

## ***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

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**May 1, 2019 7:00 P.M**  
**TOWN HALL CONFERENCE ROOM**

The regular meeting of the Finance Committee was held on Wednesday evening, May 1, 2019, at 7:00 P.M. in the Town Hall Conference Room.

**Members present:** Chairman Kenneth DePatto, Theresa Katsos, Stacy Billingsley, Ronald Jepson, Frank Perella, Stephen Horlick, and Steve Verone.

**Absent from the meeting:** Vice-Chairman George DeDomenico and Steve DiVirgilio.

**Minutes:** The Finance Committee approved the minutes from April 17, 2019 4-0 with two abstentions (Steve Verone was not present at the time of the minutes vote).

**Chairman's Update:** Chairman DePatto told the Committee that tonight we have one article on the Special Town Meeting and a few on the Annual Warrant that we received information on yesterday. He thanked Finance Director Wendy Hatch for this information.

**Manager's Update:** The Town Manager told the Committee that most of the articles on the Annual are housekeeping articles that we see every year.

Chairman DePatto began with Article 4 because DPW Director Brendan O'Regan was present.

### **Special Town Meeting**

**Article 4** – To see if the Town will appropriate a sum of money for purchasing various equipment for town departments, including the payment costs incidental or related thereto; and to determine whether this appropriation shall be raised by borrowing or otherwise; or to take any other action relative thereto. (Town Manager)

Chairman DePatto told the Committee that as usual, the most critical things the Town needs are included in this article. He said that although we have many needs other than these, these items have been the ones that have been identified as most important right now.

Town Manager Crabtree said one of the things he is working on is trying to replace equipment as a capital needs equipment replacement project that he does each year by identifying vehicles that are aged, high mileage, high maintenance, or/and with issues getting an inspection, or OSHA requirements with safety issues that arise. He noted that he provided the Committee with estimates that may change if the equipment is available for less. He told the Committee that he's looking at an appropriation borrowing for four police cruises, fully outfitted. He added that each year his administration will look at replacing four or five. He added that the DPW bucket truck that's listed is from 1998. Town Manager Crabtree said that the Town had to rent a bucket truck this year on at least one occasion because the existing vehicle was down and needed repairs; this is one of the vehicles that's crucial to being replaced. Another vehicle is the

compressor truck which was totaled in an accident. The Town Manager explained that the Town received \$27,000 from the insurance company but that doesn't replace the total truck. In addition, the Pay Loader is another expensive piece of equipment that puts the sand and salt into the trucks. He said this is used often in the winter, and that we had to rent a truck when this was down this past winter. He added that this truck is from 1992. Lastly for DPW, there's a pickup truck with a plow and sander to replace a vehicle in the fleet. For Building Maintenance, the Town is looking to replace a building maintenance UTV 4x4 with snow removal package. The Town Manager explained that we've had some injuries due to some of that equipment so this would be useful clearing snow at buildings. Lastly, for the Fire Department, we are requesting an appropriation for a fire department oxygen recharging tank system. There are new OSHA guidelines that all cities and towns are required to meet. The replacement of this system will enhance the safety of the staff of the Fire Department and adhere to OSHA guidelines. The current system is approximately 25 years old.

The Town Manager went on to tell the Committee that some of the vehicles that need to be replaced are substantially older. He said they range from 15-25 years old, no longer pass inspection, and require continued maintenance. All of the vehicles requested are used on a daily basis with high demand and performance requiring that they be fully functional and safe.

DPW Director O'Regan, discussing his department's requested vehicles, told the Committee that these are frontline vehicles. Since the compressor truck has been down, he said the DPW is not able to keep up with traffic signs as quickly because they're renting a compressor to make that happen. The bucket truck, which needs to be replaced, is used for many things, including: smaller tree work, at Town Hall, painting or repairing field goal posts at the school, and much more. Town Manager Crabtree added that if the existing vehicles are available to auction, that money would go into the general fund.

Chairman DePatto said he knows some of the DPW equipment is not in good condition. He said he thinks the UTVs are a great piece of equipment. The Town Manager said those can probably be used in other departments as well. Chairman DePatto said the police cruisers are self-explanatory. He also recalled that Mr. O'Regan had told the Committee in the past about the compressor truck.

Chairman DePatto asked Fire Chief Michael Newbury if this equipment is for a completely new system. The Fire Chief said yes, and that it will bring the Department up to OSHA standards. The Fire Chief said we've done a good job with maintenance but after a certain number of years it's difficult. The Town Manager explained that this is important so we don't have any safety issues with employees.

