

Town of Saugus Finance Committee

Kenneth DePatto, Chairman

Ronald Jepson
Carl J. Mirabello
Theresa Katsos

Louis Rossi
Frank Perella

George DeDomenico, Vice-Chairman

Steven DiVirgilio
Stephen Horlick

March 28, 2018 7 p.m.
Town Hall Conference Room

The regular meeting of the Finance Committee was held on Wednesday evening, March 28, 2018, at 7 p.m. in the Town Hall Conference Room.

Members present: Chairman Ken DePatto, Vice-Chairman George DeDomenico, Louis Rossi, Carl J. Mirabello, Theresa Katsos, Stephen Horlick, and Frank Perella.

Absent from the Meeting: Ronald Jepson and Steven DiVirgilio.

Minutes: Minutes from October 4, 2017 were unanimously accepted.

Chairman's Update: Tonight we will begin to review Special Town Meeting warrant. An email was also sent out stating that members need to complete the Conflict of Interest and Open Meeting Law paperwork.

Town Manager Crabtree explained the reason for the Special Town Meeting as a way to see where we are with snow and ice, the stabilization fund, get some housekeeping articles done, and get a head start on some design and construction projects during warmer weather rather than waiting for the Annual and potentially not finishing the projects before winter. We sent out Financial Management Policies and Practices for everyone to review. S&P re-affirmed our AA+ Bond Rating and strong financial management policies. This administration has continued to demonstrate that we have a bigger picture plan for the Town based on the priorities and needs of Saugus.

Article 5 – New Vehicles

Town Manager Crabtree told the Committee that the Town hasn't purchased vehicles since the early 2000s. There are new inspection and safety laws we need to abide by. DPW vehicles have mileage of over 200,000 miles. Police vehicle has over 200,000 miles as well. Other departments are having similar issues, so this is a plan to make needed replacements.

Chairman DePatto clarified that this is through the operational budget and we are not seeking a debt exclusion for this, and Town Manager Crabtree confirmed that we are not. Town Manager Crabtree said we will look at rotating our fleet and look into auctions to get rid of some vehicles that are no longer usable.

Ms. Katsos asked which departments the vehicles would go to. The Town Manager clarified they would be for the police and fire chiefs and the DPW.

Mr. Horlick asked when the first line vehicles are taken off. The Police Chief explained that once they are over 100,000 miles, the department tries not to keep them as main route cars.

Mr. Rossi asked if this is coming out of operations. Town Manager Crabtree clarified it would be taken out of the debt service. Chairman DePatto said the debt service will be paid out of the operational budget.

Mr. Rossi asked about the debt service schedule. Town Manager Crabtree said that is updated each year. Mr. Rossi asked if the principal interest will fit into the budget. Town Manager Crabtree said this is always carefully calculated, and our low debt service ratios in our operating budget are noted in S&P's report. He explained it's a matter of prioritizing. Mr. Rossi commented that you can start losing tally of funds spent from debt service. Town Manager Crabtree reiterated that this is carefully monitored and that S&P studies all of this. He said there is a shorter lifespan for a line car, but it can be rotated to get the full five years out of the car.

Mr. Mirabello asked if these are the costs for just purchasing the vehicle. Town Manager Crabtree clarified these figures also include lights.

After further discussion, a motion was made to recommend appropriating \$615,000 for Article 5, for purchasing various equipment for town departments, including the payment of costs incidental or related thereto. The motion was seconded and passed 6-1, with Vice-Chair DeDomenico abstaining.

Article 7 – Town Hall Restoration

Town Manager Crabtree explained this article will allow the Town to borrow \$400,000 to be paid through debt service operational tax levy. This work is for stripping the lead paint, staging, and replacing rotted boards on the Town Hall exterior. This is long-overdue. There has been no restoration since Ed Collins did the project in the 90s. Town Manager Crabtree reminded the Committee that Town Meeting and Finance Committee were very supportive of this in the past.

Chairman DePatto acknowledged there has not been much done on Town Hall since Ed Collins. He said the building must be maintained or the repairs will be more costly than the building. Chairman DePatto said the Committee has known of these plans for a while now.

