

**Town of Bedford Finance Committee**

Town Hall, Selectmen’s Meeting Room

June 5, 2014

Members in attendance: Rich Bowen, Tom Busa, Steve Carluccio, Elizabeth McClung, Barbara Perry, Mike Seibert, Steve Steele (Chair), Ben Thomas.

Others in attendance: Taissir Alani, *Facilities Director*; Eric Dahlberg, *Hunt Road*; Victor Garofalo, *Director of Finance and Collector/Treasure*; Chief David Grunes, *Bedford Fire Department*; Bill Moonan, *Selectman*; David Powell, *3 McMahan Road*; Marcia Pyles, *Facilities Info and Procurement Analyst*; Rick Reed, *Town Manager*; Lieutenant Scott Ricker, *Bedford Fire Department*; Ron Scaltreto, *Facilities Operations Manager*; Julie Turner, *The Bedford Citizen*.

**Facilities Department – Impending Reserve Fund Transfer Discussion:** In anticipation of a July Reserve Fund transfer request (estimated at **\$104,426**), new Facilities Director Taissir Alani updated the Committee on the rising cost of utilities affecting the budget. His itemization of the overage included:

<b>School Utilities</b> .....	\$ 78,650
School budget will cover.....	<del>\$(33,000)</del>
	<b>\$ 45,650</b>
<b>Town Utilities</b> .....	<b>\$ 33,733</b>
 <b>Town Operating</b> (due to unforeseen work).....	 <b>\$ 18,491</b>
 <b>Town Center Utilities</b> .....	 <b>\$ 6,552</b>

It was noted that the FY13/14 utilities budget was set in September of 2012 and based on usage and pricing for FY12. The municipal heating season is mandated from October 15 to April 15 but this year— due to a particularly cold fall, long winter and late spring— Town and School buildings heating systems were on for a much longer period. Temperatures fluctuated widely during the transitional months when heat would ordinarily be needed less or turned off. Mr. Alani said that buildings often reached minimum set points of 60 degrees during night time hours, causing the heat to go on. May was the 15th coldest on record since 1950; February was the 8<sup>th</sup> coldest since 1950.

Other contributing factors to higher costs are low gas reserves in this part of the country plus increased demand and limited pipeline delivery capacity.

Mr. Busa asked if the Town is still under contract for gas. Ms. Pyles from Facilities replied in the affirmative, adding that the contract continues until October 2014. The electricity contract continues until December of next year.

Mr. Alani said that, in the future, he intends to align contract periods with the fiscal year.

Mr. Busa asked what the increase in commodity prices is apt to be. Ms. Pyles said that quoted prices starting Sept 15, 2014 “jumped dramatically” due to the pipeline capacity issue. Mr. Busa calculated the increase to be about 11-12% and Ms. Piles concurred.

Mr. Busa then asked about the unforeseen work totaling \$18,491. Mr. Scaltreto said these were not capital projects but unanticipated repairs. It came to light that such repairs are common but, until this year, they have been covered by savings in utilities costs.

Mr. Bowen asked if the over-budget numbers being presented were actual or projected. Ms. Pyles clarified that the chart shows both actual and extrapolated numbers. For example, she has calculated that the Town-side gas deficit will be \$26,937.91, basing her projections on past-year usage and the known price.

Mr. Bowen said he would like to see usage volume and price listed in future budget forecasts. Energy-saving projects have not been tracked—but Committee members generally thought they should be—to see whether usage decreased as predicted.

Mr. Carluccio asked how the current utilities budget was calculated. Ms. Pyles said it was based on usage from the previous year but Mr. Scaltreto added that “2012 was a tough year to base things on” because the degree days and unit prices were far different, especially in these two particular years.

Mr. Busa recommended a budgeting approach that takes an average of the last three years rather than basing it on any one year. Mr. Alani said it’s hard to predict accurately so far in the future but taking an average of 3 to 5 years makes sense.

Mr. Carluccio asked for an analysis of how effective energy saving projects have been, while acknowledging the Mr. Alani was not responsible for the time period the projects were originally proposed. Mr. Carluccio added that knowing a track record for completed energy-saving projects would help promote future projects by demonstrating concrete benefits. “It’s got to be more real—not just ‘this is what we hope for’ but then there’s never any follow-up,” he said. Mr. Alani agreed that the request for this type of information was “very fair.”

Ms. Perry asked for clarification about additional usage as part of the cost increase equation. Mr. Scaltreto replied that both Town and School buildings have generally seen an increase. Building use consolidation is attempted whenever possible, although not all parts of the buildings can be open to the public, he said. POMS, music and sports activities were identified as groups using the School buildings, often late into the evening; Town government meetings cause extended utility consumption on the Town side. Ms. Perry recommended that building usage be tracked to flesh out a complete picture.