Mr. Jepson said he has no reason to question the need for any of these capital items, and that he believes they are all probably needed. He said he doesn't like the idea of grouping all the different items together. He said they should be divided by departments, at least. He said he thought Town Meeting could choose to look at them individually if they want. He said most of this, other than the police cruisers, looks like one-time expenditures. He asked if there was thought given to that these are one-time expenditures and using free cash.

The Town Manager said there could be individual articles for each piece of equipment, but that in his opinion, grouping the pieces of equipment together prevents putting value on one department over another if Town Meeting votes down one department's item and approves another. He said he doesn't want to create a way for people who dislike, for example, the tree cutters in Town because they've had an issue in the past, so they vote against a DPW item. The Town Manager explained that he wants to present it as an overall master plan. In regards to using free cash, the Town Manager said the Town is consistent with our financial advisors and that it's a much preferable financial decision to borrow and allocate money to pay off our snow and ice deficient, while still building on the OPEB and stabilization to maintain our bond rating. The Town Manager said we'll get to a point where we'll have a nice

stabilization fund and then we can do pay as you go capital, like one time expenditures, with the free cash and have that planned out. He said he thinks we're close to getting there but we're still trying to go with what the advisors are telling us and maintaining that consistent 3-6% surplus and healthy 10% or greater in stabilization.

Mr. Jepson said he totally understands, but that he's just trying to impress upon the Town Manager that he's watched so much happen on this Committee. He said he started out watching the schools underfunded, and that the Town Manager has done a very good job making the Town financially sound. He said he just wants to make sure we're using our money the best way possible. He said he's trying to look out for our rate payers. The Town Manager said he agrees, and that's when having a good stabilization fund comes in. He said with the debt exclusion, that's why the Town went forward with a master plan for the entire school district to take some of those other school buildings offline. The Town Manager said he included the bond rating report with the supporting documentation last week that states the Town is in a very good position with our borrowing and that we have a low debt service ratio. In other communities, this article would be a debt exclusion. The Town Manager said the strategy was to catch up for 40 years, and try not to have emergencies and say, "We need X amount of dollars." The Town Manager said that the taxpayers should feel good that we're trying to spend our money efficiently and we're not asking the taxpayer to increase taxes; we're doing it by priority and spending within our means. The Town Manager said he's trying to ensure the Town doesn't have 25-year-old equipment that employees use frequently. Eventually, he said, we will try to get into a partially pay as you go program with the free cash, but for now we're just trying to catch up.

Town Meeting member Al DiNardo said there's been criticism on Town Meeting that we're not spending money on capital needs. Mr. DiNardo said he likes this article because it shows that we are moving toward that greater capital need. He said he prefers it this way, and that this sends a good statement to Town Meeting.

Mr. Horlick made a motion to recommend the sum of \$820,000.00 be appropriated for purchasing various equipment for town departments, including the payment costs incidental or related thereto; that to meet this appropriation the Treasurer with the approval of the Board of Selectmen is authorized to borrow said amount under G.L. c.44, §7(1) or any other enabling authority; that the Board of Selectmen is authorized to contract for and expend any federal or state aid available for the project; and that the Board of Selectmen is authorized to take any other action necessary or convenient to carry out this project. Any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the General Laws, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount. Chairman DePatto seconded the motion. The motion passed 6-1, with Mr. Jepson opposed.

Chairman DePatto told the Committee that we've addressed the Special, and now we will get into the Annual.

### **Annual Town Meeting**

**Article 3** - To see if the Town will vote to make supplementary appropriations to be used during the current fiscal year, and determine whether the money shall be provided by transfer from available funds; or to see what other action the Town wishes to take in the matter. (Town Manager)

This article is for \$1,065,378.33. Chairman DePatto said on the backup information, it says source of funding and use of funding where the money is being transferred into. The Town Manager explained this

is a housekeeping article for transfers. He said this also takes care of the snow and ice that we've expended in this fiscal year.

The Town Manager said if you look at the last page, at the bottom, there's some grant funds. He explained that they're trying to clean up some of these liabilities on their books that carry over every year, some of which date way back to 1994. He told the Committee they might see the school grant SPED from 1994, where the school department overspent the grant and there was no reimbursement because they overspent, so it shows up as a liability as something we owe in the books. The Town Manager said the Town's financial advisors' suggestion was to pay these liabilities off, that way they will clear from the books. The Town Manager said one goes back before DPW Director O'Regan was here when the DPW expended money on Chapter 90 that wasn't a Chapter 90 allowable use, so the Town owed money even though it's already spent. This article, he said, is a way of putting money towards it so it doesn't show up on our DOR calculations anymore.

