

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

February 6, 2014

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

Others in attendance: Sue Baldauf, *Director Youth and Family Services*; April Delano, *Business Manager, Department of Public Works*; Victor Garofalo, *Director of Finance and Collector/Treasure*; Michael McAllister, *School Committee*; Bill Moonan, *Selectmen (Chair)*; Pam Nelson, *Liberty Road resident*; Rick Reed, *Town Manager*; Roy E. Sorenson, *Director of Public Works*.

Reserve Fund Transfer Request: Town Manager Reed asked for a transfer of \$55,000 to cover higher-than-anticipated FY14 Veteran's benefit payments. A memo from Director Baldauf of Youth and Family Services— whose department oversees veteran affairs— noted that the amount traditionally budgeted (\$120,000, often not fully expended) has been depleted to a balance of \$19,073 within the first 7 months of FY14. She estimated that another \$55,000 will be needed to get through the rest of the year. Bedford is eligible for close to 100% reimbursement from the State (the actual percentage received has been about 92%) but payment is received the following fiscal year. The Selectmen have already voted approval of this transfer.

Mr. Reed provided some background on the Veteran's Benefits program. The State mandates that all municipalities participate. This program is unique; no other state has anything similar. Bedford is paired with Lexington in a recently-created veterans' district and the towns share two administrators: Ryan Lennon and Bill Linnehan. These administrators meet with all veterans and determine benefit eligibility.

Because Bedford is the site of the VA, there are more eligible veterans here than the average. Mr. Reed said recent legislation was passed to reimburse communities 100% for veterans living in VA residences. For those not living on federal property, 75% is reimbursed. Communities pick up the remaining cost.

The weak economy was cited as the reason for higher benefit claims. Those who receive benefits are unemployed and indigent. Ms. Baldauf said, although her office does not track dates of birth, it is her understanding that the majority of beneficiaries in Bedford are primarily Iraq and Afghanistan veterans between the ages of 30 and 50. About 30 veterans are in the Bedford/Lexington district, although the numbers fluctuate: 6 - 9 veterans live in Bedford and 19- 25 are housed at the VA.

After understanding that the reserve fund request was a best guess estimate that is more likely to be lower than higher, Ms. Perry moved that the Finance Committee approve a zero fund transfer of "up to \$55,000" for the Bedford Youth and Family Services FY14 budget for the Veteran's line item. Mr. Kenney seconded and the committee approved the motion 9-0-0.

Selectmen's budget:

Mr. Reed presented an overview of the Selectmen's budget saying \$38, 174,203 represents a 2.02% increase over FY14. He added that the request is \$55,168 over the FinCom guideline and is due to

increases for veterans' benefits (\$51,352) and elections & registrations (\$27,787). If these unforeseen additions were subtracted, the Selectmen budget would be \$23,971 under guideline.

As in the reserve fund transfer passed earlier in the meeting for FY14 veterans' benefits, the additional \$51,352 is reimbursable from the State. The request for \$27,787 for elections and registrations is because there will be four elections in FY15 rather than two.

The total of \$38,174,203 includes both discretionary (\$16,051,718) and non-discretionary budgets (\$22,122,485.) It includes the Selectmen's share of reserve for merit (\$110,725), the Finance Committee guideline increase for road resurfacing (\$89,950); insurance and benefits (\$10,232,250); MWRA Sewer Assessment (\$3,042,742); Water Purchase (\$1,600,983); and the ambulance tax levy subsidy.

Insurance and benefits: Of the \$10,232,250 dedicated to insurance and benefits for FY15, 0.93% (or \$95,000) is earmarked for unemployment; 0.18% (or \$17,955) for life Insurance (for a \$5000 term life benefit for enrolled employees); 52.08 % (or \$5,328, 500) for health Insurance; 5.62% (or \$575,275, a 5% increase of FY14) for Medicare, 33.6% (or \$ 3,438,459) for retirement assessment; and 7.56% (or \$777,061) for general insurance. The general insurance category includes workers compensation, IOD insurance police & fire, general liability insurance, deductibles on insurance claims and surety bonds.

Two years ago, the Town switched its health insurance to the GIC or state group insurance program. Mr. Reed said this has been a major cost saver for the Town and is one of the reasons why the fixed/non-discretionary portion of the budget is not going up. The program covers 645 Bedford Town employees, including 256 retirees, with 262 (including spouses) in the Medicare program. The Town reimburses retirees who have Medicare as their primary insurance \$629.40/year. This represents 50% of the retiree's out of pocket expenses.

266 School employees and 124 Town employees are covered under the regular health insurance budget. The Town has 427 dental insurance subscribers, an optional program (193 are individuals, 234 are families).

The Town also pays a Medicare penalty for employees who didn't contribute to Medicare in the past. Mr. Reed said that although the penalty is \$5,000, it is easier to absorb that amount than the amount it would have cost to cover their health insurance premiums. The line item also includes another \$5,000 for consultants Cook and Company (who advise the Town on insurance matters) and \$8,000 for an actuarial study.

