



Town of Wilmington

Finance Committee

121 Glen Road Wilmington, 01887

Meeting Minutes
Tuesday, June 25, 2019

Finance Committee Chairman, John F. Doherty III, called the meeting to order at 7:02 pm in Room 9 of Town Hall. Members present were Theresa M. Manganelli, Marianne Gallezzo, Bernard P. Nally, Michelle Kincaid, Kevin Stokes, and Secretary Neal Couture. Hiram Shah and Leigh Martinson were absent.

UPDATE ON RUSSELL DISPOSAL

PRESENT IN INTEREST: Jeffrey M. Hull, Town Manager; Kerry Colburn-Dion, Assistant Town Manager; Michael Morris, Town Accountant; Bryan Perry, Finance Director

Town Manager Jeffrey M. Hull presented information on the current situation regarding the state of the 10-year contract with Russell Disposal that is at about year 5 now. Due to changes in the recycling market and with China stepping out of the market, as of last year the Town has had to adjust the price on our contract. According to Mr. Hull, at that time we agreed to assume 50% of the tip fee, up to \$50 per ton. When the contract with Russell Disposal was originally created, Russell Disposal was receiving about \$.05 per ton for recycling. The current fee per ton is now \$94.50. He went on to say that Mr. Kevin Douglas, one of the principles with Russell Disposal, recently expressed to Mr. Mike Woods, Director of DPW that with the continued situation with disposal costs his concern is that they may not be able to continue operating under the current circumstances. Mr. Douglas indicated that he is in talks with each community for which they offer recycling services to have the communities take on the full cost of the tip fees at the recycling facility in order to continue being able to provide trash and recycling services to those communities for the next year.

Mr. Hull stated the options the Town has now: either cut ties with Russell Disposal and as there would not be time to go out to bid, essentially go to market and sign up with whomever would be willing to collect our trash and recyclables (trash and recycling is not subject to procurement law) or, agree to this arrangement to amend the contract where the Town would pick up the full cost of the tip fee and sever ties with Russell Disposal at the end of fiscal year 2020. As a part of the original contract, the town purchased the recycling bins from Russell Disposal and spread the cost of those bins over the life of the contract, leaving \$527,000 worth of liability to Russell Disposal. As part of this new arrangement the town would agree to terminate the contract as of 6/30/2020, except that the Town would continue to pay, on an annual basis, the \$95,000 for the remainder of the term. In this case about five years more of payments.

By agreeing to the proposed arrangement to pay the full cost of the tip fee this would allow the Town to budget for fiscal 2021 for the expected increase in cost of services. Estimated cost increase is about \$250,000 when the Town does eventually go out to bid. In addition, the Town is coming up on the final year of a five-year contract with the incinerator facility in North Andover. Indications are that first year increases for a new contract are expected to be about 10% over the amount the Town is paying now. The Town would have to look the time-cost associated with transport from Wilmington to the facility.

Mr. Doherty asked for clarification on the length of time that Russell Disposal is willing to continue operating and Mr. Hull stated that they would be willing to continue for another year under the conditions that have been described. In response to a question from Ms. Manganelli, Mr. Hull expressed that it would be highly unlikely to find another company at the same price as Russell Disposal. He stated that when the Town goes through the future bid process, the expectation is that all companies are going to require the Town to pay 100% of the fee. Currently the Town is operating under a prevailing wage rate which will also likely increase at bid time. He also urged other factors to consider that will lead to a higher cost is that current town council has indicated that the maximum length of a future contract would only be three years, unless we go to Town Meeting to request a five-year contract. A shorter contract duration will lead to escalating costs.

Concerns were raised about the possibility of penalties associated with early termination of the contract, how the Town would prepare for market shifts in demand for recycling in the future, and whether a clause to balance risk could be built into a future contract to control the cost to the town should the cost of recycling diminish in the future. Mr. Hull agreed that when it goes out to bid the Town could look at putting some kind of provision in the contract that would address price fluctuations, and that the companies that might bid may not be prepared to sign on for those provisions. Ms. Gallezzo asked Mr. Hull if Russell Disposal wants definitely to terminate their service next year and he stated that yes, they do.