Mr. Horlick made a motion to recommend the Town make supplementary appropriations in the amount of \$1,065,378.33. The source of funding is \$516,000.00 from interdepartmental transfers and \$549,378.33 from free cash. Chairman DePatto seconded the motion. The motion carried unanimously 7-0.

**Article 4** - To see if the Town will vote to make supplementary appropriations to be used in conjunction with money appropriated under Article 6 of the 2018 Annual Town Meeting during the current fiscal year, and determine whether the money shall be provided by transfer from available funds; or to see what other action the Town wishes to take in the matter. (Town Manager)

This article is for \$7500. The Town Manager said this is to make sure we don't end up in the red. He said if there's a water break, that way we have the salaries to cover this.

Mr. Horlick made a motion to recommend the Town make supplementary appropriations in the amount of \$7,500.00 to be used in conjunction with the money appropriated under Article 6 of the 2018 Annual Town Meeting during the current fiscal year. The source of funding is a transfer from Water Enterprise Fund Expenses to Water Enterprise Fund Salaries. Chairman DePatto seconded the motion, and it unanimously passed 7-0.

**Article 5**- To see if the Town will vote to make supplementary appropriations to be used in conjunction with money appropriated under Article 7 of the 2018 Annual Town Meeting during the current fiscal year, and determine whether the money shall be provided by transfer from available funds; or to see what other action the Town wishes to take in the matter. (Town Manager)

The Town Manager said we're short personnel here so we're making up the difference. Chairman DePatto said this is coming from the expense account in sewer enterprise and transferred into salaries in the amount of \$10,000.

Mr. Horlick made a motion to recommend the Town make supplementary appropriations in the amount of \$10,000.00 to be used in conjunction with the money appropriated under Article 7 of the 2018 Annual Town Meeting during the current fiscal year. The source of funding is a transfer from Sewer Enterprise Fund Expenses to Sewer Enterprise Fund Salaries. The motion unanimously passes 7-0.

**Article 10** - To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the purpose of funding unpaid bills of a prior fiscal year. (Town Manager)

Chairman DePatto said this is an annual event. He said when the Town Manager first came onboard, this was such a significant number, and now it's so insignificant. He explained that sometimes bills get sent from a prior year by contractors, etc. The Town Manager said this needs a 9/10 vote at Town Meeting. The Town Manager said past administrations just paid bills of a prior year and never went through the proper process. He said when he first brought this article in, people didn't know what it meant. Chairman DePatto noted that this is transparency. Mr. Jepson said it's the appropriate way to do it.

Mr. Perella made a motion to recommend the appropriation of \$17,033.01 to fund unpaid bills of the prior fiscal year. The source of funding is as follows: Fiscal Year 2018 carryover of the general fund in the amount of: \$10,087.69 and the water enterprise fund in the amount of \$1,616.50 and July 1, 2018 certified free cash in the amount of \$5,328.82. Chairman DePatto seconded the motion. The motion passed unanimously, 7-0.

**Article 11-** To see if the Town will vote to authorize the Treasurer with the approval of the Board of Selectmen, to borrow a certain amount at 0% interest from the MWRA Local Pipeline Assistance Program for the purpose of designing and constructing improvements to water pipelines or to take any other action relative thereto. (Town Manager)

The amount of this article is \$1,937,600, which is two years of the phase 3 allocation of \$968,800 each.

Ms. Katsos made a motion to recommend authorizing the Treasurer with the approval of the Board of Selectmen, to borrow \$1,937,600.00 at 0% interest from the MWRA Local Pipeline Assistance Program for the purpose of designing and constructing improvements to the water pipelines or to take any other action relative thereto. Chairman DePatto seconded the motion. The motion was unanimously approved 7-0.

Chairman DePatto told the Committee that they have taken up all the articles that they have information for. He said the Committee has provided a significant amount of work for the Town Moderator and Town Meeting. He asked the Town Manager if he received an opinion from Town Counsel on the retirement board article, as there will be a financial liability and a cost. The Town Manager said he spoke to him and will follow up in the morning. With the marijuana article amendment, Chairman DePatto said he spoke to the Police Chief, who will reach out to the maker to have a discussion. The Town Manager said he also spoke to Town Counsel on the Housing Authority article. He said Town Counsel will be ready to discuss it at Town Meeting.

Chairman DePatto thanked the Committee for their attendance and diligence. He said they're right on schedule.

The meeting adjourned at 7:46 pm.