

**Advisory Committee Meeting
Juliani Room, Wellesley Town Hall
Wednesday, March 20, 2019, 7:00 p.m.**

Those present from the Advisory Committee included Jane Andrews, Todd Cook, Rose Mary Donahue, Bob Furlong, Mary Gard, Bill Maynard, Paul Merry, Dave Murphy, Lina Musayev, Betsy Roberti, Mary Scanlon, Tom Skelly and Andrea Ward.

Tom Skelly called the meeting to order at 7:00 p.m.

Citizen Speak

There was no one present for Citizen Speak.

Advisory Reserve Fund Request

Marc Waldman, Treasurer and Collector for the Town of Wellesley, was present.

- The Board of Selectmen (BOS) has been briefed on this \$30,000 Reserve Fund request
- The request stems from an error processing federal withholding taxes over three payroll dates in August and September, which resulted in a \$61,000 IRS penalty for late payment
- The penalty was appealed based on the circumstances and the appeal was denied
- Penalty payment was made in December
- This is not the first time this error has occurred, with a request needed from the Advisory Reserve Fund
- Trying to figure out how to prevent this error; it is a manual multi-step process and all the steps were followed except for the last step, which involves a second screen at the bottom of the page where the payment is made
- As soon as the error was discovered, the payments were made and a letter written to the IRS immediately rather than waiting for the IRS to come to the Town with a penalty notice
- Prior to these errors, the Town had switched to a single bank account at a new bank (eliminating its separate payroll bank account) to save on banking fees; however, Town is now (effective March 29) re-establishing a separate payroll account
 - This will serve as a double-check: payroll is made on Monday and taxes are paid on Tuesday, so the account should have a zero balance by Wednesday
- Fine was \$61,000: Treasurer is asking for \$30,000 from Reserve Fund, and balance will be paid from the savings that had been realized from switching to new bank; should be enough to get through the end of the fiscal year
- Individuals who are processing payroll/taxes will be retrained; confirmation numbers for tax payments will be recorded on every document; taking every step possible to avoid this

A question was asked about the potential for appeal: The initial appeal was filed in October and denied in December. Town has filed a second appeal, which is pending, asking the IRS to consider reducing the fine. If the Town does get relief, then the money will revert back to Free Cash.

A question was asked as to the amount of the penalty for the first infraction (several years ago): It was between \$20,000-\$25,000; only one pay period involved. A follow-up question was asked if we can outsource payroll: The Town has not previously been comfortable outsourcing the payroll process because it is not simple; for example, the School payroll is bi-monthly but the Town payroll is weekly.

A question was asked if the new bank had a response to all this: The bank is the keeper and transmitter of money; the Town is the initiator; the bank doesn't have any responsibility here. Town has a single account with substantial balances; bank gives interest earnings on the account, plus earnings credit towards fees on this same money.

A question was asked about the fees for running a second account for payroll: Because of the earnings credit, the Town is saving about \$1,500 to \$2,000 per month in fees. Fees are the highest line item in the Treasurer's budget. The retirement payroll has also been put with the new bank (TD Bank) so hopefully the Town will see enough earnings credit from the higher balance to continue to offset the bank fees.

A comment was made recognizing that it is hard to come before Advisory to ask for funds; usually the approvals are for unanticipated rather than avoidable circumstances. However, this is an extraordinary request and it is good that additional steps have been put in place to mitigate future occurrences.

A question was asked if there is a way to automate the payments to the IRS: No, it's a manual system set up by the IRS.

Appreciation was expressed for the establishment of the additional payroll bank account. A question was asked if there is any way for the Treasurer to check to see what the IRS is receiving: The confirmation number is the acknowledgement that everything was done that should be done; this is what the Treasurer's office will be focusing on going forward. The money has to be moved into the payroll account to cover payroll. Every week the new payroll account will be reviewed and if there is still money in it then something didn't get paid. The hope is that this should be a good check and balance.

A question was asked if the personnel involved in this instance were the same ones involved in the last instance and how confident the Treasurer is that the checks and balances will be effective: The Treasurer's office has a small staff and is trying to expand responsibility so that more people are trained. It is a manual process that falls to a small staff.

Andrea Ward made and Bill Maynard seconded a motion to approve the transfer of \$30,000 from the Advisory Reserve Fund to the Treasurer/Collector account. The motion passed 12 to 0.