Ms. Manganelli posed a question regarding whether there would be any financial benefit to the Town if the percentage of contamination in our recycling is low/lower. (Current rate of contamination is 16% and is considered good). Mr. Hull answered that to his knowledge it does not lead to any incentive or favored rate if Wilmington has a low contamination rate. Mr. Stokes asked if the State or MMA weigh in on this issue at all, if it is a formal issue. Mr. Hull referenced a conversation from last year with DEP in which it was suggested it is a temporary issue that may correct itself sometime down the line. He believes the challenge is that for years the DEP has been encouraging communities to reduce, reuse, recycle and people now have a belief system that if they place an item into recycling that it will ultimately be reused in some fashion and if now it is ultimately going into landfills to be burned that destroys a lot of education from the last 10 or so years. Ms. Manganelli expressed her belief that the key to any changes in recycling services needs to be advertised to the public in a way that helps everyone understand what is happening and why. Mr. Hull stated that he, along with DPW Director Mike Woods, agree that the priority must remain in making sure that trash is being picked up and disposed of without a break in service.

UPDATE ON THE FIRE DEPARTMENT

PRESENT IN INTEREST: Jeffrey M. Hull, Town Manager; Kerry Colburn-Dion, Assistant Town Manager; Michael Morris, Town Accountant; Bryan Perry, Finance Director

Assistant Town Manager Kerry Colburn-Dion indicated that the Fire Department continues to have staffing challenges. There are currently three people out; one who is expected to return in September and two without a return date at this time. There is also one person out on Deployment (expected to return in December) and one recent resignation of an employee who took a job in another state. The first position to be filled would be to replace the employee who resigned and then the Town could begin the process for eight new hires. The Town can hire after July 1st and will send out the hiring letters as soon as possible. The difficulty is that all academies are booked up through the January/February timeframe. After meeting with

Town Manager Jeffrey Hull, Fire Chief Joseph McMahon and Deputy Fire Chief William Cavanaugh, Ms. Colburn-Dion stated that the Town will make a request to the academies that if they have drop-outs the Town would ask to fill those spots and slowly filter in one at a time instead of waiting to send everyone at the same time to try to get people in as soon as possible, if there are drop-outs.

Mr. Doherty wanted to speak more about the people who are currently out and specifically about the status of one person who he believes has been out now for 18 months. Ms. Colburn-Dion answered that the Town is working with that individual on a retirement. The retirement process will take some time. Town Manager Jeffrey Hull then spoke to the confidentiality parameters around the situation. A definitive timeline cannot be established as County Retirement and PERAC also need to be included in the process.

In response to a question posed about the anticipated retirement of this employee and the possibility of hiring the replacement now, a discussion was had about what options the Town might have and whether paying for a full-time employee would be less expensive than paying for overtime to cover for this person being out. It was established that hiring the replacement now is not an option as the Town cannot increase the departmental head-count above what has been approved and is in the budget and the current employee would still be counted as personnel.

Ms. Colburn-Dion reminded the Committee that the Town is also anticipating the retirement of two more employees from the Fire Department in February; Chief McMahon and a firefighter. In addition to those retirements, there will be promotions occurring within the department that will need to be back-filled. Mr. Stokes posed a question about what is budgeted for overtime and how this all factors in to the budget. Ms. Colburn-Dion stated that this has already been factored in and is being watched closely, on a weekly basis. The process is slow. One difficulty is that the Town cannot schedule an academy spot without having the social security number for that individual and that cannot be had until there is an official hire. Hiring may need to be done for a future date ("we would like to hire you for Feb") or have new hires start right away and train on the ambulance while waiting for a spot at the academy.

Ms. Manganello raised a concern about the type of change that residents might be expecting to see as a result of the discussions at the last Town Meeting and how the reality is that we might not see the expected changes to the fire department in time for the next Town Meeting given the length of time and complexity of hiring. There was some discussion about how much is budgeted for overtime and what is the remaining balance and Town Accountant Michael Morris stated that the Town has approximately \$160,000 with three payments remaining. Payments are averaging \$17,000-\$20,000 each month. Mr. Morris had previously asked for additional money from the transfer article at Town Meeting to cover adjustments if needed. Mr. Doherty requested an update for this issue at the September meeting, for which Ms. Colburn-Dion agreed. Mr. Doherty then opened the discussion to any other questions for Mr. Hull or Ms. Colburn-Dion, at which time Ms. Gallezzo asked for an update on the new fire truck. Mr. Hull said that to his knowledge the vehicle is now being built and the process takes about one year. In the meantime the Town has a loaner vehicle for which we gave a trade-in.

