

FY2010 Budgetary Hearings

Appropriations Committee

Chairman Mortimer, Infurna,
Brodeur, Tramontozzi, Forbes,
Wright, McAteer-Margolis,
Seaboyer, Medeiros, Conn,
Boisselle
In attendance: City Auditor/CFO
Patrick Dello Russo, City Engineer
Bob Beshara, Deputy City Engineer
John Scenna

Appropriations Committee called to order by Chairman Mortimer at 7:02 p.m.

Alderman Infurna motions to open Public Participation, 2nd by President Boisselle. All in favor. No one comes forward. Alderman Tramontozzi motions to close Public Participation, 2nd by Infurna. All in favor.

Order No. 09-166, City of Melrose Operating Budget for Fiscal Year 2010 in the amount of \$60,281,978.62. Amended to \$60,248,052.62:

012962-529303 Traffic Code	-\$ 500.00
014332-522700 Trash Disposal	-\$ 5,000.00
Regional School	<u>-\$28,426.00</u>
	-\$33,926.00

Alderman Forbes moves to recommend as amended, 2nd by Alderman Tramontozzi. All in favor.

Order No. 09-167, Water Enterprise operating budget for Fiscal Year 2010 in the amount of \$3,888,206.36. Amended to \$3,853,206.36:

614512-522401 Hydrants	-\$10,000.00
614512-536310 Wat Meters	-\$ 5,000.00
614512-527302 Repairs	<u>-\$ 5,000.00</u>
	-\$35,000.00

Alderman Conn moves to recommend as amended, 2nd by Alderman Wright.

Alderman Medeiros moves to cut line-item 614512-525350, DR/BC SVC by \$8,500, saying there is a memo from Mr. Beshara stating these funds are not needed next year; 2nd by Alderman Brodeur. All in favor.

Alderman Tramontozzi motions to move the new bottom-line, 2nd by Alderman Brodeur. All in favor.

Order No. 09-168, Sewer Enterprise operating budget for Fiscal Year 2010 in the amount of \$6,387,383.58

Alderman Tramontozzi motions to suspend the rules to hear from the City Engineer, the City Auditor, and the Deputy City Engineer, 2nd by President Boisselle. All in favor.

Mr. Beshara says he put together a handout with a few salient points to help the Board of Aldermen understand the Sewer Enterprise Fund. The only major sewer project that has been done this decade is the Upham Street Force Main. The Inflow/Infiltration program's goal is to eliminate groundwater infiltration into the sewer system. Groundwater infiltration increases the sewer flow to the MWRA system. Sewer flow determines the percentage share of the MWRA budget that the City is assessed. If Melrose's flow share is 10%, the City is assessed 10%. The construction being done is working to reduce the MWRA assessment increases. The FY2009 sewer assessment was based on an average daily flow of 5.33 MGD; the FY2010 sewer assessment is based on an average daily flow of 5.19 MGD, a reduction of 2.6%. The MWRA assessment has increased 1.7%. Salaries, including Union negotiated pay increases have increased 1.4%. Supplies and materials including gas and oil have increased 3.0%. The projects the Board has approved have helped to hold down the MWRA assessment rate.

Alderman Infurna gives kudos to Mr. Beshara for working diligently on the water and sewer enterprise budgets. Work on the sewer projects and the I/I program is great and she appreciates it. She says he heard the aldermen throughout the budget hearings—this is the year to help keep the rates down.

Alderman Conn says every time the aldermen get the rates he tries to work backwards to find cuts but he has to admit the MWRA has bested him this year. He can't find enough cuts to cover the percentage increase. He agrees the projects are doing good things but the MWRA is going to keep bonding money and increasing Melrose's rates.

Alderman Conn moves to cut 604412-513000, Overtime, by \$5000 to \$25,000, 2nd by Alderman Brodeur. All in favor.

Alderman Brodeur says the vast majority of this budget is the assessment. There is legislation pending to allow Wilmington to join the MWRA and asks if that will have any affect on the financial piece. Mr. Beshara says it may spread the pain out but he doesn't know how much it will cost to bring them in. Alderman Brodeur asks if the MWRA is aggressively seeking new customers. Mr. Beshara says they are.

Alderman McAteer-Margolis says it's important to continue the I/I projects from an environmental point of view. Water has become an expensive commodity. She says there was \$170,000 in surplus last year and asks if that has been taken into account. Mr. Dello Russo says yes. Mr. Beshara says it is included in the budget to reduce the rate. Alderman McAteer-Margolis says the Senate budget appears to have cut MWRA reimbursement to cities and towns and asks how that impacts the City. Mr. Beshara says he has heard that the MWRA will make up the difference.

Alderman McAteer-Margolis moves to cut 604412-525350 DR/BC SVC by \$8500 to \$0, 2nd by Alderman Medeiros. All in favor.