Of the FY15 health budget of \$ \$5,328,500, \$1,436,702 (or 26.96%) is for retirees. Another \$1,148,987 (or 21.56%) is for Town Employees. School employees make up \$2,441,917 (or 45.83%) of the total expense. For Dental, the cost is projected at \$205,000 or 3.85%. The category of "Other" makes up the remainder of the cost (\$95,894).

The FY15 retirement assessment of \$3,438,459 for insurance and benefit is increasing 6.7% from FY14 although it was pointed out that the increase has been as high as 20% in years past. Two of the drivers are salary increases and investment income. With such a bad financial year in 2008, the fund is still

making up for lost revenue. Bedford's program is administered by the Middlesex County Retirement System. If employees work 20 hours a week or more, State law mandates that they participate in the program and contribute funding out of their paycheck. Since 1996, the contribution has been 9% of compensation. Anyone earning over \$30,000 pays an additional 2% once the threshold has been crossed. There is no income cap at which the 11% payment ceases.

Because of this pension system, municipalities do not contribute to FICA but they do pay into Medicare. Mr. Reed said that if Bedford paid into FICA, the Town would be spending \$2.4-2.5M for Social Security rather than the current \$3.4M. At one point, payments to FICA and the private program were closer, Mr. Garofalo said.

Teachers' retirement funds are administered through the Massachusetts Teachers' Retirement Association. They also contribute 11-11.5% of their salary to the program but the State contributes the match, not the Town. Non-teachers such as custodial, office staff and cafeteria workers are included in the Town-side program.

Mr. Reed said that there are 360 active members, 162 retired members and 169 inactive members in the retirement program. He added that governments haven't historically paid in advance; they've paid when the bill came due. Now actuarial studies call this obligation a financial liability, and treat it similarly to OPEB.

Under Massachusetts law, all public pension systems are supposed to be fully-funded by 2036. When Bedford gets its pension assessment now, not only must it pay current costs, it must catch up with deferred obligations. The amount of the unfunded liability is approximately \$32,822,179.

Mr. Garofalo said Town retirees are compensated monthly. For retired teachers, the Town pays for health insurance and Mass. Teachers' Retirement Assoc. pays the rest.

Debt: On the subject of Bedford's FY15 \$7,246,506 payments on a total debt of \$73,418,072, Mr. Reed defined exempt debt (now at \$3,900,678 or 54% of the total debt) as that which is not subject to the restrictions of Prop. 2 ½. Non-exempt debt (now at \$1,812,391 or 25% of the total) is that which is subject to Prop 2 ½ restrictions.

Over the years, Bedford has passed several debt exclusions for building projects (rather than Prop. 2 ½ overrides). The majority of excluded debt is from the high school project but the DPW, Town Center building debts are factors. The Town Center debt will be amortized in 2021.

Borrowing for water and sewer projects currently makes up 12% of the total debt or \$855,724. Generally, payment for this category of debt is raised through water and sewer rates.

Community Preservation is also its own category because the debt is paid through Bedford's 3% property tax surcharge and the State match. Currently CPA debt stands at 9% (or \$ 677,713) of the Town's debt total.

Mr. Reed also presented a chart that showed the projection for how the debt will be paid down over the

next 15 years. He noted that the Town has \$3.9M of approved projects (dispatcher, ladder truck, a couple of water projects) that have not yet been borrowed for. Even so, Mr. Reed included those number projections in the debt figures.

Looking at how the debt will decline over the next several years, Mr. Reed said the Town has the ability to absorb more debt or redirect the tax resources now being applied toward debt amortization toward other purposes. Mr. Reed advocated that FinCom consider directing additional resources toward infrastructure upkeep.

Referring to retirement benefits, Ms. McClung asked how the Town pays benefits to employees who worked part of their careers in other towns. Do the other towns contribute? Mr. Garofalo said that the State Legislature enacted a law two years ago that allows communities to “charge back” to other towns for employees who worked first on one municipality and then another. The problem with the law is that it’s vague and has loopholes. As a result, communities at this time are billing but those receiving the bills are not paying.

As for water purchase figures, Mr. Reed said that a reserve fund transfer paid in the past for the cost of system flushing due to total coliform bacteria. For the FY15 budget, an additional \$200,000 has been built in for the possibility of continued system flushing, although it is hoped that the work done to the pipes (replacing and relining) and the water tanks (mixing mechanisms and chlorine injection) will conquer bacteria problems first seen during the hot summer of 2012. The additional \$200,000 may not be needed if the improvements to the system address the problem but the cost has been built in to FY15 in case the issue persists. Mr. Reed said that the flushed water is not going into the sewer system; it’s going across ground in hoses from hydrants to storm water drains.