UPDATE ON FACILITIES MASTER PLAN

PRESENT IN INTEREST: Jeffrey M. Hull, Town Manager; Kerry Colburn-Dion, Assistant Town Manager; Michael Morris, Town Accountant; Bryan Perry, Finance Director

Mr. Hull reviewed a discussion between the Board of Selectmen and Building Superintendent George W. Hooper II from the previous night, which outlined an overview of several buildings and what the Public Buildings department is doing over approximately the next ten weeks. Mr. Hull would like to have a meeting in the fall, maybe in September, with the Board of Selectmen, Finance Committee and School Committee to re-assess the report that was completed in January of 2018, though the Town may need to make some adjustments. Mr. Hull noted specifically that there have been discussions about the Wildwood School and its need for serious repairs which he detailed. In response to a question Mr. Hull did say that the school was built in 1955. There has not been any official position taken by the Board of Selectmen to move forward with the Town Hall/School Administration Building plan. Mr. Hull reminded the group that there are other plans to consider, for instance the plans of the Rink Committee and Sub Station, that would be pulling from the same bucket of money from the facilities plan.

The discussion turned to the Sub Station, for which questions were raised about the potential to receive funds from businesses in the area and the possibility of there being any state money for sub stations. Mr. Hull stated that he did not believe there was state money for this purpose. Ms. Manganelli suggested that as staffing in the fire department is currently low, perhaps the Town should delay constructing the sub station until we have people in place to staff it properly. The Town Manager was asked if it is his intention to put something on the capital expenditures budget for Town Meeting either next year or the year after for these facilities.

Mr. Hull reviewed the plan for the Town Hall/School Admin building construction for 2022 and the subsequent placement of a new Senior Center at the old Town Hall location, which he said he would move forward with if the Board of Selectmen and Finance Committee were both in support of doing so. Ms. Manganelli reminded the Committee that the residents of the Town need to be given appropriate time and information about the plans and wants to bring the discussion to the public in order to be able to still break ground in 2022. Mr. Doherty suggested putting something in the news. Town Manager Hull suggested that the community might like to be invited to take a tour of any new facilities. Ms. Kincaid stated that a resident recently noted that the Town Hall building needs to be replaced and is not representative of the Town. Mr. Stokes spoke about putting this in context for those who may question what this all will mean to them as individual taxpayers.

Discussion moved to seniors and how they feel about the location of the potential new senior center. Ms. Gallezzo asked for the results of the survey that Elderly Services Director Terri Marciello conducted regarding the Master Facilities plan, as she would like to hear from seniors themselves and believes they will 'drive the vote'.

NEW BUSINESS

Chairman Doherty announced the next line of business as the High School Gym Floor.

Mr. Hull gave a brief history of the creation and early months of the new high school. Within approximately 4 months George Hooper identified and raised concerns about crimping occurring lengthwise along the gym floor. Mr. Hooper raised the issue with the contractor, Gilbane, and they indicated that this was a normal part of the acclimation process and would smooth out over time. He also noticed that the bleachers were anchored not into the wall as directed by the specs but instead into the floor which was meant to be a floating floor.

Gilbane brought in fans to circulate the air and saw that the problems persisted and remained. Gilbane blames the building designer or possibly the town for not having proper ventilation/air circulation. Communication with flooring installer was found, indicating that Gilbane failed to allow boards to acclimate properly before installation. This issue is unique to this location and has not occurred with any of the other gym floors, even though many of them do not even have air conditioning.

