

Town Council Finance Committee  
Thursday, May 16, 2019, 2:00 PM  
Town Room, Amherst Town Hall

**Call to Order:** Councilor Steinberg called the meeting to order at 2:10 pm.

Members present: Bahl-Milne, Griesemer, Pam, Schoen, Steinberg

Members absent: None

Others present: Bockelman, Aldrich (Finance), Mooring (Public Works).

Video and audio of full proceedings available on Amherst Media.

Finance Chair Steinberg announced that this Budget review meeting would focus on the Department of Public Works and Enterprise Funds, all under the direction of Mooring. Mooring presented the budget information and responded to questions or comments.

**1. DEPARTMENT OF PUBLIC WORKS.** Gilbert Mooring stated that this was a level budget, no changes except contractual ones (pp 66-67, 123).

The Department faces several major challenges – he provided a handout during the meeting with details for each.

**A. Challenges of Compliance with New Permits:** The Town water and other areas operate under four broad permits regarding water management, wastewater, landfills and Storm water, permits for each of these are changing or expected to change with tighter restrictions due to environment and conservation concerns.

**Water limits:** Once DEP and EPA permits have been renewed; all water limits will be lowered as part of sustainable water management to conserve water. This includes reduced per capita use rates, reduced allowances for unaccounted flow (from 10% to 5%), and controls on amount of water from water sources, including reservoirs.

**Wastewater:** permit revisions will lower limits on discharges into the Connecticut River. Currently the Town has an old plant. Waiting on the design of a new plant until final permit provisions.

**Land Fill:** permits set conditions for monitoring and compliance, including closed land fill areas.

**Municipal Separate Storm Sewer System (MS4).** This is a new permit from EPA. The challenge is how to fund the necessary work for maintenance, monitoring, reporting. This might be an area to consider a new enterprise fund.

**B. Expectations.** Staffing has changed little in recent decades -budget increases have been mainly to meet wages and contractual increase. Yet demand for services is up. Since no new funds are being added to maintenance, funds are stretch to service Groff Park, the

comfort station, and Community Field thus dwarfing funds available for trees and grounds.

**C. Staffing Service Expectations:** Difficulty in retaining good staff. After hiring and training workers, higher paying towns poach them; i.e., environmental scientist gone, job now divided among three others.

Committee comments and questions:

Griesemer asked how long the licenses last. Answer is it depends – different permits last for shorter or longer time periods. EPA first time was 5 year. Next will be 10 years.

Is there an estimate of what will be required for update of the treatment plant? Answer not yet. Best guess in \$4 million range. This would be financed from the Enterprise fund.

Schoen: Are there projections of the needed increase in rates to finance a new treatment plan? Answer: DPW has been building into rates now in anticipation. Yes, this will be necessary, and they will calibrate once they have a better estimate of the costs.

Griesemer: Does borrowing count against debt limit? Answer: Not water and sewer, confirmed by Aldrich

Steinberg asked whether any differentials or able to distinguish use for agricultural or other uses of water. Answer: Metering can determine differential uses by type of user. Able to track by classification of users.

Schoen: Would it be possible look at impact of differential rates for large users, such as UMass or large apartment buildings. Answer: Yes, could do this. For an example, could look at Northampton where they have commercial and residential. It is also possible to do larger – bulk users – Northampton charges less for small businesses.

Pam asked about regional efforts NY and NJ regarding environmental. Mooring noted that NY spent a lot of money to address wastewater. Amherst and region discharge much less. There are ongoing permit discussions about what might make sense.

## **2. ENTERPRISE FUNDS and DPW General Services**

Asked about reserves, Mooring replied that the Department aims for one fourth of revenues in reserve. Have one million in water and wastewater, but lower reserves in solid wastes.

The following summarizes discussions of enterprise fund and DPW services areas.