Board of Selectman (BOS) re: Annual Town Meeting (ATM) Article 7 (Supplemental FY19 Appropriations), Article 8 (Omnibus Budget) and Article 26 (Transportation Infrastructure Funds)

Jack Morgan, Chairman, BOS, was present.

There are two motions that will be presented at ATM under Article 7:

- *Article 7, Motion 1* is the traditional snow and ice supplemental request. Snow and ice funds are deliberately under-budgeted each year, with a supplemental request made the following March for the actual costs incurred during the preceding winter. This is the way most towns handle snow and ice expenses. Earlier this year, the BOS approved a \$300,000 supplemental appropriation for snow and ice. An additional \$150,000 supplemental appropriation was recently approved by the BOS due to a late-in-season event. Therefore, the total FY19 supplemental snow and ice request to ATM is \$450,000.

A question was asked whether the \$450,000 is added to the FY19 budget placeholder for snow and ice costs: Yes, the \$450,000 would be added to the \$357,420 budgeted in FY19 for snow and ice, for a total of \$807,420. An additional question was asked as to the amount of the prior years' actual totals: These

range between \$600,000 and \$1 million. An additional question was asked if the number of snow events is the same each year and how many are covered for the \$357,000 initially budgeted amount: The \$357,000 barely covers fixed costs.

A comment was made that, according to the Board of Public Works, this year there was less snowfall but more events (and more prolonged events); the brine treatment method introduced by the Department of Public Works (DPW) reduces costs. Some concerns were expressed about the snow and ice funding method, including the fact that it artificially depresses the budget by not budgeting the true costs.

- *Article 7, Motion 2* is an appropriation of \$90,000 to the BOS salary account. This is a reflection of the agreement reached with the former Executive Director; it was mutually agreed to pay her a lump sum for the remainder of her contract, which expires January 2, 2020. Her annual salary was a little over \$197,000; the agreement essentially funded a 10-month lump sum payment, including some sick time and vacation time accrual. The BOS salary account has some savings this year, due in large part to the Assistant Executive Director position having remained open since November. Finance calculated what has been spent and what monies are available for the remainder of the year, including an allowance to bring a new Assistant Executive Director on board in May. BOS made conscious decision to fund this shortfall via an Article 7 appropriation in the interest of transparency.

A question was asked as to the amount of the agreement: The bottom line is, this is what was agreed to with the former Executive Director. An additional question was asked if there is money in the budget to pay for this shortfall: Yes. Also, the FY20 budget is not impacted by the Executive Director transition.

Additional ATM matters to bring to Advisory attention:

- *Article 26, Motion 1*: The Town receives payments from the state for Uber/Lyft rides that originate in Wellesley. The amount from last year is a little over \$19,000. The Town has known about this since the fall; BOS began talking about how to expend those funds; Town Counsel concluded that a specific appropriation was needed through Town Meeting. The BOS had hoped to have a mobility task force in place to make the recommendation, but simply hasn't been a high priority. However, after receiving suggestions from a Town Meeting Member and speaking with/soliciting opinions from a variety of Town entities, including the Sustainable Energy Committee, the Traffic Committee and the Police, BOS has a recommendation: all groups are aligned behind idea of putting in a pedestrian-activated crossing light ("Pilecki light") at Walnut and Damien Streets. This crosswalk currently has a school crossing guard (for Schofield) in the morning and afternoon.

A question was asked whether this would eliminate the crossing guard: The BOS has not asked the Chief about this, but confident that the crossing guard would remain.

A question was asked about the BOS plan for recommending Uber/Lyft fund expenditures going forward: A plan and strategy will be developed this spring and fall; this first year is viewed as a "one-off" decision; the BOS will know the dollar number from the state early in the year in order to plan; these decisions need to be part of a broader transportation plan and strategy.

A question was asked about the upcoming reconstruction of Walnut Street and whether this new light would be affected: The reconstruction of Walnut Street is not viewed as substantially changing the width of the street or sidewalks.

A comment was made that the neighborhood has been advocating for this.

An additional comment was made that this pedestrian light is necessary to slow down the traffic.

