

Town of Saugus Finance Committee

Kenneth DePatto, Chairman

Ronald Jepson
Stacy Billingsley
Theresa Katsos

George DeDomenico, Vice-Chairman

Steve Verone
Frank Perella
Steven DiVirgilio
Stephen Horlick

April 24, 2019 7:00 P.M
TOWN HALL CONFERENCE ROOM

The regular meeting of the Finance Committee was held on Wednesday evening, April 24, 2019, at 7:00 P.M. in the Town Hall Conference Room.

Members present: Chairman Kenneth DePatto, Vice-Chairman George DeDomenico, Frank Perella, Theresa Katsos, Stacy Billingsley, and Steve Verone.

Absent from the meeting: Steve Horlick, Ronald Jepson, and Steve DiVirgilio.

Minutes: The Finance Committee voted to approve the April 10, 2019 minutes 5-0 with one abstention.

Chairman's Update: The Chairman told the Committee that they are doing well on their schedule.

Manager's Update: None

Water Enterprise

Salaries – Chairman DePatto said there's no change except for the cost of living adjustment and .3 of a week. Chairman DePatto asked how many employees there are. Finance Director Wendy Hatch said it's four full time employees, and the part time position is a split between the water and sewer enterprise for the billing coordinator who shares her salary 50/50. Ms. Hatch clarified that it's a full position, half salary.

Expenses – Ms. Hatch said this line item has the MWRA assessment in it based on their recommendation. Chairman DePatto commented that it went up about \$150,000. Chairman DePatto said he knows that they had discussed meter replacements. He asked if that is in capital outlay equipment, or if we have not put that out to bid yet. Ms. Hatch said no. She said the capital equipment, we've had a process over the last few years of having a pay-as-you-go capital, so if a capital needs should arise in a department and we use it for a bulk purpose of water meters in addition to another line item that's needed. The Town Manager said they're looking at larger commercial ones first. Chairman DePatto asked if the transfers from the general fund are for the benefits for employees. Ms. Hatch said this is indirect costs calculation, so we do take into consideration all the benefits that are paid on behalf of the direct employees of the enterprise fund, then there's a cost allocation for those employees in other departments that have that duties, responsibilities, or services that pertain to this. Ms. Hatch also clarified that they have been transferring an amount into the OPEB trust based on the actuarial that we have done for the water enterprise employees for the post-employment benefits. Chairman DePatto clarified that this is in excess of whatever we fund through the mechanism of Town Meeting, noting that we are putting in more.

Chairman DePatto asked what the certified retained earnings are right now for the water and sewer. According to Ms. Hatch, the balance in each of those retained earnings remains what was certified. She

said the water enterprise was certified at \$1,626,051. Chairman DePatto noted that we met our threshold of our commitment of 10% of the operational budget.

Chairman DePatto asked about the debt for the water department itself. Ms. Hatch said we have that report of the debt service due in FY2020 identified according to the characteristics of the Department of Revenue, equipment, and infrastructure improvements, which is primarily through the MWRA 0-interest loan program.

Chairman DePatto asked when that work was done on the water mains for \$2 million. Ms. Hatch said that was a single loan that was done at that time. She said it could have been multiple projects under that \$2.1 million. She did not know the exact date of the borrowing. Chairman DePatto said it's a big number, so he's got to believe it has something to do with that Route 1 piggyback the Town did with MWRA with doing some work up in the Lynnfield area. He said that was a big investment on our part to save on engineering and design costs.

Sewer Enterprise

Salaries – Chairman DePatto asked how many FTEs are under this department. Ms. Hatch answered three FTEs and half a person for billing, and the FOG inspector is funded 80% in this budget shared between sewer enterprise and the health department.

Expenses – Chairman DePatto asked if the Town is sending out information to people now. He said he sees reproduction and printing in the budget for \$20,000, which looks like a new line item. Ms. Hatch said that's part of a program the director is working on to remind residents what should and shouldn't be in the sewer.

Vice-Chair DeDomenico asked about the insurance premium. Ms. Hatch said that is new. She explained that upon further review of the policy, it is flood insurance specifically on the sewer pumping station. The Town Manager said it has something to do with the adjusting of the maps.