Mr. Reed noted that it’s problematic to have the water and sewer budgets within the DPW budget. One reason is that when the *Boston Globe* compares towns to one another, Bedford’s DPW budget looks out of proportion to neighboring communities. Mr. Reed recommended the creation of a water/sewer enterprise fund instead.

Mr. Bowen asked if costs associated with flushing will be paid for by the water rates over time. Mr. Garofalo said the rates for FY15 will most likely address additional costs. The FY14 water rates were set last July so they can’t be counted upon to cover the most recent spate of flushing.

Mr. Busa raised the question of whether it would be better for Bedford to have its own water main and not have the town’s water travel through Lexington’s pipes. Mr. Reed said when Bedford originally joined the MWRA, the same question was debated but Bedford would have paid for it and the pipe would have gone under the Minuteman Bike Path. He added that it was actually a benefit to have three separate access points connecting Bedford to the MWRA water system.

Moving on to the \$16,051,718 discretionary part of the Selectmen’s budget, Mr. Reed highlighted several components of the budget including additional FTEs (.12 over FY14) and a total of \$600,000 for road maintenance. This total discretionary budget represents \$55,168 over Finance Committee guideline due to increases in two areas:

- Veterans Benefits (\$51,352)
- Elections & Registrations (\$27,787)

Mr. Reed said if these increases were considered “adjustments” and subtracted from the total, Selectmen budgets would be \$23,971 under guideline.

Referring to the elections and registrations figure, Mr. Steele asked if it wasn’t possible to use the \$17,000 in grant/special account money held under the Town Clerk’s office that is specified for elections. Mr. Reed pointed out that, from time to time, special elections do come along—like a recent election to replace Senator John Kerry when he was appointed Secretary of State. The Town Clerk has not come to FinCom for funds in the past because this grant fund was there to draw upon. Mr. Garofalo added that he had spoken with Town Clerk Doreen Tremblay who said she had built her FY15 budget with the knowledge she had \$17,000 in the special fund to count on. Some of the grant money is used to pay the wages of a part-time, year-round elections employee.

On the subject of personnel, Mr. Reed added a request for \$6,751 to fund 250 hours for the Healthy Community Coordinator in Youth & Family Services Department. This employee works part-time and has been paid with grant funds that are now elapsing. He showed a graph with a number of about 175 non-school employees since 2005.

Mr. Thomas asked why the Selectmen’s expenses line item had increased so much. Mr. Reed replied that the additional money is for collective bargaining. The number had been higher but some of it was transferred out to pay for other collective bargaining agreements, a move approved at Special Town Meeting in November.

Mr. Thomas pointed out that if the normal number of elections will double in FY15, the elections line item should double to \$44,000 not \$50,000. Mr. Reed said that not all elections are created equal: some are longer, draw more voters and require more staffing while others are shorter with fewer voters.

Mr. Thomas questioned the Facilities “repairs” line item. Mr. Reed said that sometimes staff are unable to fix something and outside contractors must be called in. Before Facilities Director Richard Jones retired, he reviewed the Facilities budget and adjusted the “repairs” line item to more closely match the level of funding required in the recent past.

Within the Public Works budget, Mr. Thomas noted the “overtime” line item, asking where the need for overtime comes from. DPW Director Sorenson answered that several common areas generate overtime: emergency crews, special events, burials and field upkeep.

Mr. Kenney asked about the Healthy Community Coordinator. Mr. Reed answered that the Coordinator has been working with Town departments and boards—like Schools, Planning, COA, Health, Public Works and Transportation Advisory Committee— to do an array of healthy lifestyle programming like Bike/Walk to School. The Coordinator takes a “multi-discipline approach”, working with /between existing departments. She has been paid mostly with grant funds but also partially by salary funds under

BYFS. Because it is grant-funded and considered a temporary position, it does not include benefits. In a year or so, the position might become a permanent 20 hour/wk job but it would be benefit neutral.

Ms. McClung asked which department takes care of cutting hazardous trees in conservation land. Mr. Reed said that sometimes the DPW responds but trees interior to conservation land are often taken care of by the Conservation department.

Mr. Steele asked how the new refuse and recycling program was going. A full report compiled by Mr. Sorenson is in the Dropbox but a summary shows a “pretty successful” program in which recycling has increased, tipping tonnage has declined, and revenue from bags and carts is robust. The Town has saved \$120,000 since the single 48 gallon barrel program was initiated in the fall of 2012. The balance in the refuse/recycling revolving account is just over \$59,000. Mr. Reed said \$24,000 from the revolving fund was used toward paying the FY14 hauling costs. In FY15, \$26,000 will be used for this purpose. Ms. Delano from the DPW added that 20% of the community’s tonnage comes from town/school buildings.

