

**Needham Finance Committee
Minutes of Meeting of February 25, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:00 pm in the Selectmen's Meeting Room at Town Hall.

Present from the Finance Committee:	David Escalante, Chair Lisa Zappala, Vice Chair Scott Brightman Richard Creem	Richard Reilly Steven Rosenstock Michael Taggart
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Also Present: David Davison, Assistant Town Manager – Finance Director
Kate Fitzpatrick, Town Manager

There were no public comments.

Approve Minutes of January 14, 2009 and January 21, 2009: Mr. Reilly moves that the Finance Committee approve the minutes of January 14, 2009. Mr. Creem seconded the motion. Discussion: none. The motion was approved by unanimous vote: 7-0. Mr. Reilly moved that the Finance Committee approve the minutes of January 21, 2009. Ms. Zappala seconded the motion. Discussion: none. The motion was approved by unanimous vote: 7-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Entitled “Establish Elected Officials’ Salaries”: Also present for the discussion was Mr. Wasserman, member of the Board of Selectmen. Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant entitled “Establish Elected Officials’ Salaries”. Mr. Rosenstock seconded the motion. Discussion: Mr. Taggart asked whether there is any justification for the stipend of the chair of the Board of Selectmen to be \$1,800 versus \$1,500 for the other members of the Board. Mr. Wasserman stated that the chair of the Board of Selectmen is expected to host a chair's dinner. Mr. Taggart stated that the assessors' salaries were phased out and asked about the level of discussion of this Article by the Personnel Board. Mr. Creem stated that the salaries for assessors were phased out. Assessors once had administrative functions. Mr. Rosenstock asked whether assessors are covered under the pension plan. Mr. Creem stated that the assessors who received a salary were covered under the pension plan. Mr. Reilly asked about the possibility of Library trustees drawing a pension. Mr. Davison stated that the Town could adopt a rule that allows Library trustees to draw a pension. Mr. Davison expects that the option for Library trustees will disappear in the next round of pension reform. Mr. Rosenstock asked whether the future costs of pensions could be quantified. Mr. Davison stated that the Town is only liable for pensions for the amount of salary paid. There is currently one retired selectman drawing from the pension. Mr. Reilly asked whether there had been any discussion of freezing salaries. Mr. Creem stated that the Town Clerk is the only full-time elected position. The position is treated as if it were a position reporting to the Town Manager in terms of establishing an appropriate salary and

salary increase. The Town Manager has stated that a salary freeze is not necessary at this time. Mr. Escalante asked about the 7-week vacation provision. Mr. Davison stated that the Town Clerk's benefits were grandfathered. Town Meeting authorizes the benefits that are in the Warrant. A new Town Clerk would receive the new Town Clerk salary. The Town Clerk, as an elected official, is entitled to the salary whether or not he or she shows up. The Town Clerk is also entitled to ask for lump sum payments. The Town pays the current Town Clerk as it does all other management positions. The motion was approved by a vote of 6-0-1 (Mr. Brightman abstained).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Accept M.G.L. Chapter 39 Section 23D - Adjudicatory Hearings/Attendance": Mr. Rosenstock stated that the Article would allow hearings to move faster. Mr. Rosenstock stated that Needham has an image of being an unfriendly Town to do business. This will help with the Town's image. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Accept M.G.L. Chapter 39 Section 23D - Adjudicatory Hearings/Attendance". Ms. Zappala seconded the motion. Discussion: Mr. Brightman stated that, it is impossible to quantify what it means for the Town to look unfriendly. Mr. Creem stated that, currently, if a Board or Committee does not have a quorum, it has to reset the clock for adjudicatory hearings. Mr. Rosenstock stated that the result of the current adjudicatory process could result in a delayed process. Adoption of this Article would result in a more efficient process even if the exact fiscal effect is not determinable. The motion was approved by a vote of 6-0-1 (Mr. Taggart abstained).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Transfer of Budgetary Fund Balance": Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Transfer of Budgetary Fund Balance". Mr. Brightman seconded the motion. Discussion: none. The motion was approved by a vote of 6-0-1 (Mr. Taggart abstained).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Accept Chapter 73, Section 4 of the Acts of 1986": Mr. Rosenstock recused himself from the discussion and vote because he receives an exemption under this Article as a disabled veteran. Mr. Escalante stated that this Article is funded out of the overlay. Ms. Zappala moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Accept Chapter 73, Section 4 of the Acts of 1986". Mr. Creem seconded the motion. Discussion: The cost of exemptions in FY 2008 was approximately \$200,000. The cost in FY 2009 is approximately \$210,000. The amount is growing at approximately 4% because the average tax bill is up approximately 4%. \$84,000 was reimbursed by the State. The motion was approved by a vote of 6-0-1 (Mr. Rosenstock abstaining after having recused himself).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate for Senior Corps Program": Mr. Davison stated that the amount per person for the Senior Corps Program is \$800. Mr. Taggart stated that this is a separate warrant article so that the balance can be carried over from year to year. Mr. Davison

