



**OFFICE OF SELECTMEN  
MEMORANDUM**

**TO:** Sean Lynn-Jones, Chair, Advisory Committee

**FROM:** Melvin A. Kleckner, Town Administrator

**SUBJECT:** DPW Recycling Contract for Fiscal Year 2016

**DATE:** July 13, 2015

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**This is in response to your inquiry relative to the Fiscal Year 2016 DPW Recycling contract. I regret the miscommunication over this contract that has led to some controversy among members of the Advisory Committee. I value and respect the Advisory Committee's role and it was never my intent to mislead or put the members of the Committee in an awkward position.**

**Before addressing your specific questions, I would like to clarify the funding of this contract. It was not necessarily our intent to fund the increase in the Recycling contract via a transfer from the Reserve Fund. We were aware of the likelihood that FY 2016 general revenue would be enhanced by higher than projected State Aid. When making this request, we offered that the funding from the Reserve Fund could be temporary, to be replenished at the Fall 2015 Special Town Meeting. We felt that having a transfer ("loan") from the Reserve Fund would be an easier mechanism than having the DPW make intra-departmental transfers to keep its budget in balance in advance of a supplemental appropriation at the Fall Town Meeting.**

**Initially, I was surprised by the reaction of the Advisory Committee since we felt we were being transparent in advising the Committee of this budget issue and allowing it the discretion to determine whether a Reserve Fund transfer was advisable. In retrospect, I understand that this proposal put the Advisory Committee in the difficult position of having to certify the "extraordinary or unforeseen" threshold established in state law and questioning whether the administration was intentionally withholding this information in order to avoid action at the Spring Town Meeting.**

Please find below the answers to your questions;

- **When did your office become aware that the recycling contract would exceed the budgeted amount in the FY 2016 budget by \$200,000?**

**I was aware of a possible funding issue on May 28 when negotiations between the vendors and the Town concluded. However, with so many cost assumptions and moving parts in the DPW solid waste budget (e.g. PAYT), it was not clear how much or if the Department would experience a shortfall at all. In the first or second week of June, the Commissioner projected the shortfall at \$150,000. This amount was later projected to be \$200,000. As you know, the Deputy Town Administrator informed you of this shortfall on June 9 and we prepared an official memorandum and related transfer request on June 10.**

- **Was there an opportunity to inform the Advisory Committee prior to or during Town Meeting so that the Committee's recommended budget could be adjusted accordingly, even if that required offering an amendment at Town Meeting?**

**Yes. In retrospect, I wish I had alerted the Committee and the Board of Selectmen to the possibility of a shortfall upon the conclusion of negotiations on May 28. However, I would not have been able to specifically identify the shortfall amount at that time. Even if the shortfall was known at that time, I would not have recommended a budget amendment at the Spring Town Meeting, knowing that there was likely additional budget capacity to be allocated at the Fall Town Meeting.**

- **Given that the bids received in April exceeded the projected cost of the contract, did you consider letting the Advisory Committee know then that its budget recommendations might have to be revised?**

**Not at that time. The term "bid" is used generically, but this procurement was not a binding bid process. Since solid waste services are exempt from the state procurement law, the DPW Commissioner developed a process of negotiations beginning with non-binding pricing proposals in April. In addition to being non-binding, these initial prices were complicated with varying levels of services and options. It is my experience that negotiations for solid waste services can produce dramatically better results than initial cost proposals and I felt it would have been premature to alert the Committee or the Board of Selectmen about a potential budget shortfall based upon those initial prices.**

**I apologize for the miscommunication that has led to your inquiry and pledge to keep the Advisory Committee more aware of issues that may lead to supplemental appropriations and/or requests for transfers from the Reserve Fund.**

**cc: Board of Selectmen  
Sandy Gadsby, Town Moderator  
Andrew Pappastergion, DPW Commissioner  
Melissa Goff, Deputy Town Administrator**