Vice-Chair DeDomenico asked if the 400,000 is for restoration. Town Manager Crabtree said this amount plus the original amount is for the work. Vice-Chair DeDomenico asked for a line item estimate. Purchasing Assistant Terri Peznola said there are many details in the bid which can be provided. She said three companies came in around the mid-\$500,000s, and the next bid was in the \$800,000s.

Chairman DePatto advised putting together bullet points to be prepared for Town Meeting.

Mr. Perella asked if this is a not-to-exceed number. Town Manager Crabtree said no, but it does give us a cushion in case needed.

Vice Chair DeDomenico asked if we are satisfied with the bidders and bid results. Ms. Peznola said yes - the bidders need to have a series of qualifications and certifications to even bid on these types of historical projects.

Mr. Horlick asked if we will make sure to use the best material possible so we don't have any problems after. Town Manager Crabtree said the bidders include materials in the specs that meet the qualifications necessary. Mr. Horlick asked if there is a warranty, to which Town Manager Crabtree clarified there is something like that in place.

Mr. Rossi asked how this estimate could be recommended without seeing any itemized numbers. Chairman DePatto explained this is a bid. Mr. Rossi said we have a responsibility to look at the numbers before recommending this. Chairman DePatto asked how Mr. Rossi would know if the numbers are reasonable because it is in contract bidding format. Mr. Rossi said he has never voted on a financial article without seeing any numbers. Chairman DePatto said when it is a bid, those numbers are final. Town Manager Crabtree explained that this is a unique situation because typically the Town has not already gone out to bid. He said this is actual concrete numbers we were able to retrieve because we had

some monies from last year to begin this process. Mr. Rossi asked what the issue would be of putting together a summary of the \$400,000.

Vice Chair DeDomenico asked the variation of the bids. Ms. Peznola said it was what we accepted in low to mid \$500,000s, and up to \$1 million. She said we vet that and determine the difference, which mainly was attributed to staging requirements.

Mr. Perella asked the potential cost overrun. Chairman DePatto and Town Manager Crabtree agreed the cost could go up with any type of project like this. If there is an unforeseen issue, that can become a change order. The guarantee is the scope of work outlined.

Mr. Horlick said you really can't tell until you take that wood off to see if it's rotted. He said this is better than what we usually get because it's already been vetted instead of a rough estimate.

Vice Chair DeDomenico confirmed that we have engaged a professional company who went through the correct process. Town Manager Crabtree and Ms. Peznola confirmed the architects and historical engineers completed the evaluation and put the detailed specs together and vetted it out thoroughly.

Town Manager Crabtree said we will put together a document with the summary of the costs. Mr. Rossi said he does not feel comfortable telling Town Meeting members he recommends this without numbers.

Vice Chair DeDomenico asked if a document could be put together for Town Meeting. Chairman DePatto said he personally does not need it because he understands bonded bids.

Town Manager Crabtree reassured the Committee that money could not legally ever been spent elsewhere; it is only to be used for its intended source.

The Committee voted to recommend Article 7 and appropriate \$400,000 for additional costs of the Town Hall interior and exterior remodeling, including the payment of costs incidental or related thereto. The motion was seconded, and the motion was approved 5-2, with Mr. Rossi and Mr. Perella opposed.

Article 6 – Public Safety Radio Infrastructure

Town Manager Crabtree clarified these figures for this article is an estimate. He said this is a critical need for the Town and public safety. We are currently on analog communications which is problematic. During the last storm, they lost their radio communication multiple times.

Chief Newbury and Chief DiMella relayed the need for the new system to the Committee, and representatives from ALL-COMM gave the Committee an overview of the proposed system.

Town Manager Crabtree said this is the first phase to get us off analog and copper and get us onto the towers and communications dispatch so that it's fiber-optics ready, which at that point we will go to Comcast and look at running our own fiber system.

Town Manager Crabtree thanked the State for their assistance, as they were able to earmark \$50,000 for this.

After some more discussion, a motion was made to recommend appropriating \$420,000 for public safety radio infrastructure upgrades, including the payment of costs incidental or related thereto, for Article 6. The motion was seconded, and passed 7-0.