Ms. Perry was delighted to hear about the success of the program but wondered about households that regularly have overflowing trash carts. Is the cart picked up anyway? Mr. Reed said it is part of the part-time Recycling Coordinator’s job to work with residents who may need assistance in this regard. The household can be cited but Ms. Delano said that fines for persistent overflowing carts have not yet been levied. She added that the DPW has received calls asking whether the recycling is truly being recycled, perhaps due to confusion over the trucks that have dual capacities for both refuse and recycling.

Mr. Carluccio asked about the Recreation Department revolving account, noting that it never seems to go below \$500,000. Another account that appears overly large is the Cemetery account. Mr. Reed said the Cemetery Fund is used, in part, to maintain plots perpetually. The Fund is where money from sales from cemetery plots is deposited. Mr. Reed said that some amount could be used annually to offset cemetery upkeep but it would not be enough to completely fund the cost. Mr. Garofalo said the Town might into further raising plot rates, which are still comparatively underpriced, although rates were raised as recently as two years ago.

As for the Recreation revolving fund, Mr. Garofalo said he would provide information about how the fund fluctuates. Mr. Thomas noted that the fund appears to have increased by 20% in the last year. Mr. Carluccio said “the fund is being built on the backs” of those who pay Rec fees. If the rates were correctly gauged, the fund would even out after it fluctuated. Mr. Thomas agreed that the rates should be lowered if the fund keeps building.

Mr. Reed said that the Rec Commission administers the revolving fund, as specified by Mass General Laws. The Selectmen can weigh in, but ultimately the decision lies with the Rec Commissioners.

Mr. Thomas commented that, as he looks at the different components of the Rec budget, he sees that Springs Brook Park is not paying for itself.

Mr. Garofalo said that the line items highlighted in the Special Accounts and Grants document are ones that will be closed out to the designated fund balance.

The rise in veterans' benefit payments may not be temporary for Bedford since the VA intends to build a 70 unit residence for indigent veterans. Vets may live in the residences briefly while they get support services, but there will be other vets coming behind to take their places.

Mr. Busa asked which Town employee contracts expire this year. Mr. Reed replied that there are three contracts not yet settled: emergency communication officers and police expire this year; last year's firefighter contract is still pending. The base salary increases are about 2% with 1% on July 1 and 1% on January 1. These are COLA increases which do not factor in the cost of step increases. Over three years, increases have been under 7%. There are 5-6 steps only on the Town-side and the salary range from bottom to top is narrow.

Mr. Busa asked about the School Nurse contract, saying that the salary increases in this particular contract seemed out of step with other Town employee contracts. Mr. Reed said, given the situation, the increases in School Nurse pay were justifiable because they were far below—and remain below—comparable towns. Mr. Busa agreed that comparison was a factor to consider but growing budgets at a faster rate than revenue is the cause of municipal bankruptcies.

Mr. Busa asked about the true cost of cemetery maintenance. Mr. Reed said he doesn't believe the cost of cemetery grounds-keeping has been broken apart from the full grounds-keeping budget. Mr. Busa pointed to the \$900,000 in two accounts for cemeteries and asked if some of that money could be transferred to pay for other needs. Mr. Reed said that money in the account goes toward perpetual upkeep; if the two accounts were depleted, a capital project would be needed to maintain the cemetery.

Mr. Garofalo referred to a 2010 school grant line item that shows a negative balance of \$80,000, saying that between he and Mr. Coelho—whose department shows different bookkeeping on the subject—the discrepancy needs to be sorted out. So far, the reason for the two different balances has not been discovered. There were staff changes in both the School and Town finance departments at the time which perhaps explains the different accounting.

Mr. Garofalo said that the School finance department cuts no checks. All checks come out of the Town finance department.

Mr. Steele said he would like to see the game plan for how the Town will address special fund and grant balances. Mr. Garofalo said that different funds have very specific uses and cannot just be spent down. Mr. Steele clarified that he is only speaking about unrestricted funds' balances.

Mr. Busa asked whether Middlesex Community College will fund additional police officers in Bedford as they have in Lowell. Mr. Reed said that this is under discussion. As for the addition of a canine squad on the Bedford Police force, Mr. Reed said the questions of long-term costs have not been fully answered.

Mr. Busa asked whether the Town has researched outsourcing grounds-keeping as other towns have. Anecdotally, Watertown has saved "significant" money and does not have to buy as much equipment

since making the change. Mr. Reed said he has some information about the issue but delving into the matter has not been set as a priority for him by the Selectmen.

Asked why the DPW wants to buy two dump trucks simultaneously rather than staggering the purchases, Mr. Sorenson said that the vehicles are in terrible shape and won't pass inspection. He agreed that it would be preferable to spread out the purchases. Mr. Busa asked about the lifespan of the new trucks. Mr. Sorenson said he expects 20 years of service from them.

In response to a question from Mr. Seibert, Mr. Reed confirmed that the Selectmen had passed the \$38,174,203 budget. This amount includes the funds for the additional elections and for the veterans' benefit payments.