stated that there is generally a balance to carry over. The total amount in the Senior Corps Program has been as high as \$14,000 to \$15,000 and as low as \$2,000 to \$3,000. The last time the amount of the appropriation was raised, it went from \$7,500 to \$10,000. It is not necessary for the person applying to work to be a person in need. Ms. Fitzpatrick stated that the Program targets people in need. Mr. Escalante stated that both seniors and disabled people are eligible for the Program. Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Appropriate for Senior Corps Program". Mr. Reilly seconded the motion. Discussion: none. The motion was approved by unanimous vote: 7-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate for Compensated Absences Fund": The amount printed in the Draft Town Meeting Warrant is \$75,000. Mr. Davison stated that the amount is based on anticipated retirements. Mr. Taggart stated that the amount is lower than two years ago when the Article amount was \$100,000. Mr. Davison stated that the amount is going down because the number of employees eligible for sick leave buy back is going down. The amount requested in this Article could go up in any given year if more employees retire who are eligible for this benefit. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Appropriate for Compensated Absences Fund". Mr. Taggart seconded the motion. Discussion: none. The motion was approved by unanimous vote: 7-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Continue Departmental Revolving Funds": Mr. Rosenstock recused himself from the discussion and vote of this Article because his wife, an employee of the Town, receives part of her compensation from one of the revolving funds. Mr. Creem moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Continue Departmental Revolving Funds". Mr. Reilly seconded the motion. Discussion: Mr. Escalante requested a report of the funds. The motion was approved by a vote of 6-0-1 (Mr. Rosenstock abstained having recused himself).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 RTS Enterprise Fund Budget": Ms. Zappala presented the RTS Enterprise Fund Budget. If the Reserve Fund line is not spent, it goes to retained earnings. The market for recycled materials affects revenue. There has not been an impact on the revenue stream from the change in price in stickers. The retained earnings for the RTS Enterprise Fund are \$566,413. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 RTS Enterprise Fund Budget". Ms. Zappala seconded the motion. Discussion: Mr. Escalante stated that the budget is balanced with a subsidy from the General Fund. He asked what would happen if the subsidy were not raised or transferred to the RTS Enterprise Fund budget. Mr. Rosenstock stated that the Board of Selectmen would have to raise the RTS user rates. The motion was approved by a unanimous vote: 7-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 Sewer Enterprise Fund Budget": Mr. Davison discussed the

MWRA assessment. The assessment is in arrears based on the prior calendar year usage. Needham's increase was lower than the overall MWRA increase. Mr. Davison stated that the Town's Inflow and Infiltration (I&I) program is effective. Mr. Rosenstock stated that it would be helpful to Town meeting members if the MWRA and I&I information were included in the Article explanation. The retained earnings for the Sewer Enterprise Fund are \$3,452,000. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 Sewer Enterprise Fund Budget" as the budget appears in the document provided by the Executive Secretary with a total budget of \$7,237,245. Ms. Zappala seconded the motion. Discussion: none. The motion was approved by unanimous vote: 7-0.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 Water Enterprise Fund Budget": The budget to be voted is the budget distributed by the Executive Secretary, with a total budget for the Water Enterprise Fund of \$4,092,841. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft May Town Meeting Warrant Article Entitled "Appropriate FY 2010 Water Enterprise Fund Budget" as the budget appears in the document provided by the Executive Secretary with a total budget of \$4,092,841. Mr. Brightman seconded the motion. Discussion: The retained earnings for the Water Enterprise Fund are \$2,995,000. In March, Mr. Davison will recommend a water and sewer rate credit for fourth quarter bills. Mr. Escalante asked about the MWRA assessment and why it is \$500,000 less than the prior year. Mr. Davison stated that there was a wet summer and the Town drew less water from the MWRA in calendar year 2008. Mr. Davison stated that there may also be some savings because of the refurbished wells although the Town has not added any wells. Mr. Brightman asked about the water use of the Coca-Cola bottling plant. Mr. Davison stated that the use of water by Coca-Cola has stabilized. Mr. Rosenstock asked about the plans for spending the money that is in retained earnings. Mr. Davison stated that the money will be spent on water line replacement in the downtown area. Mr. Escalante asked about the increase in the water rates a few years ago because of the reduced use of water by residents overall. Mr. Davison stated that, with conservation efforts, the water rates do go up because the infrastructure cost of providing the water does not change with the amount of water provided. Mr. Escalante asked about the irrigation rates. Mr. Davison stated that second meters for irrigation drive up sewer rates. Mr. Rosenstock's motion was approved by a vote of 6-1-0 (Mr. Escalante dissented).

