was made by Jonathan Eaton, seconded by Bernard Nally to transfer \$286,912 for snow and ice. Approved unanimously.

Other Business:

Mr. Doherty– Sought acceptance of previous minutes:

Tuesday, July 10, 2014 – A motion was made by Ms. Manganelli, seconded by Ms. Kincaid to accept minutes as written. Approved unanimously.

Thursday November 13, 2014 – A motion was made by Ms. Manganelli, seconded by Mr. Eaton to accept minutes as written. Approved unanimously

Tuesday, February 3, 2015 - A motion was made by Mr. Eaton, seconded by Mr. Nally to accept minutes as written. Approved unanimously

Thursday, February 5, 2015 - A motion was made by Mr. Eaton, seconded by Ms. Manganelli to accept minutes as written. Approved unanimously

Tuesday, February 10, 2015 – A motion was made by Ms. Manganelli, seconded by Mr. Palmer to accept minutes as written. Approved unanimously

Thursday, February 12, 2015 - A motion was made by Mr. Eaton, seconded by Ms. Gallezzo to accept minutes as written. Approved unanimously.

Tuesday, February 24, 2015 - A motion was made by Mr. Nally, seconded by Mr. Eaton to accept minutes as written. Approved unanimously.

Thursday, February 26, 2015 - A motion was made by Ms. Gallezzo, seconded by Ms. Kincaid to accept minutes as written. Approved unanimously.

Tuesday, March 3, 2015 - A motion was made by Mr. Eaton, seconded by Ms. Manganelli to accept minutes as written. Approved unanimously.

Thursday, March 5, 2015 - A motion was made by Mr. Eaton, seconded by Ms. Manganelli to accept minutes as written. Approved unanimously.

Wednesday, March 18, 2015 - A motion was made by Mr. Eaton, seconded by Mr. Nally to accept minutes as written. Approved unanimously.

Thursday, March 19, 2015 - A motion was made by Mr. Eaton, seconded by Mr. Nally to accept minutes as written. Approved unanimously.

Mr. Doherty – Requested that minutes go up online prior to town meeting. Mr. Hull – We will try to get them turned around in a timelier fashion.

Mr. Hull – Explained that he has asked Beverly Dalton to send out a request for comment on the monthly reports provided. She has received a couple of responses back so far. Specifically, he is seeking whether information provided is of the type or in a format that would be helpful going forward. The goal is to have information reported have some relevance.

Mr. Doherty – Noted that a couple years ago the town was planning to look into municipal recording software and that some of the reports are still hand-written. Mr. Hull – Responded that the monthly reports come in all types of formats to his office. He has inquired of other communities what they do and strangely no other communities were providing monthly reports to the Finance Committee. Brief discussion on what is in the monthly reports. The Town Manager will send old reports to the new members for feedback.

Reorganization:

Mr. Doherty – Explained the requirements to reorganize the Finance Committee each year at the first meeting after Annual Town Meeting. In light of Monday's Board of Selectmen meeting, Shawn Kelley will have to reapply. The vote to add him to the Finance Committee was taken prior to the vacancy existing. He stated that the innuendos and insinuations that were made are completely false, and puts the Committee and himself in a difficult light. Therefore, he will not seek reelection for chairman.

Mr. Eaton nominated Theresa Manganelli, seconded by Mr. Nally. Brief discussion on the nomination and the message it sends.

Mr. Eaton – Defended his motion to elect Ms. Manganelli and states his confidence that she would do a great job.

Mr. Martinson – Stated that this is an opportunity to send message and he believes there is no one more qualified than Ms. Kincaid.

Mr. Martinson nominates Ms. Kincaid. Ms. Kincaid declines the nomination due to being new to the Committee.

Mr. Nally – Explained he has worked with Ms. Manganelli a long time and that she has stepped up. He is proud of what the Finance Committee has done over the years. He believes Ms. Manganelli is qualified and would do a terrific job. No further discussion.

Ms. Manganelli nomination for Chair approved unanimously.

Mr. Nally – Thanked Mr. Doherty for the many years of service and hopes he stays on Committee.

Mr. Nally nominates Mr. Eaton for Vice Chairman. Mr. Eaton declines the nomination due to still be fairly new to the Committee.

Mr. Palmer nominates Mr. Nally for Vice Chairman, seconded by Mr. Doherty. Approved unanimously.

Mr. Doherty nominates Mr. Eaton for Secretary, seconded by Mr. Palmer. Approved unanimously.

Ms. Manganelli – Stated that the Mr. Doherty leaves big shoes to fill. She is confident that there are plenty of resources on this board to assist and promised to do her best.

There being no further business, a motion to adjourn was made Mr. Martinson seconded by Mr. Nally. Approved unanimously.

Meeting adjourned at 8:20p.m., next meeting of the Finance Committee is not scheduled at this time.

Respectfully submitted,
Recording secretary