- 
- a. **WATER.** Asked about supply in the event of a drought, Mooring noted Amherst has multiple sources and excess supply, can vary the source beyond Atkins Reservoir. There are new rules which will likely require restrictions for large apartments and companies to monitor use; UMass is metering its buildings. The water plants will need to be modernized but will wait until details of new permit clear. Rates the same for residential and commercial. Uses can be classified—Agriculture, Residential, Commercial, big institution, bulk rates. The new permit is expected to lower rates of nitrogen and phosphorus wastewater after treatment that can be discharge into in the Connecticut river; we must work with neighboring states. Amherst provides water for Hadley, Belchertown, Pelham and charge the same rate. But if they don't pay, we can cut off the water. Amherst water that flows through UMass campus. It would be expensive for them to contract for another source. Amherst pays property taxes for land in other communities that protects our watershed. Within Amherst payment in lieu of taxes contribute to the Enterprise Fund. To ensure adequate supply and efficient use, will need to automate and update older processing plans such as Baby Carriage and likely rehabilitate the Centennial Plant. Steinberg noted that water and sewer rates will be coming to the Council and Finance Committee later this year.
  - b. **Sewer.** The estimate for a waste-water treatment center is not in the 5-year plan; it is a separate 4 Million plans waiting for permit requirements. Capital purchases are paid out of enterprise funds or repaid out of future increases. This will be outside of the debt ceiling. The Department is waiting for permit requirements to detail 4 million plan to be paid out of enterprise funds. This will require future rate increase.
  - c. **SOLID WASTE.** This Fund has lower financial reserves. This Fund faces challenges. The Committee raised the issue of trash collection. Mooring noted that in the past the Town decided against doing its own trash collection. Now that there is only one truly local collector. It would be possible to have the Town contract with private collector. To keep multiple contractors, the Town could assign areas so only one contractor truck comes through each neighborhood. The recent report of the Refuse and Recycling Committee makes recommendations –these were reported to the Council. Could be a topic for future decisions. Mooring observed that landfill costs will go on forever because of required monitoring, that continues decades after a landfill is closed.

### **General Discussion DPW including TRANSPORTATION - ROADS.**

What is the impact of funds being moved to road repair to the backlog of needed repairs? Department makes plans in the fall and winter so ready to go in the spring. Because they have fewer engineering interns, they are falling behind, and staff must go out into the

field. Schoen asked if can see how much of work in-house compared to contractor. Answer yes - in other details. The questions of cost per road depends on how much work they do, including whether they must rebuild from the ground up and/or change the profile of the road. Bahl-Milne asked about new work order system to streamline. DUDE, the new work order system, requires Department to train all their staff to go digital. Town staff gives feedback to reporting individuals.

Steinberg: ongoing challenge to explain to resident where their road on the list. Mooring has a list with priority and rating. There's a 5-year plan - although changing depending on conditions. Not accurate to assume that if not done one-year rolls to the next. Could skip a year depending on the roadway plan.

Mooring noted that we can't predict how the road rebuilding will go. Bockelman observed that we must take care of what we have before installing new sidewalks. Must do what is needed to prevent future collapses.

Bahl-Milne asked about broad budget decisions and priorities, rather than looking at each in pieces. How does the Town prioritize buying conservation land, repairing roads and other concerns? Bockelman responded emphasis on maintenance – taking care of what we have rather than building new. Hard choices. Likely coming to the end of purchasing land for conservation and focus on maintaining, enhancing.

Bahl-Milne asked about sidewalk repair – elderly, wheelchairs and crosswalks. Is there special attention to those with disabilities. Response: Crosswalks are done as part of big projects. They must be ADA compliant. Same with repair of sidewalk or major road work – requires cut outs and reworking

Steinberg noted high electric energy use, asked about solar potential. Mooring said low draw at DPW building. High use at plants. This would require more substantial solar – yes possible

Schoen asked about potential for lights and solar at crosswalks, Mooring said this was possible. All are battery powered. If we put in solar powered blinking lights for crosswalks, we would have to buy the big industrial boxes costing \$12,000.

Committee noted big increase in “personnel” line expenditures for DPW on p 70, from FY 19 \$40,000 to FY20 \$270,000? Is this allocation for schematic design. Answer: yes, that is the allocation for schematic designs for the new DPW building at a new location.