Reserve Fund Transfer Request – Finance Department: (Mr. Taggart left the room and was absent during the discussion). Mr. Davison stated that the Reserve Fund transfer request is a revised request for \$40,000 for the Finance Department. The Reserve Fund request is based on a transfer of \$22,500 from the Salary line to the Expenses line. \$75,827 has been expended in FY 2009. \$20,827 was absorbed by a spending freeze for the Treasurer and the Information Technology departments. This resulted in the original request for \$55,000. The result of transferring only \$40,000 will be that Information Technology department will not be able to hire any consultants. Mr. Creem moved that the Finance Committee transfer \$40,000 from the Reserve Fund to account number 0113505300. Mr. Rosenstock seconded the motion. Discussion: none. The motion was approved by a vote of 6-0-0 (Mr. Taggart was out of the room during the vote).

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article 23 Entitled: “Needham Property Tax Assistance Program”: Present for the discussion were Mr. Wasserman, member of the Board of Selectmen, and Ms. Pones, Town Treasurer. Mr. Wasserman explained that the purpose of the Needham Property Tax Assistance Program is to have a fund created and controlled by the Town. There are a couple of points of debate: whether the fund should be tied to the volunteer donations fund, whether there should be a ceiling or a floor on the amount appropriated to the fund. There are insufficient funds in the voluntary contribution tax relief fund to meet the needs of all the seniors who have need for tax relief. The process for the Tax Assistance Program would be by application and there would be a deadline for application. The Program could not be funded from the overlay. The age for eligibility would be 60 rather than 65. Mr. Creem expressed concern that if the Program is implemented, the annual appropriation for the program would be a financial warrant article that would be funded as a priority over the operating budget. Mr. Escalante asked about the number of people and level of benefit to applicants. Ms. Pones stated that there were 56 applicants in the most recent year, with tax relief grants of \$300 to \$600 per individual. Each year the number of applicants increases. The maximum grant right now is \$600. There was a discussion of whether the Program should be for all people in need rather than just seniors. There was a discussion of how assets and income may be used as criteria for eligibility. There was a discussion of how to market the voluntary contribution fund. There was a discussion whether the Town could afford the Program. Ms. Fitzpatrick stated that there needs to be an appropriation to the Program at the May Town Meeting so that the Program is legally established. There will be a public hearing on the program on April 7.

Discuss and Vote as Appropriate Draft May Town Meeting Warrant Articles Entitled “Accept Provision of M.G.L. Chapter 59 Section 5 (41C)” and “Accept Provisions of M.G.L. Chapter 59 Section 5 (41A)”: These two articles will be funded through the overlay. All exemptions and abatements are funded through the overlay. Section 5 (41C) lowers the age at which property tax exemptions are allowable from 70 to 65 and increases the eligible income level. The level of asset ownership is very low. Section 5 (41A) allows for a tax deferral with income under \$40,000. Acceptance of this provision of the Massachusetts General Laws would allow the Town to index the income level to the Senior Circuit Breaker. In FY 2009, the income level is \$48,000.

FY10 Budget Discussion: There was an increase of \$30,000 to the Minuteman Regional High School estimated assessment. The Town Manager will be requesting an additional inspector for the Department of Public Works to be funded through new fees.

Finance Committee Updates: There was a meeting between Town officials and the Massachusetts School Building Authority (MSBA). There will be no stimulus funds for MSBA projects. The MSBA was not clear whether it would include temporary housing of Newman students as part of the overall Newman repairs project. The scope of the Newman repairs was discussed. The MSBA would like all items that may be looked for to be included in the scope of work. The scope of work should not change as the project progresses. The one caveat is that the more items are included that are not MSBA reimbursed, the more complicated the project and project funding becomes.

Pursuant to Massachusetts General Laws Chapter 39, section 23b, Mr. Creem moved that the Finance Committee enter into executive session under subsection (3) in order to discuss strategy with respect to collective bargaining or litigation for the reason that an open meeting may have a detrimental effect on the bargaining or litigating position of the Town, or to conduct strategy sessions in preparation for negotiations with nonunion personnel, or to conduct collective bargaining sessions or contract negotiations with nonunion personnel, not to return to open session prior to adjournment. Mr. Rosenstock seconded the motion. Discussion: none. On a roll call vote, Mr. Reilly voted in favor of the motion, Mr. Rosenstock voted in favor of the motion, Mr. Creem voted in favor of the motion, Mr. Taggart voted in favor of the motion, Mr. Brightman voted in favor of the motion, Ms. Zappala voted in favor of the motion, Mr. Escalante voted in favor of the motion.

Respectfully submitted,

Louise Miller
Executive Secretary