Mr. Perella asked about the energy line item, and the operation of maintenance equipment. He asked what's driving their 13-15% increases, respectively. Ms. Hatch said the operation and maintenance expense line item is being driven by the Lynn Water and Sewer Commission. She explained that they are losing one of their larger customers, the West Lynn Creamery, so we've budgeted on the higher side based on their estimates because there is less flow that will drive up our costs. She explained that the energy and electricity line item has a lot to do with the pumping station and its needs. The Town Manager elaborated that we had a multiyear electricity contract and it recently changed and the cost per kilowatt has jumped now that we're out of that contract.

The Town Manager told the Committee about an upcoming project the Town will be tasked with completing –phase 3 of the sewer project, which is connecting the main line from our pumping station into the station in Lynn. Chairman DePatto asked where it goes. The Town Manager said it's along Boston Street and it goes all the way through Lynn, so the Town will be responsible for construction in Lynn. The Town Manager explained that this is part of agreement. Chairman DePatto said that will be big dollars. The Town Manager said overall with Lynn Water and Sewer, it's far cheaper than MWRA. He said he's encountered people who move into Town and ask if there is something wrong with their bill.

Debt Principal and Interest

Chairman DePatto asked what the retained earnings are in the sewer enterprise budget. The Town Manager said it's about a million and 37.

Chairman DePatto told the Committee that now we've reviewed the whole budget. The Chairman then asked the Committee to review some of the articles on the Annual Town Meeting.

Chairman DePatto said one of the articles is for the retirement board for identity - they want the Town to assume all liability in case there's a lawsuit against one of the members. Chairman DePatto said they have their own federal ID number, and we really have nothing to do with this except that the Town Accountant is one of their members. The Chairman inquired if we should put them on our umbrella policy or should they be forced to keep their own. Chairman DePatto said we should get a recommendation on this article. The Chairman said the Town Manager is looking into this, and that he isn't sure if there's a cost factor involved, but he just wanted his fellow members to be aware of it.

Article 19

To see if the Town will vote to appropriate a sum of money to reimburse the Saugus Housing Authority \$14,409.28, an expense that the Authority paid due to a water break February 2, 2017. The Town routinely absorbs the cost of water main breaks even in unapproved roads wherever they may occur. The Town decided at the time to not pay this charge and the Authority paid the bill expecting to be reimbursed by the Town. (Will Stewart, SHA Commissioner and Town Meeting Member Precinct 3)

Chairman DePatto said this article has been before the Committee at least twice. The Town Manager said he thought this was resolved with the Housing Authority. He explained that they had some issues with their water infrastructure and had it repaired. Later on, they thought the Town should pay for it, so they sent us a bill with a certified letter. We had meetings with Town Counsel, as well as their board and director and came to the understanding that it's their responsibility and their property. There was some confusion because it used to be Laurel Street and it's all their infrastructure, but we had an understanding and now I am seeing this article again.

Chairman DePatto said Town Counsel may have to weigh in on this. He recommended the Committee either refer the article back to its maker or Indefinitely Postpone it. The Town Manager said he was not sure you can spend taxpayer dollars on something that's not a Town entity. The Manager explained that years ago, the Town may have helped with potholes in that area, so the Housing Authority is trying to use that to say that the Town maintains that area. Chairman DePatto said that's not a street, right? He said it's private property. The Town Manager said it could be gated if the Housing Authority chose to. The Town Manager clarified that it's called the Saugus Housing Authority, but it's the state.

Vice-Chairman George DeDomenico made a motion to Indefinitely Postpone article 19. The Chairman seconds the motion. The motion passed 6-0.