- *Revisions to Article 8, Motions 2 and 3:* Based on Advisory's unsupportive vote on March 2 for the Mental Health Services Initiative, the BOS decided to pull the \$160,000 in funding for that initiative out of the Article 8, Motion 2 budget and also to reduce the free cash use dollar-for-dollar in Article 8, Motion 3. The majority of the BOS is supportive of the concept of the initiative but is trying to work through the questions asked by Advisory – how the new position will work and be managed. The BOS expects to put a placeholder on the Special Town Meeting (STM) warrant with the hope to come back to Advisory with more information. Advisory was supportive of the concept but had concerns about the timing. The BOS decided this initiative wasn't fully developed and, rather than push it at ATM, hopes to present a full plan at STM.

A comment was made that there is a need for such an initiative, but the Town won't get maximum benefit without having a stronger plan. Advisory received emails from residents in support of the mental health initiative.

A request was made for an update on STM, particularly with Wellesley Office Park (WOP) and the two other properties. A question was also asked as to how much time Advisory will be given to digest the materials and hear about the projects and ask questions before STM: The BOS wants to hear new Executive Director Megan Jop's perspective on the details of the development agreements and zoning initiatives that would be involved in the Delanson Circle and Weston Road projects. She is also having meetings with WOP principals and reviewing materials. The BOS has asked her to provide information on where the Town is on timing and process; anticipate discussing this at upcoming BOS meeting and, after consulting with Advisory, hope to be able to firm up the May 13 date for STM.

Permanent Building Committee/School Committee re: ATM Article 19 (Middle School Steam Pipes)

Kevin Kennedy, Project Manager, Facilities Management Department (FMD) and Owner's Project Manager (OPM) for the Middle School piping project; Tom Goemaat, Chairman, Permanent Building Committee (PBC); and Melissa Martin, Vice Chair, School Committee (SC), were present.

The general bids were received yesterday. Assuming ATM approval, the schedule is as follows: May 28, notice to proceed; summer 2019, piping work; work to continue on second shift basis during the 2019-20 school year; summer 2020, new boilers installed and piping completed, with the project finished in the fall of 2020.

Lowest bidder is \$800,000 under where previously projected (at 60% budget). Costs are as follows:

- Construction Bid \$2,478,000
- Architects/Engineers \$155,000
- OPM \$0
- Clerk of the Works \$60,000
- Project Logistics and Commissioning \$86,500
- Builder's Risk Insurance \$10,000
- Hard & Soft Contingencies \$399,450
- **Total Project Request \$3,188,950**

A question was asked if the low bidder has experience with this type of project: The low bidder was the contractor for the High School project.

A question was asked if the pipe replacement will occur during the winter of 2019-2020, insofar as the school could be without heat in the winter if a mistake were made: The switchover to the new piping won't occur until all the piping is done and the boiler replaced (summer 2020); the new system will be installed parallel to the existing system. In any event, the vendor would have to bring in temporary heat should the heat fail.

A question was asked about comments heard in Town that the High School is half as efficient as it should be and that utility bills are twice as high: There has been discussion about the High School efficiency but there is no information that it is half as efficient as it should be. A follow-up question was asked if the Middle School system will be the same type of system as the High School has: No, it will not be the same system. The boilers at the Middle School will be 90% efficient.

A question was asked why the builder's risk insurance costs went down so much in the final bids: If the project is over \$3 million, then there is a higher builder's risk cost. With the lower bid, this project came in under the \$3 million threshold and therefore the builder's risk costs were lower.

A question was asked why the bids came in so favorably: The job is substantially labor; all bidders have the same price for materials, so the delta in price is labor.

A question was asked if the number would change (and therefore whether Advisory needs to wait for PBC to vote before it votes): FMD and PBC are very comfortable with the low bidder and reviewed all their documentation.

Discussion and Voting on ATM Warrant Articles

Article 7

Andrea Ward made and Mary Scanlon seconded a motion for favorable action on Warrant Article 7, Motion 1, as proposed by the Board of Selectmen, to appropriate \$450,000 from Free Cash to the Board of Public Works – 456 Winter Maintenance Fund for snow and ice removal costs. The motion was approved 12 to 0.

Andrea Ward made and Rose Mary Donahue seconded a motion for favorable action on Warrant Article 7, Motion 2, as proposed by the Board of Selectmen, to appropriate \$90,000 from Free Cash to fund the salaries of staff in the Office of the Board of Selectmen in Fiscal Year 2019. The motion was approved 12 to 0.