Mr. Seibert asked how much was budgeted for contract repair services. Ms. Pyles said that the budget for the year is \$68,500. As of April, \$62,167 had been spent. Some types of work are beyond the capabilities and knowledge of staff. This is when outside contractors are hired.

Also, monthly elevator inspection fees and fire alarm/sprinkler inspections must be carried out by a certified authority. This type of expense also falls within the category.

Mr. Alani said in future, fixed fees will be itemized so that the amount and the source are clear to all.

Mr. Seibert wondered why the original budget was off by so much: \$18,491. Mr. Alani replied that these were not expected costs. He added that, unlike years prior, there were no energy-savings with which to offset the unforeseen.

Concern was expressed about using utilities savings for purposes other than those originally planned. Ms. Pyles said the practice was based on bottomline spending and not considered “moving” the money without authorization. Mr. Busa and Mr. Garofalo concurred this can be done within the School budget. However, Mr. Alani said the same thing could not be done between the salary line item and other line items. He added that the two Facilities budgets –Town and Schools—are kept strictly separate.

Ms. McClung asked that unforeseen expense data be presented at a later date. Also, she asked if there has been a savings on AC since this spring has been so cool. Mr. Alani said there should be some savings on AC and that these would appear on the electricity bill. But, because the Town didn’t have a contract for a three month period, it fell back on NSTAR and NSTAR has higher rates.

Ms. McClung asked whether School thermostats were accessible to everyone. Mr. Scaltreto replied that Facilities sets the temps based on “seasonal set points.” Custodians can override the set points but no one else has access. For heating, the set point is 72 for daytime/62 for night. For cooling, the set point is 74.

Ms. McClung asked about whether school computers were programmed to sleep/ hibernate. Mr. Alani pointed to the Town’s energy policy, saying IT should verify that the computers are programmed as they should be. He verified that the buildings also have automatic light shut-off mechanisms.

Chairman Steele said that former Facilities Director Richard Jones had projected savings during his tenure but actual savings were never presented as a follow-up. He would like to see an analysis of what would have been spent versus what was spent due to energy improvements. “[Mr. Jones] had these incredible returns on investments that were between 3 and 5 years. That’s how the Selectmen and Capital Expenditures looked at that and said it was great. But nowhere do we see this. Usage is up on utilities. I understand heating was high but I just don’t get it.”

Mr. Steele also expressed concerns about using savings to offset unexpected costs, saying it’s great when it works out but now “we’re getting burned, double.”

Ms. McClung asked if any of the repairs were not emergencies. Mr. Scaltreto replied that, as a test, 5 windows were fixed at the Town Hall to see if repairing them so they would open helped save on AC for the days when natural air flow was enough to cool the building. The windows were repaired last August, before anyone knew the heating season would be so costly. In addition to the windows, the cost of hiring a cherry picker—as is done every year to clean the Town Hall gutters—could not be covered because there were no utility savings.

Mr. Steele asked why the project—if it’s done every year—has not been included in the regular budget.

Ms. Pyles replied there's a known overhead of \$57,000 in costs for contracted services, leaving only \$10,000 of the budgeted \$67,000 for miscellaneous unforeseen costs. "It's not enough for when something like the Police generator fails."

Mr. Steele reiterated that these items need to be tracked and accounted for in the budget. "If you come in over (budget), we're going to question it but if you need it, you need it."

Mr. Busa asked if the Town owned a cherry picker that could be used instead of hiring an outside contractor. Mr. Scaltreto replied that a special license is required to operate such a piece of equipment. Someone who has the license would have to be "borrowed" from the DPW. Several FinCom members indicated this course of action would be a good solution. Mr. Scaltreto didn't disagree but said he didn't "control what the DPW does on a daily basis."

Returning to how these unforeseen expenses have been handled, Mr. Carluccio said it was great to cover them with surplus funds but the approach is "not a good way to budget. We need to know this stuff is looming. It needs to be built into the budget."

Mr. Thomas said changeover in personnel is often a good time to re-examine how things are done. He looks forward to a fresh look being taken.

Mr. Thomas continued, referring to a presentation made by former Facilities Director Richard Jones in January 2013 that claimed past and future energy reductions of 4%, 9% and 10.8%. "These are pretty big reductions. I'd be really interested when you come back in the fall with budget information how the money we've spent has paid off. If we're successful, let's hear about it."

