

Town of Needham
Meeting of the Finance Committee
Broadmeadow Elementary School
120 Broadmeadow Rd., Needham, MA
January 25, 2010

Minutes

Members Present:

Lisa Zappala, Chairman	Rick Lunetta
Rick Zimbone, Vice Chairman	Dick Reilly
John Connelly	Steve Rosenstock
Richard Creem	Mike Taggart

Also Present:

Dave Davison, Assistant Town Manager
Kate Fitzpatrick, Town Manager
Janice Berns, Director of Public Health
Scott Brightman, Council on Aging Member
Chris Coleman, Assistant Town Manager
Ed Cosgrove, Vice Chairman of the Board of Health
Elizabeth Dennis, Human Resources Director
Denise Garlick, Selectman
Jamie Brenner Gutner, Council on Aging Executive Director
Susanne Hughes, Chairman of the Council on Aging
Cathy Lunetta, Chairman of the Youth Commission
Jon Mattleman, Director of Youth Services
Dave Tobin, Town Counsel

Call to Order

Mrs. Zappala called the meeting to order at 7:03 pm.

Citizen Requests to Address the Finance Committee

There were no citizen requests to address the Finance Committee.

Accept Minutes of Prior Meetings

MOVED: By Mr. Connelly, to accept the Minutes of the Meeting of November 2, 2009 as submitted. Mr. Zimbone seconded this motion, whereupon the motion passed by a vote of 5-1-2, with Mr. Taggart dissenting and with Mr. Lunetta and Mr. Reilly abstaining.

MOVED: By Mr. Zimbone, to accept the Minutes of the Meeting of January 20, 2010 as submitted. Mr. Reilly seconded this motion, whereupon the motion passed by a vote of 7-0-1 with Mr. Connelly abstaining.

Townwide Expenses Budget Review

Mr. Rosenstock presented the Townwide Expenses budget request of \$31,897,258, an increase of 10.4 percent over the appropriated FY10 operating budget. Mr. Rosenstock reviewed each category of Townwide Expenses, starting with the Casualty, Liability, Property and Self Insurance Program. According to Mr. Rosenstock the increase of \$14,000 for Insurance Premiums and Expenses had been removed as the Town Hall would be placed on the contractor's insurance during the renovation, offsetting the addition of the Public Services Administration Building, and the contract provides for an increase of no more than two and one half percent for FY12. Mr. Rosenstock stated that the Self Insurance and Small Claims line item, budgeted for \$35,000, had ranged from \$5000 to \$50,000 but that he was comfortable level-funding the line item.

With regard to Debt Service, Mr. Davison stated that the number listed of \$2,967,712 for debt within the levy is fixed at 3 percent of General Fund revenue within the levy based on the August 2009 Five-Year Pro-Forma. Mr. Davison stated that if interest rates drop the debt can be amortized quicker, and that if interest rates rise less principal can be paid off. According to Mr. Davison the final number for debt within the levy is always less than 3 percent due to revenue not being overestimated. In response to a question from Mr. Creem, Mr. Davison stated that the Community Preservation Committee's debt obligations for Town Hall will exceed its required 10 percent allotment for Historic Preservation for several years.

Mr. Rosenstock noted the reduction in Retirement Assessments for non-contributory Chapter 34 retirees, who entered the retirement system prior to 1937, due to the fact that there are only three remaining retirees or surviving spouses. With regard to Chapter 32 retirees in the Needham Contributory Retirement System, Mr. Rosenstock stated that due to recent economic conditions the Retirement Board has shifted its obligation to fully fund the system from 2021 out to 2028, and that this year's assessment has increased by 6.5 percent. In response to a question from Mr. Lunetta, Mrs. Fitzpatrick stated that the Needham Contributory Retirement System currently has 636 active participants and 474 retirees. Mr. Rosenstock stated that current employees contribute 9 percent of their salaries towards retirement, plus an additional 2 percent of any amount over \$30,000.