Mr. Seibert asked why the \$160,000 in the School budget for an IT project wasn't bonded. Mr. Garofalo said it could be bonded but Capital Expenditures had not recommended that course of action.

Mr. Seibert clarified that one person rather than the two that were originally requested had been hired last year for DPW. Mr. Reed said that the Economic Development Officer is a part-time position that has not yet been filled, although it is in process. The ability to fund the position without increasing costs is due to last year's Finance Department's reorganization that combined positions to reduced staffing by two positions.

Mr. Seibert said the comparative community survey that shows Bedford with higher per capita DPW spending also shows higher police and fire expenditures. Mr. Reed said these higher costs are due to the large influx of business population during weekdays. Traffic, roads, water and sewer demands increase Town staffing needs that the residential population total would not seem to justify.

Mr. Seibert said, even with these underlying causes, the numbers for police and fire look out of whack to him and bear looking into.

Another number that seemed higher was the "Human Services" expenditure. Mr. Seibert said it was over by \$500,000. He believes the reason for this is that School Nurses are included in the Town-side budget rather than in the School-side.

"Intergovernment expenses" was another area in which the numbers were askew. Mr. Garofalo explained that transfers from the sewer fund, community preservation, and stabilization could affect this number. For example, other communities have enterprise funds for water and sewer.

Mr. Seibert asked how many hours the request for the Healthy Bedford Coordinator represents. Ms. Baldauf said it was about a quarter of the Coordinator's 20 hours a week. All the Coordinator's hours have been covered by grant funds until now. Ms. Baldauf is looking for more grant money and the outcome of the applications should be known fairly soon.

Mr. Seibert asked about the refuse line items, noting that tipping fees have gone up by \$30,000, recycling fees have gone up by another \$10,000-\$15,000 and that disposal fees went down. Mr. Sorenson said there are two different contracts –one for collection and one for the tipping fees at the

incineration site. The tipping fee was renegotiated and it went down as a result. The refuse and recycling expenditures will go up each year over the course of the current five-year contract.

In the final round of comments, Mr. Thomas reiterated his concerns over the size of some of the revolving funds.

Ms. McClung commented that, as a resident, she was very pleased with the roll-out of the new trash collection system and happy that many of the concerns the 48-barrel program initially generated were allayed.

Ms. Perry said she would like to see a month-by-month revenue and expenses breakdown of the Rec Department revolving fund.

Mr. Carluccio said that there has been a “marked improvement” in the condition of athletic fields since Mr. Sorenson became DPW Director.

In the category of “Insurance and Benefits”, Mr. Carluccio asked how much would be added if the Schools’ proposed staffing increases are funded. Mr. Garofalo replied the amount would be \$202,000.

Mr. Bowen referred to the Veterans’ Benefits issue, saying it is non-discretionary, reimbursable and comparable to the transportation funding for homeless students. Perhaps the line-item could be re-allocated to the non-discretionary column and avoid repeated debate?

Ms. Baldauf said the budget has typically been \$120,000 but was decreased last year and reallocated when the Lexington/Bedford Veterans’ District was first created. Because that year’s number was lower than \$120,000, it makes this year’s level of need worse.

Mr. Busa said that Mr. Reed and Town department heads do a great job and that it is appreciated.

Pam Nelson, a Liberty Road resident, asked about the additional FTEs proposed by the Schools, saying there was concern within the parent community about staffing cuts. Mr. Seibert explained that the School Committee has presented a budget that includes additional FTEs but FinCom has not resolved where the funding would come from. Mr. Steele, FinCom liaison to the School Committee, clarified that there are no proposed cuts to existing staff; the potential cuts are to additional staff. Mr. McAllister of the School Committee and Ms. Nelson repaired to the Town Hall lobby for a more in-depth conversation on the issue.

Financial Model 2.7:

Changes have been highlighted. They include:

- An increase in the sewer revenue;
- Possible addition up to \$250,000 in State Aid. The Committee agreed to change the State Aid figure by \$200,000 due to the budget not being settled at the State level;
- Up to \$290,000 in impact aid can be transferred. In the last model, this line item was \$100,000 but Mr. Garofalo changed it because the full payment was received and is now in the bank;

- Prior article balances: an offset of \$16,441 seen in a previous capital request from DPW for fields improvement/Springs Brook Park. It is likely that this amount will be seen again as a transfer at ATM;
- Bonding of \$2,213,600 is for 2 dump trucks, water main and a \$1m estimate for the sewer repair.
- Bonding \$1m for sewer line repair (see below);
- The State assessment figure changed to \$390,303 based on the actual Cherry Sheet number. The majority of the money is MBTA with other small assessments as well;
- Snow/Ice deficit was changed from \$220,000 to \$300,000 based on a recent FinCom decision. Until the most recent storm, that number seemed adequate but further adjustment is possible. Mr. Garofalo said that most of the snow deficit reserve is intact, however.