Alderman Medeiros asks if the \$170,000 applied to the budget provided \$.22 savings to the rate. Mr. Dello Russo says that's correct.

Alderman Seaboyer says the MWRA will absorb the cut in the Senate budget by having new customers. Wilmington will pay over \$7 million to join; however, Wilmington won't

lower Melrose's rates.

Alderman Wright asks about the Professional Services line-item and if the need for certain services are anticipated. Mr. Scenna says year-to-date \$7200 has been spent with some funds carried over from FY08. This money is used for the engineering staff, maintenance for the pump stations, and IT support for water and sewer billing. The amount has been increased due to problems at the pump stations. Alderman Wright asks if this is a realistic projection and if it's paid out hourly as needed. Mr. Scenna says yes; the other line-item, pump station maintenance, is used for regularly scheduled maintenance.

Alderman Brodeur asks if interns are paid out of this line-item. Mr. Scenna says no; they're paid from part-time salaries.

Alderman Forbes asks if the 2.6% decrease in the average daily flow is due to water conservation. Mr. Beshara says it's decreased by 8.6% since 2007. The unaccounted-for water is 2.3% of that. The daily flow has decreased 15.4% since 2005. Without the projects it would have continued to increase. On the sewer side, the I/I is not intended to decrease the rate but to maintain the sewer system. He says he has asked the MWRA why the Melrose sewer rate continues to increase after spending a lot of money on projects. Essentially the City is maintaining its system as well as possible. The system is deteriorating and the MWRA's assessment is increasing. In the short term the City may get funds from the Lynnfield project that may be used on the I/I program. Some funds have been promised for Melrose Street that will eliminate problems at the Roosevelt School. Alderman Forbes asks if the MWRA has its own I/I program. Mr. Beshara says yes, on its own system. Alderman Forbes asks if the debt reduction is included in this budget even though it's been cut by the Senate. Mr. Beshara says it is; he expects the MWRA will absorb it.

Alderman Medeiros asks what happened between 2003 and 2005 when the consumption rate was off the charts. Mr. Beshara says 2003 was his first year with the City. The first projects done were two water pumping stations. Those improvements didn't get into the MWRA's system for a few years. Alderman Medeiros asks if Professional Services includes funding for mapping; Mr. Beshara says no, it's used to bring in technical services for small in-house projects like the one on Otis Street. Alderman Medeiros asks if line-item 536320, Parts, included a sewer vacuum last year. Mr. Scenna says it's for vehicle parts in DPW's fleet. Alderman Medeiros asks if there is any room in that line-item to spare. Mr. Beshara says \$11,000 has been spent on that already this year.

Alderman Brodeur asks Mr. Beshara if he thinks the economic slowdown will drive water usage down. Mr. Beshara says what happens more often is that people don't pay their bills – they let it go to lien. If people lose jobs, they don't pay the water and sewer bill.

Alderman Conn moves to cut line-item 536100, Pipes, by \$3000 to \$5000, 2nd by Alderman Brodeur.

On discussion Alderman Forbes asks if these are metal pipes. Mr. Beshara says no; he has spent \$11,000 to date on pipes and fittings. Alderman Tramontozzi asks if he has a surplus of pipes in storage. Mr. Beshara says he has stock in the City Yard for breaks

so they are available when breaks happen. Alderman Tramontozzi asks if he estimates he has 6 months worth of stock. Mr. Beshara says he has enough for 2 or 3 breaks. Alderman Tramontozzi asks if he has enough to get through to the end of the year. Mr. Beshara says he can't predict that. To date \$1,300 has been spent and \$13,000 is spoken for to pay for invoices waiting to be paid or for pipes on order. He says he encumbered \$7,000 from last year.

On the motion to cut line-item 536100, Pipes by \$3000 to \$5000, motion fails.

Alderman Brodeur motions to move the bottom-line as amended, 2nd by Alderman McAteer-Margolis. All in favor.

Order No. 09-202, Amending Melrose Revised Ordinances, Chapter 228, Article II, Section 228-15 (Water Rates Established)

Alderman Conn says it isn't necessary to pass the rates this evening and asks Mr. Dello Russo if they just have to be set before the next fiscal year. Mr. Dello Russo says that's correct.

Alderman Conn motions to join orders 09-202 and 09-203, 2nd by Alderman Brodeur. All in favor.

Order No. 09-203, Amending Melrose Revised Ordinances, Chapter 228, Article IV, Section 228-30 (Sewer Rates Established)

Alderman Conn moves to place the orders on hold, 2nd by Alderman Brodeur. All in favor.

Alderman Brodeur motions to adjourn, 2nd by Alderman McAteer-Margolis. All in favor.

Appropriations Committee adjourns at 7:42 p.m.

Maribeth Harrington
Clerk of Committees