Mr. Rosenstock presented the Employee Benefits and Employer Assessments line item, noting that the largest component of this line item is health insurance for town employees, including teachers. In response to a question from Mr. Zimbone, Mrs. Fitzpatrick stated that employees pay approximately 30 percent of their health insurance premiums with the Town paying the rest. Mrs. Fitzpatrick stated that for the Town to change this split would require bargaining with all units, and that she has focused cost-cutting efforts through rate-saver plans for new employees with higher co-payments and higher deductibles. According to Mrs. Fitzpatrick, towns that pay higher percentages of health insurance premiums tend to have lower salaries as well. Mr. Rosenstock stated that the Unemployment Compensation component is higher due to the continuing extensions of unemployment benefits by the federal government, which according to Mrs. Dennis is now 92 weeks. Mr. Davison reported that the Town is self-insured for unemployment compensation claims.

With regard to the Retiree Insurance Program and Insurance Liability Fund line item, Mr. Rosenstock stated that the Town's unfunded actuarial liability as of July 1, 2007 was \$43,596,591, for which approximately \$2 million had been put away. Since then, according to Mr. Rosenstock, the Town has been funding retiree insurance and Other Post-Employment Benefits (OPEB) in accordance with a 30-year actuarial schedule. Mr. Davison stated that this 30-year schedule will be updated with a new actuarial analysis to take effect in FY12.

Mr. Rosenstock noted the decline in the Classification, Performance and Settlements line item due to the fact that most union contracts have been settled. In response to a question from Mrs. Zappala, Mrs. Fitzpatrick reported that the School Department has had a line item in its own budget to fund unsettled contracts.

Mrs. Zappala stated that the Reserve Fund line item is consistent with its historical percentage of the total budget.

In response to a question from Mr. Zimbone, Mrs. Fitzpatrick reported that the Town Manager's Executive Budget has revised the Casualty, Liability, Property and Self Insurance Program line item from \$539,000 to \$525,000, the Classification, Performance and Settlements line item from \$51,500 to \$30,000, and the Reserve Fund from \$1,349,561 to \$1,113,863.

Personnel Board Operating Budget Review

Mr. Lunetta stated that he was recusing himself from the discussion due to his membership on the Personnel Board. Mr. Creem presented the Personnel Board's operating budget request of \$11,600, and provided extensive background information on the history of the Personnel Board and its evolution to its role in town government today. Mr. Creem noted the Salary line item was set \$600 to cover the Recording Secretary at \$17.65 per hour, which he stated was in line with actual expenses of recent years. This line item was down, according to Mr. Creem, for the purpose of shifting \$500 to the Professional and Technical line item to fund the Personnel Board's quinquennial review of compensation and classification of each of the five townside classification groups. Mr. Creem reported that Olney Associates, the firm hired by the Town to perform the study, cannot perform the study for the previously funded amount of \$10,000 and that the Human Resources Department provides substantial assistance toward the study so as to fit the study within the amount appropriated.

Town Counsel Operating Budget Review

Mr. Reilly presented the Town Counsel's operating budget request of \$282,164, an increase of 7.6 percent over the appropriated FY10 operating budget. Mr. Reilly noted that the entire increase of \$20,000 is in the Professional and Technical line item and stated that this is the result of anticipated litigation exposure from the high school reconstruction project and the renewal of cable television contracts. Mr. Tobin and Mr. Connelly provided further information on issues with the high school project.

Health Department Operating Budget Review

Mr. Reilly presented the Health Department's operating budget request of \$459,841, an increase of 1.8 percent over the appropriated FY10 operating budget. Mr. Reilly noted additional revenue