Mr. Sorenson estimated it costs an average of \$7,000 per inch of snow, with higher or lower costs per storm depending on whether they occur during the week or on weekends. Mr. Sorenson said he had not really changed how the department handles snow removal since he became director.

- Mr. Garofalo changed all the department numbers based on the budget books. Having done that, the Selectmen budget is shown over guideline by \$55,168.
- The Schools' FinCom guideline increase of \$986,905 is also highlighted.

Mr. Garofalo said that the sewer break will cost about \$54,000. FinCom can take the money to pay for the break from the Reserve Fund or from the Sewer Fund. Based on Mr. Garofalo's analysis of the Sewer Fund balance, money would have to be transferred by Town Meeting from the Reserve Fund to the Sewer Fund to cover the cost. If it was decided that DPW's sewer budget should increase to cover the cost, the \$54,000 would then come from the Sewer Fund.

The \$1m preliminary estimate for repairs to the sewer pipe is not a final number but Mr. Sorenson has put the amount in as a placeholder. The 20-inch sewer main rupture and although the breakpoint is technically in Lexington, the pipe is Bedford's trunk line. The pipe was installed in 1973 and lies under the middle of the road. The break was not solely weather-related but the result of external corrosion, possibly because the ground is wet in that area.

After the breach was contained, clear water continued to flow into the pipe indicating further compromise to the system. Mr. Sorenson said that another section of the pipe near Shawsheen Cemetery is affected by internal corrosion. The two problems together mean 2,700 feet of pipe must be replaced. Contractors Weston and Sampson are developing cost analyses to determine which of three options will be used to do the repairs. Because the potential for another break exists, the plan is to complete the repairs soon, during the upcoming summer months.

There are no other access points to the MWRA sewer system and because the trunk line runs down the middle of the street, the repairs present complex traffic and logistical problems. To pay for the \$1m

project, a bonding article is planned the upcoming Annual Town Meeting warrant so that work can commence this summer.

The bonding article does not affect the model but it does affect the debt profile. The loan could be for 20-years and would be paid for through the sewer rates, Mr. Garofalo said. Due to the type of pipe involved, there is no potential for a 0% loan from the MWRA as there has been for recent water pipe repairs.

Because the sewer main repair project needs to be done, a previously planned \$300,000 INI bundled water and sewer project bonding article has been postponed.

Mr. Garofalo enumerated several claims on the FY14 Reserve Fund of \$ 625,982 that total \$671,400: a water deficit of \$202,000; the sewer break of \$54,000; the homeless transportation of \$357,000; veterans' benefits of \$55,000; and already approved DPW salary adjustment of \$34,000. These demands total \$45,000 more than is currently in the Reserve Fund.

Mr. Garofalo said that FinCom will need to go to ATM and request an increase in the FY14 Reserve. There are three potential pockets that could fund the increase: the Stabilization Fund, a \$54,000 Sewer Fund transfer into Reserves, or certified Free Cash.

Mr. Garofalo recommended that the Sewer Fund be tapped for \$54,000 but in the event that another unforeseen problem occurs, he also suggested that another \$100,000 from Free Cash (now with a balance of over \$900,000) be transferred to Reserve.

The Sewer Fund balance figure from June 30th of any year is the amount that can be tapped for sewer-related issues. Mr. Garofalo projects that the Sewer Fund will have \$1.7M come June 30, 2014.

Mr. Carluccio asked that all fund balances be available weekly since questions arise about them at every meeting.

Mr. Thomas asked what sorts of things have been done in the past with the Sewer Fund. Mr. Garofalo said it has been used similarly to a stabilization fund. For example, if MWRA water rates go up, money from the Sewer Fund can be used to keep residential rates level. The Sewer Fund can't be used for water but it can lower the combined effect of a rise in water/sewer bills.

Mr. Reed said that the practice for many years has been not to use the June 30th date as the "measuring date" of what would be transferred. Instead the account would be monitored and a transfer amount determined right before ATM. Because the transfer is made in March— and there are still several months of sewer revenue coming in until the end of the fiscal year—there's always a substantial balance on June 30th.

Mr. Seibert asked if anyone had any reservations about transferring \$54,000 from the Sewer Fund and \$100,000 from Free Cash into the Reserve Fund. Mr. Garofalo said that when the water and sewer rates are set, all the bonded water and sewer articles are considered in rate calculation. He suggested bonding the project over 20 years so that the effect on the rates would be as gentle as possible. The

water and sewer account is run like an enterprise account with the collected fees kept to specifically address needs for the program from which the money originated.

Ms. McClung, Mr. Carluccio and Mr. Busa asked if the sewer repair project could be paid for with cash on hand from the Sewer Fund instead of through bonding. Mr. Reed said that course of action would be considered. The amount in the account at the time of ATM will determine how much can be taken from the account to offset the cost of the project.