Mr. Garofalo said that Facilities would join the Schools and the DPW at the July 10 meeting to request Reserve Fund transfers. Mr. Busa asked whether the Library also needed a Reserve Fund transfer. Mr. Garofalo said he has not heard anything of this nature from Director Richard Callaghan and added that the Library handles its own utilities expenses.

Mr. Alani will first present the Reserve Fund transfer information to the Selectmen on July 7.

**Paramedic Services Presentation:** Before the presentation, members of FinCom applauded emergency response and communication about the recent private jet crash at Hanscom Field.

Chief Dave Grunes then provided preliminary information on a proposed shift away from hiring contracted paramedic services toward establishing a self-sufficient program with in-house expertise. In summary, Chief Grunes said the initiative would shorten medical response time, make it easier to match the size of the vehicle to the size of the emergency and, after initial start-up costs, save the Town money.

Chief Grunes said the proposal would increase staff levels by adding 4 trained paramedics to the total number of Fire Department. It would also provide for paramedic training for existing staff, bringing the full contingency of paramedics to 8 at the end of the ramp-up period. During the initial stages, the

Department would have just 1 paramedic on duty and outside paramedic services would continue to be contracted.

Chief Grunes explained the difference between Basic Life Support and Advanced Life Support certification and what kinds of emergencies each can be called upon to handle. Training for BLS = 140 hours; ALS= 1200 hours. At this time, Bedford emergency response has only BLS training.

The paramedic proposal comes as a result of 5 years of study and discussion. The goal of the program is to provide the highest level of care to the community and to allow the Department to respond to higher order emergencies. As a town, Bedford has evolved to have higher density housing as well as larger, single-family homes. Chief Grunes said the Department believes a solid level of familiarity and trust has grown between Bedford citizens and the Fire Department, another reason for services to be delivered by in-house paramedic services.

Chief Grunes pointed to a chart detailing an increase in emergency calls over time. Drivers of the increase include:

- Changing demographics of community and region, including generally older population.
- Increase of daytime service population associated with:
  - Industry
  - Growth of Middlesex Community College,
  - Nursing home and outpatient clinics at VA Hospital
  - Increased shopping and dining opportunities
  - Increased day care and pre-schools
  - Medical office buildings
  - Increase in group homes and other high density living arrangements
  - Increase of traffic/commuters
- Change in HMO and Healthcare system which is steering sick people to the emergency room
- Perception that care will be received quicker when arriving by ambulance
- Decline in family physicians and physician house calls
- Increased availability to emergency rooms by addition of Lahey clinic
- Increased reliance on government services

Financial aspects of the program include a commitment from the Town for salaries, benefits and equipment of \$187,134 in the first year, building to \$436,875 in year five. To offset the expense, a cost savings analysis anticipates fewer outgoing funds for paramedic services and ambulance call-backs [\$30,391 saved in year one to \$238,000 in year five.] Additionally, there is the potential for increased revenue from ambulance services to other communities as well as higher insurance reimbursements [\$66, 264 in year one to \$153,492 in year five.] The calculated net cost to the Town, taking the above outgo and income into account, would equal \$90,479 in year one to \$44,933 in year five. Bottomline, Chief Grunes will request a commitment of \$90,000 to get the program started.

It was noted that the number of independent ambulance companies on whom Bedford can call for assistance has decreased. Chief Grunes surmised that the loss of these companies springs from not being able to make a profit, either because of the volume of business or because of the “significant

number” of unpaid medical/ambulance bills. Under the current system, if the Town doesn’t get paid, the ambulance company doesn’t get paid. An estimated 4% don’t pay at all and there are also a variety of reimbursement levels, depending on the type of insurance the patient carries. Bedford uses a collection agency to chase down delinquent payers and therefore enjoys a higher than average level of reimbursement compared to other municipalities.

Currently, the Department responds to about 1300 medical emergencies a year. About 20 a month are “simultaneous emergencies”. A survey of communities shows that a number of them have transitioned to town-provided paramedic services.

Mr. Thomas said he had informally spoken to several firefighters and they were all enthusiastic about the paramedic program. He asked Chief Grunes if this proposal is the right way to go or should an auxiliary firehouse should be placed on the other side of town where the high concentration of high density and business/ industrial is based. Chief Grunes replied that he believes his department is better able to respond from the center of town, rather than from the outskirts. “You lose flexibility if you splinter the crew.”

Ms. McClung asked if there was a benefit to hiring already-trained paramedics rather than training existing staff. Chief Grunes said the proposal recommends doing both.

Mr. Seibert said he was generally supportive of the initiative but he questioned the push to be self-sufficient. Would it make more sense for the closest response team to attend to the emergency rather than to strictly heed town borders? “We’re essentially over-building local services to compensate for the non-cooperation.”