to the Health Department in FY09 in the form of \$77,021 in fees and \$354,859 in grants, and stated that the only increases to the Health Department's budget request in FY11 were for step increases in salaries and one additional day for the Public Health Nurse to work on Emergency Preparedness. Mrs. Berns distributed the Health Department's annual report. According to Mrs. Berns the department administered approximately 8000 flu shots, approximately 6000 of which were the H1N1 vaccine. Mrs. Berns added that 53 percent of all elementary school students will have been given the H1N1 vaccine when the department finishes, and that the number would have been higher had the department not been forced to wait to acquire the vaccine. Mrs. Berns reported that the Emergency Preparedness grant had held steady and hoped for it to continue. Mrs. Berns stated that the Health Department has two revolving accounts, one of which is for the Traveling Meals program to deliver meals to fifty of Needham's oldest and frailest residents each day, and the other of which is the Immunization account which collects \$5 per immunization for a flu clinic although did not charge for the H1N1 immunizations. In response to a question from Mr. Connelly, Mrs. Berns stated that fees increase every March by approximately two to three percent. Mr. Reilly noted the department's DSR-IV request of \$1500 for attendance at a national convention. In response to a question from Mr. Rosenstock, Mrs. Berns stated that testing of artificial turf fields is in the Other Purchased Services line item and done by Fuss & O'Neil. Mrs. Berns stated that said testing revealed slightly elevated airborne levels of zinc, although normal levels of zinc in the water. Dr. Cosgrove added that this testing provided baseline levels of chemicals for the purpose of noting elevated levels in future years. In response to a question from Mr. Zimbone, Mr. Coleman stated that some grants are only eligible for application from the Health Department but have benefits for other departments as well.

Diversified Community Social Services Operating Budget Review

Mr. Rosenstock recused himself from the discussion due to his wife's employment within the Department and departed the meeting at this time. Mr. Lunetta also stated that he was recusing himself from the discussion due to his wife's membership on the Youth Commission Board and current status as Chairman. Mr. Reilly presented the Diversified Community Social Services operating budget request of \$564,000, a .1 percent decrease from the appropriated FY10 operating budget. Mr. Reilly and Ms. Gutner provided further information on grants to the Council on Aging. Ms. Gutner reported that the transportation grant the Council on Aging had been receiving had been grandfathered in from the Mini-Bus days but that the Council no longer meets the criteria to receive such a grant and the \$13,000 has been made up in donations. Mrs. Hughes added that the van owned by the Council on Aging was donated and that the Town pays for insurance although maintenance and upkeep expenses are donated. Mr. Davison reported that this vehicle is due for replacement in 2012 or 2013. In response to a question from Mr. Brightman, Mr. Coleman stated that the request for replacement provides for a replacement van as well as an additional van.

Mr. Reilly noted the consolidation of a Veterans District of Needham, Dover, Wellesley and Weston, and the upcoming retirement of Needham's Veterans Agent Jack Logan. Mr. Reilly reported that the Veterans Services budget consists of \$24,000 in Veterans Benefits, 75 percent of which are reimbursed by the state, and additional amounts for flags, 100 percent of which is reimbursed by the state, among other items. Mr. Coleman stated that the Veterans District will

have a headquarters in Wellesley but that the district director will hold office hours in each of the four communities.

Mrs. Lunetta distributed information regarding Needham Youth Services, including the program calendar and FY09 accomplishments. Mr. Mattleman provided detail on the "Make a Statement Day" at the high school and expressed gratitude for the donation of t-shirts for the event. Mr. Reilly praised the vast amount of counseling provided by the department, although expressed caution that difficult choices would have to be made if grants were to cease. In response to a question from Mrs. Zappala, Mrs. Lunetta and Mr. Mattleman expressed gratitude for community partnerships, noting that donations include more than cash but rather space and accommodations that have allowed the department to become more integrated within the community. In response to a question from Mr. Zimbone, Ms. Gutner stated that municipal employees must be careful regarding solicitation of donations but that the Friends of the Needham Elderly have taken on a greater role in recent years.

Finance Committee Updates

Mr. Davison distributed copies of the Town's FY09 audit performed by Melanson Heath, P.C. to be presented at the Selectmen's meeting on January 26.

Mr. Davison updated the Committee on changes to the Open Meeting Law effective July 1, 2010 including requirements of posting meeting agendas 48 hours in advance of a meeting with enumeration of subjects and fines of up to \$10,000 per individual per offense. Mr. Davison expressed particular concern with regard to the effects of these changes on less visible citizen committees that meet a few times per year.

Mr. Davison updated the Committee on the Governor's budget request to be released on Wednesday, January 27.

Adjourn

There being no further business, a motion was made and seconded to adjourn the meeting, whereupon the meeting was adjourned by a vote of 7-0 at 9:27 pm.

Respectfully submitted,

Mike Taggart
Acting Secretary