Mr. Garofalo said that he currently has \$ 4.5M to transfer from the Sewer Fund but should have \$4.8M to cover all the needs. Mr. Reed said the reason for the large balance is a one-time payment from Hanscom AFB whose sewerage outflow costs was billed to Bedford without the Town's knowledge and without compensation. Mr. Reed said the situation had gone unrecognized until it was discovered by former DPW Director Rich Warrington about 15 years ago. It took a while to negotiate but finally a retroactive agreement was forged. Hanscom will also pay the Town going forward.

Mr. Carluccio asked if Hanscom would share in the cost of the sewer main repair. Mr. Reed said there was the potential to do so although no conversation has yet taken place. Mr. Reed calculates that about 20% of what flows through the pipe originates at the Base.

Budget Discussions/Votes:

Planning Board: Mr. Seibert summarized the Planning Board's request saying Planning's budget already has an additional \$9,000 included for Comprehensive Plan costs that was not removed from the FY15 budget. The Board has also asked for another \$11,500 to increase the Assistant Planner's hours from 24 to 40.

Mr. Bowen made a motion to increase the budget for the Planning Board by \$11,500. Mr. Carluccio seconded.

Discussion: Mr. Busa said the entire increase is for salary and asked if any of the balances in the development escrow accounts could be used. Mr. Garofalo said that the funds must go to finish work that is not completed as agreed or given back to the developer once the contingencies are met.

Ms. McClung said she is concerned about increasing staffing, not just for Planning but across the board. She feels that staffing should be discussed so that there's a "this versus that" understanding before budget decisions are made.

Mr. Seibert said he used to be on the Planning Board so he's sympathetic with the request. However, he noted that the argument Planning used for needing additional staff hours was that they have more work than they can handle—a situation that should change now that the Comprehensive Plan is finished. Mr. Seibert recommended that the Town should see how well Planning fares with time now reclaimed to conduct business as usual.

Mr. Steele asked for verification about an unrestricted Planning penalties and fines account that holds \$16,835.63.

Mr. Thomas said that Planning has the potential to facilitate more business revenue coming to Bedford which would rebalance the tax base. Mr. Bowen and Mr. Carluccio agreed, with Mr. Bowen adding that updating the zoning codes and the development environment are worthy goals.

Mr. Carluccio said, if the \$16,000 in Planning's account could be used for the Assistant Planner's hours, it would last a year and then Planning would return with the same request next year. Mr. Steele, Ms. McClung and Mr. Busa said that Planning should use the money this year and see how things go.

Mr. Garofalo said he could ask the Planning Board to release the funds to the designated fund balance increasing Free Cash for next year. Mr. Busa said it would be best, in his opinion, not to increase Planning's baseline. Mr. Seibert said that Planning has come in for the last several years asking for another several thousand dollars each time; now they're coming back for more.

Mr. Garofalo said, while it hadn't been mentioned during Planning's presentation, he knows from payroll accounting that Mr. Garber was unable to take 2-3 weeks of his accrued vacation time this year due to his workload.

Mr. Seibert pointed out that the Assistant Planner will be increased to 24 hours/wk. and that the office will no longer be burdened with the extra work the Comprehensive Plan entailed. Mr. Bowen responded that though the Plan is complete, it now needs to be implemented and that will take time.

Ms. McClung asked whether there will be overlap between the Planning Office and the new part-time Economic Development Officer. She is generally concerned with overlap between departments.

Mr. Carluccio said the Planning department has a relatively small budget where small increases represent large percentages. Testimony from the Planning Board and information from Mr. Garofalo indicates that Mr. Garber is working too much and is in danger of burning out. He added that it's an important department that's historically been neglected. Mr. Carluccio said it sends the wrong message to dismiss Planning's request. But, on another front, using any reserve account money in this case, if possible, would set a good precedent for the other departments. He recommended that a decision on the Planning budget be deferred until answers about the Planning reserve account can be obtained. Mr. Garofalo said he would investigate and get back to the Committee.

The hand count on Mr. Bowen's motion to add \$11,500 to the Planning budget resulted in a 2-5-2 vote to disapprove. The issue will be re-visited once information about Planning's reserve account is obtained.

Board of Health: Mr. Garofalo recommended waiting for this vote because information about a forthcoming new hire might change Health's budget request slightly. The vote was therefore postponed until Feb. 13.

Library: The library's request to increase staff hours would cost an additional \$ 22,123 over guideline. Mr. Busa pointed out that the Library has about \$1M in various special accounts. Mr. Garofalo said one option that the Library has is to reduce its budget for books and reallocate the funds to salaries. It could then take funds from one or more of the special restricted accounts to pay for books. Mr. Bowen

confirmed that the Library would still be eligible for the State grant no matter which budget figure was approved.

Mr. Busa made a motion to not increase the Library's budget over guideline was seconded by Mr. Carluccio. The motion passed 9-0-0.