“Currently, the tax levy is utilized to fund local services,” Chief Grunes replied. “Would a taxpayer in Burlington who funded that service [for his benefit] be disappointed if he couldn’t get the service because it was [on a call] in Bedford? If we go down that path, the whole dynamic changes.”

Ms. Perry asked— if the proposal is accepted— would there be a need for more ambulances in the future? Chief Grunes said the Department already has two ambulances and he sees no need for additional. With the adoption of the initiative, he anticipates an additional 66 calls per year but said this would not impact the life expectancy of the vehicles. He also stated there would be no increase in capital requests associated with the program.

Staffing per shift is currently 6 and the proposal would bring that number to 7 with a minimum of 6 during the day and a minimum of 5 at night. Chief Grunes said that, in actuality, the department runs on full staff less than 40% of the time. According to the proposal, staffing per per shift would increase by one.

Mr. Carluccio asked if there would be the need for additional management, given the additional services provided. Chief Grunes replied that management at first would be provided by an outside contractor but, by year five, he hopes to transition the responsibility to in-house staff. At this point, he does not see

a likely candidate for in-house manager so he will wait to see how things transpire. Mr. Carluccio recommended a regular review be conducted to track how much is saved over time.

Mr. Bowen asked what the total market for ambulance services might be, including non-emergency medical transport and non-emergency care. Chief Grunes replied that, as of now, these services are not in the business model. However, he acknowledged the trend Mr. Bowen described and said it was “on the horizon”. For now, the Department must concentrate on providing emergency services.

Mr. Busa asked for verification that the program, including staff, would cost \$45,000 in year five as well as yearly into the future. Chief Grunes responded that he sees the cost going down, based on a growth in revenue. He noted an operational increase of 2% in year three. Mr. Garofalo commented that the benefits calculations baked into the numbers were intentionally high.

Space needs for the department, whether or not additional staff is hired, is a separate issue.

At the close of the presentation, Chairman Steele directed Fin Com members to send follow-up questions to Mr. Garofalo to be forwarded to Chief Grunes.

**Old Business:** Mr. Steele referred to data received from the Schools regarding homeless student transportation costs to date. The analysis projects a need for an additional \$250,000.

Mr. Bowen said the State legislature is likely to appropriate only half of what is needed, then vote—once costs are known—to cover the remainder in a supplemental budget. The expense has been designated an “unfunded mandate” so the State is obligated to cover it. Additionally, State aid figures are \$161,000 higher than in the budget. This money can be used in the model to compensate for this year’s transportation expense.

Mr. Garofalo believes the amount earmarked for homeless transportation in next year’s budget will not have to be as large because the number of students is going down. However, Mr. Bowen noted that, as of next January, there will be a new governor, new cabinet, and new secretary and the current promise not to send more homeless families to Bedford may not be upheld.

**New Business:** Mr. Busa said he has been bothered for some time about funds like utilities that appear in several budgets. Rather than see them expressed as expenses within individual departments, he would prefer to see the total listed under Facilities and then broken down by department in the budget detail.

Additionally, Mr. Busa questioned how unforeseen projects have been funded with surplus energy funds without being accounted for somehow.

Mr. Garofalo said the DPW budget may offer a model for this type of budget break-out: all the departments are segregated and funds cannot be traded back and forth without an interdepartmental fund transfer request.

Seasonal building degree set points were questioned. “One degree makes a big difference,” Ms. McClung said.

Mr. Garofalo presented information about local receipts, saying as of May, the numbers are 111% higher than last year and 11.5% higher than projected. The increase is due to robust income from motor vehicle excise taxes, hotel/motel receipts, and permitting. The 11.5% is equivalent to about \$800,000 which will ultimately go to the Free Cash balance.

**Meetings attended:** Mr. Carluccio attended a School Committee meeting and reported that it seems as if adoption of PARCC testing is a foregone conclusion. He noted that the Schools have a choice whether to adopt it right away or wait a year and they have a choice whether to administer the test by computer or pencil and paper. Because test was designed to be taken by computer, it is believed that students taking it manually will be disadvantaged.

There’s still uncertainty about what the State will do but Mr. Carluccio said it was presented at the meeting as though the initiative will go forward. Mr. Thomas said the decision to buy technology equipment was disconnected from the need to prepare for PARCC. Ms. McClung said there are meetings being held throughout the state to discuss PARCC. Adoption is still uncertain.

Ms. Perry attended a CapEx meeting and Jon O’Connor was elected Chair.