Article 8 – RiverWalk Project

Town Manager Crabtree summarized the RiverWalk project to the Committee. He shared that a big portion of the project is granted through the Seaport Economic Council. This next portion of work will demonstrate to the Lt. Governor our commitment to the project. Through this project, we are trying to bring some recreation and attract restaurants and visitors to the harbor.

Chairman DePatto asked for a description of what will occur. A representative of APEX Companies said the initial design is to go from Vitale Park to the boat ramp and put a walkway along the river's edge. The initial design is to incorporate a bike path.

Chairman DePatto asked how we will put the walkway there with private property. Town consultant Paul Rupp said we can use sidewalks and not necessarily go on private property.

Town Manager Crabtree said the idea is to attract recreation. This is a huge opportunity since we have state grant money. We could attract a restaurant and get kayak rentals. This is something that has been supported by the public over the years and would be a huge opportunity for the Town.

Chairman DePatto asked if this would also improve the Town-owned boat ramp down there, which was confirmed.

Mr. Rossi asked about the financials. Town Manager Crabtree said the estimate is for \$3.1 million for the entire project. The State would be committed to 80% of the cost, so our match would be 20%. Mr. Rossi asked what we have committed so far, to which Town Manager Crabtree said \$34,000. Mr. Rossi asked if we can come up with documentation that describes this whole process. Chairman DePatto said we would likely put together a statement but we have not been approved for the rest of this granting process at this moment so we cannot guarantee our or the state's commitment. Mr. Rossi expressed he thinks something should be put together to describe the financial commitment. Chairman DePatto asked if the Town would put together a short synopsis of the financial commitment process for the Committee members.

Mr. Horlick said this is similar to the parks program to him. It goes piece by piece each year with a bigger commitment total.

A motion was made to recommend Article 8 and appropriate \$285,000 for the design and construction of the RiverWalk pathway project, including the payment of all costs incidental or related thereto. The motion was seconded, and approved 5-2, with Mr. Rossi and Ms. Katsos in opposition.

Article 9 – Parks and Playgrounds

Town Manager Crabtree explained he is looking for a commitment to continue to move forward with the parks and playgrounds project. We are looking at the Evans playground, the basketball courts in that area, and an ice skating rink at the Public Safety Building.

Chairman DePatto asked if this is design work. Town Manager Crabtree said this is design and construction. Chairman DePatto asked how much this is for, to which Town Manager Crabtree said it is for \$500,000.

Mr. Perella asked if the Town Manager looked at the track behind Belmonte. Town Manager Crabtree showed the cameras at the Vets, and he explained that each project we're doing, they are installed cameras. Right now, they are installing cameras at the Belmonte that will give a perimeter of the school and facilities, as well as the Bristow Park. With the new school, we will probably put the cameras inside the new school. The Police and dispatch will be able to monitor all these cameras.

Chairman DePatto asked if there are any plans on the other side of Route 1. Town Manager Crabtree explained that he is looking at a master plan for the schools and buildings. He said with that master plan, we need to first identify what the plan will be for all the schools before investing into them.

Following some additional discussion, a motion was made to approve Article 9 and recommend appropriating \$500,000 for the design, construction, repair, and replacement of parks and playgrounds in the Town, including the payment of costs incidental or related thereto. The motion was seconded, and passed 5-2, Mr. Rossi and Ms. Katsos against.

Article 12 – Storm Water Capital Improvements

Town Manager Crabtree said storm water is a major issue in every community. The source of funding is always in the operating budget. This cost is for an analysis for Town-wide storm water issues, then we can study that and take the next steps from there.

DPW Director Brendan O'Regan said that there are many areas in Town with significant flooding issues. He said this investment is for a facilities plan, and a finance plan. We would take the 20 worst areas and make a preliminary design of those areas and determine the exact cost to solve those problems. This would also put us in compliance with the new federal Phase 2 Storm Water Requirements.

Mr. Horlick asked when brush is cleaned on the swales that run along the Fellsway to Marshall's plaza. Mr. O'Regan said they are inspected every five years and a determination is made from there when to clean them.