The estimated cost of replacing the gym floor is \$300,000 to \$325,000. Mark Reich of KP Law worked on a settlement with an attorney from Gilbane. An Agreement was reached for which \$175,000 would be paid towards the cost of a new floor. The Town put out to bid for a new gym floor and bids came back with an upper range of \$325,000 and the lowest qualified bid at \$219,200 from American Sports Floor. The balance would make the cost to the Town \$44,200. Mr. Hull stated that no invasive procedures were done to the floor to determine if there are any unforeseen issues below that might be occurring and that should that be the case, this could impact the cost of replacement. There was a discussion regarding the possibility of unforeseen issues and the need to prepare for that financially. A suggestion of an additional 10% (\$21,920) was made in order to cover potential issues. Mr. Doherty said that if the additional 10% was unnecessary it could be returned to the general fund.

Mr. Morris announced that with the ask of an additional 10% this makes the new balance \$66,120 and would be put under a new account titled Capital Outlay High School Gym Floor Replacement, which we would see in the budget for next year.

A motion was made by Ms. Manganeli, and seconded by Mr. Couture, to approve the sum of \$66,120 for the purpose of replacing the High School gym floor and for that money to be transferred from the Reserve Fund to the Capital Outlay High School Gym Floor Replacement Account, it was unanimously:

VOTED: To approve the transfer of \$66,120 in funds from the Reserve Fund to the Capital Outlay High School Gym Floor Replacement Account.

APPROVAL OF MINUTES

The Finance Committee reviewed the minutes from the May 4, 2019 meeting.

A motion was made by Mr. Couture, seconded by Ms. Gallezzo, it was unanimously:

VOTED: To approve the minutes from May 4, 2019.

OTHER BUSINESS

Chairman Doherty announced that Neal Couture is resigning from the Finance Committee as of June 30th as he is leaving the state for a position in Columbus Ohio for a three-year contract. Mr. Couture made clear his intention to return upon the end of this contract.

REORGANIZATION

Being the first meeting after Town Meeting, Mr. Doherty stated the next item of business is reorganization and the three positions are for Chairman, Vice Chairman and Secretary.

A motion was made by Ms. Manganelli, seconded by Ms. Kincaid, to nominate John Doherty as Chairman, it was unanimously:

VOTED: To approve Mr. John Doherty as Chairman.

A motion was made by Mr. Doherty, seconded by Ms. Gallezzo, to nominate Theresa Manganelli as Vice Chairman, it was unanimously:

VOTED: To approve Ms. Theresa Manganelli as Vice Chairman.

A motion was made by Ms. Manganelli, seconded by Ms. Gallezzo, to nominate Michele Kincaid as Secretary, it was unanimously:

VOTED: To approve Ms. Michele Kincaid as Secretary.

Mr. Doherty asked if there was anything else. Mr. Stokes asked for a quick update on Textron. Mr. Hull stated that there have not been any changes to the site and there are still about forty to fifty employees, but that if there is a point that Textron is interested in doing something then the Town would like an opportunity to talk with them about the property. General opinion is that the property looks abandoned.

Ms. Manganelli asked about Howland and the lack of progress on the building of condos that were voted on previously and are still not being built. Mr. Hull stated that there has not been a lot of progress on this site.

Mr. Doherty asked is Analog on track and Mr. Hull replied that yes they are and an update will be given at the July 8th Board of Selectmen meeting.

JD asked about the Detox Center and how it appears that trucks are being stored on the site and asked if the zoning allows this type of use. Mr. Hull stated that he could check on whether or not there is a zoning issue.

Ms. Manganelli asked about the site of the old “Big Joes” and if anybody knows what is happening at the site. Mr. Hull stated that he will check with Planning and Conservation.

Ms. Gallezzo returned the conversation to Textron to ask if there is any way to get them to improve their maintenance and improve the look of the property. Mr. Hull stated that it is their property and that since they have scaled-back they may not have the staff to maintain it and that he would reach out to the acting general manager to encourage them to take a look at the property and see what could be done.

At the conclusion of the discussion, and there being no further business to come before the Committee, a motion was made by Ms. Manganelli and seconded by Ms. Kincaid, it was unanimously:

VOTED: That the Finance Committee adjourn.

Meeting adjourned at 8:32pm

Respectfully Submitted,

A handwritten signature in cursive script, reading "Chris Caggiano", is written over a horizontal line.

Chris Caggiano
Recording Secretary