Article 17

To see if the Town will vote to authorize the Town Treasurer, with the approval of the Saugus Board of Selectmen to raise and appropriate by borrowing or otherwise, a sum of money for the purpose of funding for the paving of, Cliff Road and Anderson Way. (Ruth Babcock)

Chairman DePatto said the Committee has never entertained these types of articles because the street paving program is put together by the Town's DPW director. Chairman DePatto noted there is no identifiable source of funding. He also noted that these two roadways may not be accepted. The Town Manager said he had no knowledge of this request. He said he is not aware of this project, cost, or if the roads are accepted. He did not think DPW was aware of this either. The Town Manager said it would be difficult if this got approved, and then every resident put in a similar request for their own street. Vice-Chairman DeDomenico explained that that's why, in the past, the Committee hasn't entertained these

types of requests. The Town Manager said his office gets paving request calls all the time. Vice-Chairman DeDomenico said just because someone gets enough signatures, that doesn't mean it should elevate the project higher. The Town Manager explained that Town Meeting doesn't vote on streets; that comes from the DPW and Town Manager and is the overall plan for the Town.

Vice-Chairman DeDomenico made a motion to Indefinitely Postpone Article 17. Chairman DePatto seconded the motion. The motion passed unanimously.

Article 18

To see if the Town will vote to amend the Town of Saugus Bylaw 602.13. (Ronald Witten, Town Meeting Member Precinct 1)

Chairman DePatto told the Committee that since there's a \$200 fine associated with this article, it's financial. He cautioned that he has an issue that a Town Meeting member is putting something forward and he doesn't know how the police chief feels about it. The Town Manager suggested the Committee first receive a recommendation from the Chief to have the Chief try to meet with the article's maker. Chairman DePatto agreed that the Committee could refer the article to the Chief. Anything to do with traffic enforcement, he said, should come directly from our public safety officials. Ms. Billingsley asked if this is an amendment that includes marijuana. The Town Manager said yes. Chairman DePatto asked the Town Manager to reach out to Chief Giorgetti for a recommendation, then the Committee can take this article up at their next meeting. He noted that the language of the article is especially important, as he doesn't want to make a recommendation only to have it shot down by the AG. The Committee questioned how the article amendment was written, and whether its purpose was clear enough. Chairman DePatto reiterated that he would like to see something from Chief Giorgetti or Town Counsel prior to the Committee taking action on this.

Article 15:

To see if the Town of Saugus will vote to approve a new by-law by adopting a General Bylaw entitled "Plastic Bag Reduction Bylaw".

The general purpose and intent of this bylaw is to protect the Town's unique natural beauty and its water and natural resources by eliminating single use plastic check-out bags that are distributed in the Town of Saugus and to promote the use of reusable bags. (Ann Devlin, President, Saugus Action Volunteers for the Environment)

Article 16:

To see if the Town of Saugus will vote to approve a new by-law by adopting a General Bylaw entitled "Polystyrene Food Container Reduction Bylaw".

The general purpose and intent of this bylaw is as follows: Polystyrene contains dangerous substances which when heated release toxic chemicals that be carcinogenic. Elimination polystyrene food and beverage containers is in the best interest of the health and welfare if the inhabitants of the Town of Saugus. Foam polystyrene food and beverage containers form a significant portion of the solid waste that adds to the tonnage being incinerated. Polystyrene is not a biodegradable or compostable, and is generally not recyclable. (Ann Devlin, President, Saugus Action Volunteers for the Environment).

Regarding Articles 15 and 16, Chairman DePatto said he needs input from the Committee. There are \$50 and \$100 fines associated with these articles. Chairman DePatto said he does not have a problem with being environmentally friendly or controlling harmful products, but he knows that the state is working on a comprehensive statewide plan regarding this, so he would hate for the Town to make a move on something that either is going be in conflict with the state, or superseding the state. Chairman DePatto

said he thinks the Town should give the state an opportunity to complete what they have been working on. He said he feels this should be a statewide initiative, rather than local. He said then if the state doesn't take action, we could always take action. Mr. Perella asked the Town Manager how he feels about these articles. The Town Manager said he really doesn't know much about them. Mr. Perella said there are pros and cons to both sides, however, to impose something on our business community could be a hassle. Mr. Perella said Town Meeting will determine what they want. He said he would indefinitely postpone.

Mr. Perella made a motion to Indefinitely Postpone Article 15. Chairman DePatto seconded. The motion was unanimously approved 6-0.

Ms. Billingsley made a motion to Indefinitely Postpone Article 16. Chairman DePatto seconded. The motion was unanimously approved 6-0.

The meeting adjourned at 7:53 p.m.