

**Needham Finance Committee  
Minutes of Meeting of March 10, 2010**

The meeting of the Finance Committee was called to order by the Chair, Lisa Zappala, at approximately 7:03 pm in the PSAB Building (temporary Town Hall.)

Present from the Finance Committee:	Lisa Zappala, Chair Richard Zimbone, Vice Chair Matthew Borrelli John Connelly (arrived late) Richard Creem	Richard Lunetta Richard Reilly Steven Rosenstock Michael Taggart
Also Present:	Kate Fitzpatrick, Town Manager David Davison, Assistant Town Manager – Finance Director Louise Miller, DPW Assistant Purchasing Agent/Office Manager Jane Howard, Chair, Community Preservation Committee	

**Citizen Requests:** There were no citizen requests to address the Finance Committee.

**Discuss and Vote Draft May Town Warrant Article: Establish Elected Officials' Salaries**

Mr. Davison reported that the Personnel Board has voted, and the salary of the Town Clerk, the Town's only full-time, elected position, has been recommended for an increase. Mr. Lunetta stated that the salary of the Chair of the Select Board was set at \$1800 and the salary of the other Selectpersons is \$1500. The Personnel Board voted in favor of a merit increase of 3.5% for a Town Clerk with 6 years of service in that position. If the Town Clerk were to retire, the newly elected Town Clerk would not get those terms. Mr. Rosenstock commented that such an increase for the Town Clerk may be setting a bad example in a year where the unions are not getting any cost of living increase, and management is not getting such an increase. Mr. Davison noted that changing the Town Clerk salary is different since the standards for setting the salary are different and subject to a different process. Because of this process, the salary for this position has fallen behind in base pay where it otherwise would have been. The Personnel Board thought that since other salaries weren't going up, financially it would be a good year to catch the Town Clerk salary up to where it should be. Mr. Creem noted that the Personnel Board has tried to equate the Town Clerk position with other management positions in the Town's Classification and Compensation Plan. A formula was used to determine the Town Clerk's salary to try to keep it at the level of the other managers. However, over time, the Town Clerk's salary has lost ground with respect to her counterparts under the Classification and Compensation Plan. The salary increase would help the Town Clerk salary catch up with her peers in other towns, and with similar level positions within Needham.

Ms. Zappala asked why the Town Clerk's salary is separated from that of Town Clerk with 6 or more years of experience. Mr. Davison answered that the current Town Clerk has many grandfathered benefits that will disappear when she leaves. The formula was

written in 1998, when the incumbent had 6 years of service with the town. When the current Town Clerk leaves, it is likely the Town Clerk salary item will be one line in the warrant.

Mr. Reilly noted that while the reasoning behind the merit increase is reasonable, the appearance to others will not be good. Mr. Lunetta agreed that in 1998, the formula was just, and made sense, but that this year there is a question as to why they are adding the 3.5% merit increase. He said that he would like to speak to the Personnel Board, since the 3.5% seems to be too much. He would find it hard to approve this 3.5%, as it does not seem to fit with the mindset in the town today. Mr. Zimbone pointed out that people are still getting step increases in pay, but this one is called a merit increase. He asked if others were getting merit increases. Mr. Davison said that yes, managers are eligible for merit increases and some are getting them. He stated that the town eliminated longevity pay and implemented merit increases. There is approximately \$28,000 in the budget to cover salary adjustments in town (approximately 380 people) for merit, bonuses, or cost of living increases. It would not be sufficient to fund a 2.5% increase for all managers. In 1998, a program was developed and there is a line item in the budget, has always been there since, which includes approximately \$30,000 for merit increases. Page 4-7 of the Town Manager's Proposed Budget for FY 2011 shows this item at \$51,000. However, it has since been decreased to \$30,000. This figure is based on history, not a calculation. Mr. Zimbone asked how a 3.5% merit increase compared to merit increases of other town managers. That was not known, but he noted that the approximate \$2,800 for the Town Clerk would be 10% of the budget item for salary increases.

Mr. Davison noted that this increase is intended to bring the Town Clerk's salary in line with other managers in Town, that she is 7-8% lower than others. Mr. Zimbone asked if they considered more than just her peer group in town. Mr. Lunetta answered that the board looked at the increase both internally and externally, that the judgment was based on her standing among other M-2s in town, as well as among other communities. Mr. Lunetta said that the position does deserve this increase, however the timing and how it will be perceived may be ill-placed. It might be better to consider 2 smaller bumps in pay. Mr. Davison and Mr. Lunetta stated that this increase should really be considered a salary adjustment and not a merit increase.

Mr. Borrelli noted that the timing is off, but that others in town, such as police, get both longevity and merit increases. Mr. Rosenstock noted that the step system is in place to give salary increases. Mr. Creem noted that in the Town Clerk position, which has a 3-year election-cycle, the reason for creating two salary steps was to be able to set a low starting salary in case a newly elected Town Clerk turns out to be a "poor hire" on the part of the electorate. Mr. Creem further suggested that the Committee may benefit from having a member of the Personnel Board come before it to explain the rationale.

Mr. Zimbone stated that he hoped that the Selectmen would consider not taking their stipends this year because of the current situation. He added that the Finance Committee may not want to take a position on this article before Town Meeting.

Mr. Lunetta noted that the salaries for the Selectmen are a tribute from the Town to give something back to them. He doesn't want to lump their pay with the other issue. Ms. Zappala added that the Finance Committee has achieved a balanced budget because it asked employees to forgo a cost of living adjustment. It would be a nice gesture for the Selectmen to forgo their pay to show an understanding of circumstances in town.

### **Minutes of March 3, 2010**

Mr. Rosenstock stated that he asked for a statement to be removed from a draft of the minutes regarding the fact that the proposed Mitchell modulars cost less than the Hillside modulars ten years before. While his statement had been accurate, the Hillside project included 4 classrooms and Mitchell involves 2 classrooms.