There is a sense that the sewer main project between 128 and the cemetery might be done more cheaply than originally thought. The underside of the pipe is the problem. If slip can be used— rather than excavating the whole pipe— the project will be both less expensive and less disruptive. Additionally, the sewer main between 128 and the Mobile station in Lexington is Bedford’s responsibility; the integrity of that pipeline will be analyzed as well. A final plan has not been determined.

Vehicles were discussed and it was decided to research how other towns deal with them.

The six year plan was reviewed and a full list of the assets now exists.

Remote participation in meetings was debated but there was little interest in supporting the initiative.

Ms. Perry also attended Community Preservation. Cathy Cordes was elected Chair and Robin Steele was elected Vice Chair. The sub-committee will gather information about Recreation needs that are eligible for CP funds, including Fawn Lake, St. Michael’s fields (which Ms. Perry said the Selectmen are committed to doing), and Springs Brook Park. The Depot Park building is progressing. Windows and doors must be custom-made.

Ms. Perry said the CP was uncertain about a payment of \$4,350 to the Community Preservation Coalition, saying they wanted to know how the Town benefitted. The expense is yearly and is covered by monies set aside for administrative costs. Mr. Garofalo said, among other things, the Coalition lobbies for CP funding.

Remote participation in town meetings was not endorsed by Community Preservation. One reason for the lack of support was that presentations made to the committee are often quite visual and would be hard to grasp by someone not physically present.

The Coast Guard housing was another topic. Town Manager Reed and Assistant Town Manager Porter have been in touch with the General Services Administration and have learned that the timeline has suddenly advanced. The Coast Guard now wants to settle the matter this summer and will sell the property via online auction "to the highest bidder", most likely a developer. The hope is that the Town will be able to work with the GSA to communicate what would and what would not be welcome as far as zoning and permitting. There is a sense that the 15 structures are likely to be demolished due to asbestos, rather than be remodeled.

Mr. Carluccio asked if there was a sense that the Town would buy the land. Ms. Perry said there was no such sense. The goal was to work with whichever developer prevailed.

Ms. McClung asked Mr. Carluccio whether the amount of learning time dedicated to testing is being questioned by the School Committee and administration. Mr. Carluccio said it was "the opinion of the teaching professionals" that PARCC was the inevitable heir apparent to MCAS and higher on the evolutionary ladder of standardized testing.

Ms. McClung attended a different School Committee meeting and reported that additional staff has been hired, beyond the staff enumerated during the budget process: an inclusionary specialist at Lane; 2 additional TAs; 1 additional kindergarten teacher.

She said that money had been saved by hiring staff below projected costs. Additional costs savings resulted from bringing some formerly out of district students back in-house.

Mr. Garofalo said the additional staff was probably made possible because of veteran teachers retiring from a higher pay scale. He added, however, that the Town bears the brunt of the benefits costs.

Ms. Perry said she would like to see the Town/School staff benefits broken out. Mr. Garofalo said he will provide the data.

Mr. Carluccio said the Schools lose credibility by going through the whole budget negotiation process and then hiring 4 additional people beyond the agreed-upon number of 14. When the Schools come to FinCom on June 19 looking for a Reserve Fund transfer, the Committee will question them about the hires. Past instances of the Schools using "found money" were noted.

Ms. McClung said an impressive presentation on the uses of iPad carts at Lane School suggests that there may be an upcoming request for more such carts.

There's also the potential for a request for funds for space accommodations. An \$86,000 CapEx project to relocate a wall at Davis would result in displacing Art and Music and relegate those teachers and materials to itinerant status. Ms. McClung said that Facilities has suggested looking into modular

classrooms instead, but money for capital projects can't be transferred from one use to another without authorization.

Ms. McClung added that the Schools don't know yet whether the population bubble at Davis is a permanent uptick. If they are not permanently needed at Davis, the modulars could potentially travel up through the grades to accommodate the bubble. The cost of adding modulars would have to include the cost of connecting to the building. A solution is needed by this September.

**Minutes:** Ms. Perry made a motion to approve the March 24 minutes as amended. Mr. Busa seconded. The motion passed 8-0-0.

Ms. Perry made a motion to approve the May 8 minutes as amended. Mr. Bowen seconded. The motion passed 6-0-2.

Mr. Kenney has officially made known his intention to step down from the Committee as of July 1. Mr. Steele has sent an email to the Volunteer Coordinating Committee to request that the two vacant positions be filled by September 1. While several people have shown interest, the VCC has received just two volunteer applications.

Motion to adjourn was made by Ms. Perry, seconded by Mr. Bowen. The motion passed, 8-0-0.

Respectfully submitted,  
Kim Siebert, FinCom Recording Secretary