Article 8

Andrea Ward made and Lina Musayev seconded a motion to rescind the vote taken by the Advisory Committee on March 2, 2019 regarding Article 8, Motion 2. The motion was approved 12 to 0.

Andrea Ward made and Mary Scanlon seconded a motion for favorable action on Article 8, Motion 2, as proposed by the BOS, to appropriate \$169,145,751 to the Town Boards and officials for the purposes outlined in the 2020 Omnibus Budget. The motion was approved 12 to 0.

Andrea Ward made and Mary Scanlon seconded a motion to rescind the vote taken by the Advisory Committee on March 2, 2019 regarding Article 8, Motion 3. The motion was approved 12 to 0.

Andrea Ward made and Mary Scanlon seconded a motion for favorable action on Warrant Article 8, Motion 3, as proposed by the BOS, to transfer \$2,340,000 (TWO MILLION THREE HUNDRED FORTY THOUSAND DOLLARS) from Free Cash to reduce the tax rate. The motion was approved 12 to 0.

Article 16

A comment was made that it is necessary to revote the Community Preservation Committee (CPC) appropriation for the Duck Pond Bridge reconstruction project to reflect that appropriation is being made to DPW.

Andrea Ward made and Paul Merry seconded a motion to rescind the vote taken by the Advisory Committee on February 13, 2019 regarding Article 16, Motion 5. The motion was approved 12 to 0.

Andrea Ward made and Lina Musayev seconded a motion for favorable action under Article 16, Motion 5, as proposed by the CPC, to see if the Town will vote to appropriate \$91,000 from the Open Space Reserve to the Department of Public Works for the reconstruction of the Duck Pond Bridge. The motion was approved 12 to 0.

Article 19

Andrea Ward made and Lina Musayev seconded a motion for favorable action on Warrant Article 19, as proposed by the School Committee, that the Town vote to appropriate the sum of \$3,188,950 to be expended under the direction of the Permanent Building Committee, for architectural and engineering construction, administration, construction services and associated costs related to the repairs of and modifications to the Middle School Steam Pipe System, replacement of heat exchangers with high efficiency boilers, and for any other services in connection therewith; and the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow that sum. The motion was approved 12 to 0.

Article 22

There was discussion about who would be picking up the difference in the higher costs for the turf replacement, as the bids came in higher than expected. There is slightly over \$500,000 available in the Playing Fields fund. Questions were raised about whether CPC funds could be made available. Before re-voting the new number, Advisory will ask DPW/CPC/Playing Fields Task Force to present at an upcoming meeting.

Andrea Ward made and Paul Merry seconded a motion to rescind the vote of the Advisory Committee taken on February 27, 2019 regarding Article 22. The motion was approved 12 to 0.

Article 26

Andrea Ward made and Lina Musayev seconded a motion for favorable action on Warrant Article 26, as proposed by the Board of Selectmen, that the Town appropriate \$19,337.70 (NINETEEN THOUSAND THREE HUNDRED THIRTY-SEVEN DOLLARS AND SEVENTY CENTS), received from the Commonwealth Transportation Infrastructure Fund for calendar year 2017, by expending said funds under the direction of the Board of Public Works to install a Pedestrian Crossing at the intersection of Walnut and Damien Streets. The motion was approved 12 to 0.

Liaison Reports/Administrative Matters/Minutes Approval

Andrea Ward made and Mary Gard seconded a motion to approve the January 30, 2019 draft minutes, as revised. The motion passed unanimously.

Advisory will draft a brief supplemental Advisory Report at the end of the week to inform Town Meeting Members what is different from the main Advisory Report. The supplement will be emailed; hard copies will also be available at Town Meeting.

School Committee/Jane Andrews

- School Committee (SC) met and discussed its budget
- SC will not eliminate the Director of Diversity position
- SC will not create a gap list
- Circuit Breaker carryover funds might be used to cover the gap
- There is no planned meeting between the BOS and SC prior to ATM

Advisory encouraged a budget meeting between SC and BOS.

Adjourn

Mary Scanlon made and Bill Maynard seconded a motion to adjourn at 8:30 p.m. The motion passed unanimously.

Items Reviewed During the Meeting

Middle School Piping Project Schedule and Budgetary Cost, March 20, 2019