DPW noted they had a deficit of \$140,000 for snow and ice removal. The changing pattern of global weather has resulted in lots of little storms which are more expensive to deal with than a few big storms. This shortfall was covered from transfers from the general fund.



**Transportation Fund:** Steinberg asked about reserves available for bus routes. Aldrich answered balances on page 169, July 2018 balance before the allocation to bus routes. Remarked that will need to track to determine if can sustain support of expanded hours for bus routes.

Bahl-Milne asked about drop in parking fees budget – negative 7% page 169. Aldrich said do not have actual revenues yet, there was an increase in FY18. Mooring noted do not yet have good information about use of meters. There is a reduction in parking ticket income because when people use apps, they don't overstay and get tickets

The projection in the budget in parking meter fees – not project as much because do not need the revenues. This is “budget” mechanism – not accurate forecast. Back into the revenue number based on budget. If bring in more the Fund would have increase in cash reserves.

Schoen observed that at end of year may have more free cash than now shown. May in fact have more available for supporting bus routes. At end of FY19 will have better estimate of free cash. Aldrich confirmed.

Parking fees and parking discussion continued.

Steinberg noted that the Nygaard study on parking will be ready soon. New Parking garage looks not to be economically feasible. Their estimate is that it would cost \$40,000 for each space; can't build it out of enterprise funds looking at annual revenues from Enterprise Fund – parking meter revenues not sufficient. Finance committee will need to address – will need to review the April Nelson Nygaard report. If building a new garage comes up as an issue, Finance will need to address cost and revenue issues.

Griesemer asked if the Boltwood garage was built to be strong enough to add floors and space later. Mooring answered “yes” but unlikely to be able add stories to Boltwood Garage because more recent building reduced required setbacks. More difficult to build, especially on the North Pleasant street side.

Schoen asked if this was known when buildings permit issued. Answer: This impact was not likely part of the discussion when Planning and the Town approved the buildings.

Parking fees: The rules and fees have changed. The Town Council will be able to assess, review and set Parking rates later this year. Town Manager sets some of the rates. Transportation Fund looks at rates – DPW – goes to Town Manager. TM noted that the Parking study will raise these issues. Expect this will come to the Council in the Fall.

Schoen observed underground spaces are reserved but often empty. Bockelman noted \$1,000 fee set for steady revenue. Possible to revisit rates and understand use. Mooring

noted that now allow parking overnight on street. Now need off-street only a few times a year. Will influence the discussion.

Mooring observed the Northampton built their garage with an Enterprise Fund and set rates to operate. Bonded for the building, have reworked rates multiple times.

Meeting with DPW adjourned.

Steinberg drew attention to Draft Finance report on Short Term rentals based on May 14 meeting. This issue was also reviewed at CRC meeting. The Committee approved the report. Motion to approve the report by Griesemer. Approved by all.

**3. BUDGET UPDATES.** None

**4. PUBLIC COMMENT.** There was no public comment.

**6. Future Meetings;**

The next Finance Committee meeting will be the public hearing on the Budget at 6:30 on May 21. Bockelman will make a presentation to Finance and full Council to provide a framework with more detail than what was presented to the Council earlier.

May 23 Finance meeting will continue the budget review with CPA and capital projects. Steinberg noted will also have to decide on content of Finance committee report to the Council with recommendations. May 28 meeting focus on the Report, and vote on recommendations of orders to report. Town Attorneys are drafting the orders. Committee decided to start the meeting at 1 PM on May 28 to adjust for Griesemer need to leave by 4 PM.

Bahl-Milne noted that she would be absent on 5/21 and 28.

The motion by Schoen and seconded by Griesemer to adjourn the meeting at 4:20.

Draft Minutes by Dorothy S. Pam, May 28, 2019. Revised by C. Schoen 5.29.19

Documents reviewed at meeting:

FY20 Town Manager Budget Proposed

Handout by DPW on Challenges (provided during meeting)

Approved 5/31/19