Selectmen: Ms. Perry made a motion that \$55,168 be added to the Selectmen's budget which was seconded by Mr. Bowen. The motion passed 8-0-1.

Before the vote, a discussion took place about funding the additional amount for elections, also requested for the Selectmen's budget. Mr. Reed pointed out that if you set aside the \$51,352 earmarked for veterans' benefits—an amount that will be reimbursed—the Selectmen's budget would only be \$3,816 over guideline because the remainder of the increase for elections had been absorbed by \$24,000 in nips and tucks elsewhere.

Ms. Perry said it should be recognized that the number of elections and related costs will fluctuate from year to year. Mr. Garofalo said the Town Clerk has never come back to FinCom for additional election funds because the special account has taken care of the costs.

Mr. Busa agreed that the veterans' benefits and election costs are supportable expenses but he still wants to see special funds cleaned up across the board.

Ms. Perry agreed that looking at the special accounts was important. However, she expressed concern with tying the resolution of these accounts with approval of the budgets. She recommended adding up the overage requests and then figuring out where additional funds can be found to satisfy the requests.

Ms. McClung said it made sense to her to use the special fund for elections to cover the \$3,816 requested for elections since it is a one-time need and isn't for salaries.

Ms. Perry amended her motion to say that \$51,352 be added to the Selectmen's budget. Mr. Kenney seconded.

Mr. Reed clarified that the vote was to increase FinCom's guideline figure for the Selectmen's budget by \$51,352.

Mr. Seibert countered that he would put the entire \$55,168 forward as the increase. Mr. Busa agreed.

Ms. Perry withdrew her amended motion; Mr. Kenney withdrew his second of the amendment.

The original motion was repeated: Ms. Perry's motion to add \$55,168 to the Selectmen's budget that was seconded by Mr. Bowen. It passed on a vote of 8-0-1.

Mr. Seibert asked if there were any concerns FinCom wanted to express to the School Committee through Mr. McAllister prior to next week's vote on the School budget. Mr. Bowen said he left the most recent School Committee meeting with the sense that the School Committee expects the over guideline amount to be passed. He said there was no discussion of what Plan B would be.

Mr. Steele said his discussions this week with School Committee members show “they want to know what’s available.” Mr. Busa said there are funds available in the Schools’ special accounts.

Mr. Carluccio said he also attended the last School Committee meeting and said that the high school principal had made an incredible presentation on the curriculum. Based on the presentation, “it seems like a heck of a school.” Mr. Carluccio added that the comments and questions from the School Committee were also impressive. However, when he compares that presentation with the budget and technology presentations made last week to FinCom, he is not similarly impressed. He questioned the investment in technology and said that use of technology didn’t enter into the high school principal’s curriculum presentation, adding that he thinks the School Committee needs to evaluate where the technology program is going.

Mr. Kenney agreed, saying he was not impressed with the technology presentation. Ms. McClung added that it made sense to ramp up technology gradually to see where the level of need truly lies.

Mr. Thomas said his over-riding concern is that he has no idea where the additional \$652,256 requested would come from.

Mr. Seibert said there was another layer of cuts that wasn’t fully presented that included Foreign Language at Lane School. He added that Superintendent Sills seemed to say that eliminating the program would be beneficial to time available for reading and math time. Additionally, if the lesser budget with another \$387,000 in cuts was approved, the FTE requests would go down as would the \$202,000 in additional benefits that accompany the additional FTEs.

Mr. Garofalo will find out how many FTEs figure into the additional cuts and how that affects benefits.

Meetings attended:

Ms. McClung attended Historic Preservation. The Commission discussed the Old Burial Ground where the stone wall has been damaged by the sidewalk snowplow and needs to be replaced. The project is estimated at \$25,000 and will go out to bid.

The depot passenger building has received \$60,000 in historic preservation grant funds and \$75,000 from CPC but HPC is also looking for another \$200,000 from Town Meeting to complete another phase of work on the building.

The Job Lane House does not have an occupancy permit for the barn but the intent is to rent it out for events.

The Shawsheen pump house slate roof needs to be restored. Costs estimates are \$100,000 and Town Meeting will be asked to approve the expense.

Jenks Nature trail needs labels for trees.

Shawsheen Cemetery is looking for preservation grants.

The VA will add a number of residential housing units.

Mr. Seibert, Mr. Bowen, and Ms. McClung attended a four-town Finance meeting. Mr. Seibert showed the 23-page guideline letter that Concord sends out to its Town Committees and Boards. The Concord FinCom has 15 members and members are limited to two consecutive terms. Concord's FinCom report is 112 pages and includes five-year forecasts, used primarily for collective bargaining purposes. Bedford's FinCom report has been two pages in length although Mr. Garofalo said it would be longer this year.

A motion to adjourn was made by Ms. Perry, seconded by Mr. Bowen. The vote was unanimous 9-0-0.

Respectfully submitted,
Kim Siebert, FinCom Recording Secretary