Chairman DePatto said once this is done, would this reduce our INI? Mr. O'Regan said he couldn't guarantee it, but it could potentially reduce that. Chairman DePatto asked where this amount came from. Mr. O'Regan based this amount on one he did 12 years ago that was between \$250,000 and \$300,000. Mr. Rossi said he would like a breakdown of these costs.

A motion was made to recommend Article 12 and appropriate \$350,000 for the analysis and recommendations leading to design and construction of storm water capital improvements, including the payment of costs incidental or related thereto. The motion was seconded, and passed 6-1, with Mr. Rossi in opposition.

Article 10 – Street Lighting Relocation

Town Manager Crabtree explained that we are trying to coordinate the removal of double poles.

A motion was made to recommend Article 10 and appropriate \$45,000 for street lighting relocation, including the payment of costs incidental or related thereto. The motion was seconded, and the motion passed 7-0.

Article 11 – Town Dams

Town Manager Crabtree said this is for the design and permitting of this work. We will need to come back for the construction portion. Chairman DePatto asked the amount. Town Manager Crabtree said it is \$150,000 out of free cash.

A motion was made to recommend Article 11 and appropriate \$150,000 for the design, rehabilitation, and or replacement of Town dams, including the payment of costs incidental to related thereto. The motion was seconded, and passed 7-0.

Article 13 – Gas Pump Upgrades

Town Manager Crabtree said this equipment is no longer serviceable and there has been difficulty locating parts. Chairman DePatto asked how old this system is. He was told it is about 17 years old. Town Manager Crabtree was asked if this is a safety issue. He said it is not necessarily a safety issue, but an important matter. He said if something is not done about many items on this warrant, it can become an emergency situation.

Mr. Rossi commented that the quote has no numbers on it. It was noticed that the Committee was missing one page from the quote. Copies were made of the missing page for Committee members.

Ms. Wendy Hatch told the Committee that both locations combined, the DPW and Public Safety, would total \$160,000.

A motion was made to approve Article 13 and recommend appropriating \$160,000 for upgrading gas pumps and the purchasing and installation of a new control system equipment at the Public Works and Public Safety location, including the payment of costs incidental or related thereto. The motion was seconded and approved 7-0.

Article 14 – Bills of a Prior Year

Ms. Hatch said this is broken into three amounts: general fund, sewer, and water enterprise. Ms. Hatch said the major one was the Lynn Water and Sewer invoice that wasn't carried over. Each year we try to make sure we reduce the amount of invoices and payments that are carried over.

A motion was made to approve Article 14 and recommend appropriating \$109,001.24 to fund bills of the prior year. The motion was seconded, and the article was approved 7-0.

Article 4 – Tax Exemption

Town Manager Crabtree said this will help some resident with the impact for the debt exclusion for the new school.

A motion was made to approve Article 4. This motion was seconded, and the motion passed 7-0.

Article 15 – Revolving Funds

Town Manager Crabtree explained that this eliminates the need to authorize revolving accounts each year. Now, Town Meeting will authorize the monetary amount only.

A motion was made to approve Article 15. The motion was seconded, and approved 7-0.

Article 3 – OPEB

Chairman DePatto asked how much this is. Ms. Hatch said it is \$150,000 from free cash. Chairman DePatto said this shows we recognize our obligation and are making a contribution.

A motion was made to approve Article 3 and recommend appropriating \$150,000 from Free Cash to be transferred to the OPEB Trust. The motion was seconded, and approved 7-0.

Article 2 – Stabilization Fund

A motion was made to approve Article 2, and recommend appropriating \$2 million to be transferred to the Stabilization Fund from Free Cash. The motion was seconded, and the article was approved 7-0.

Chairman DePatto told the Committee that Ms. Peznola will be leaving her role as Clerk. He praised her work and commitment. Town Manager Crabtree wished Ms. Peznola well and praised her work as Purchasing Assistant as well. He emphasized to the Committee the importance of increasing the salary for this role and department size in order to retain talented individuals.

The meeting adjourned at 9:30 p.m.