Mr. Lunetta noted that the minutes should be amended to reflect that it was he, not Mr. Creem, who moved to recommend adopting the Water Enterprise Fund Budget. The minutes should also be corrected to state that the Charles River Center is a non-profit company.

Mr. Rosenstock also noted that while the minutes accurately reflected the discussion about the CPA Project to Restore Open Space Land, regarding the so-called Volante property, that the final numbers the CPA was considering were different than stated. Ms. Fitzpatrick verified that the project seeks \$40,000.

MOVED: By Mr. Reilly that the Minutes of March 3, 2010, with the corrections regarding Charles River Center and Mr. Lunetta's motion, be approved. Mr. Creem seconded the motion. The motion was approved by a unanimous vote, 8-0. (Mr. Connelly had not yet arrived.)

### **Review and Vote on Reserve Transfer Requests to cover possible Snow and Ice Removal and Town Clerk additional election costs**

Mr. Davison provided copies of the Request for Reserve Fund Transfer from the Town Clerk requesting \$5,133 to cover additional costs not subject to state reimbursement incurred due to one Town Special Election and the State Special Election for the to fill the late Senator Kennedy's U.S. Senate seat. On December 8 the Town held a special election for the purpose of debt exclusion for the Newman School project, which had not been anticipated in the budget. The Town held its Special Election on the same day as the U.S. Senate primary in order to achieve savings in election salary expenses. There was an additional special election for the U.S. Senate on January 19. Some additional expenses were covered by the state, but not all.

Mr. Davison noted that election salary costs cost can be as high as \$15,000. Mr. Davison noted that the costs of expenses such as refreshments cover both elections. Mr. Rosenstock noted that the Town is still awaiting money from the state. Mr. Davison noted that since the State requires that polls be open until 8:00 pm, the State covers the

last 2 hours of salary. He confirmed that the State is waiting for legislative action to fund the Town reimbursement, but that all indications are that it will be funded.

Mr. Davison noted that there will probably be another transfer fund request for the upcoming April and May elections.

MOVED: By Mr. Rosenstock that the Finance Committee vote to approve the transfer of \$5,133 from the Reserve Fund to line item 12B, the expense line for the Town Clerk's Office. Mr. Taggart seconded the motion. The motion was approved by a vote of 8-0. (Mr. Connelly had not yet arrived.)

Mr. Davison also provided a copy of a memo he had written to Kate Fitzpatrick, Town Manager, requesting approving for an expenditure in excess of the current snow and ice removal appropriation. To this point, \$600,000 had been appropriated, and there are currently \$674,358 in bills and expected bills. They are expecting no more related expenses, but have left additional room if needed. The approval of \$700,000 would be permission to spend that much, not an allocation of the funds.

Mr. Davison distributed a winter storm summary report showing snow and ice removal costs associated with specific snow storms. Mr. Reilly asked for an explanation of how to read the sheet showing how much the cost per storm was, since the figures showing cost per inch were so varied. Mr. Davison said that there were many factors that contributed to a storm's cost, including not just amount of snow, but timing, intensity, and other factors. In particular, one storm with relatively low accumulation had been expected to be a major storm, so a large complement of workers had been requisitioned. There is no direct correlation between number of inches and cost of snow removal in a storm. He did note that a "full plow" that requires independent contractors in addition to town workers drives costs up.

MOVED: By Mr. Creem that under Mass. General Laws Chapter 44, Section 31D, the Town be authorized to spend up to \$700,000 in FY 2010 for snow and ice removal. Mr. Zimbone seconded the motion. The motion was approved by a vote of 8-0. (Mr. Connelly had not yet arrived.)

**Review Remaining DPW Capital Articles and Vote as Appropriate Draft Town Meeting Articles: Appropriate for Kendrick Street Bridge Repair, Appropriate for Roads, Bridges, Sidewalks and Intersection Improvements, Appropriate for RTS Enterprise Fund Cash Capital, Appropriate for Sewer Enterprise Fund Cash Capital, Appropriate for Water Enterprise Cash Capital**

Mr. Davison handed out a document showing the charts that will appear in the Town Warrant. One line was pulled out of the draft article "Appropriate for Sewer Enterprise Cash Capital." The Wastewater Pump Station Improvement for \$1,000,000 was withdrawn.

Ms. Zappala noted that DPW Director Rick Merson was not available, and that Louise Miller, DPW Assistant Purchasing Agent/Office Manager was available to take questions to be answered later.

### **Appropriate for Kendrick Street Bridge Repair**

Mr. Davison explained that the article involves a joint project with Newton to repair a bridge over the Charles River. Last year, the Town funded the project design, and this is for the construction. The money will be spent only if Newton pays its share and the work is done. Mr. Zimbone added that he spoke on this project at last year's Town Meeting, and that there were structural problems found in the existing bridge, and that the work needed to be done soon. So the design was funded, and now the construction costs are requested. Ms. Fitzpatrick noted that federal funds are not available for this bridge, but for the highway ramp in a separate project. Mr. Davison said that the construction on the bridge could potentially start in the summer or fall. Ms. Fitzpatrick and Ms. Miller stated that the cost is based on the Town's estimate, not an actual cost estimate.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for Kendrick Street Bridge Repair" for \$850,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

### **Appropriate for Roads, Bridges, Sidewalks and Intersection Improvements**

Ms. Zappala noted that this article is fairly generic, included every year. Mr. Davison stated that the figure in the article represents the borrowing capacity and the street budget is rounded to that amount. Ms. Zappala stated that the town takes the allotted money and seeks to get as much work done as possible within that amount. The town tries to spend the debt amount of up to 3% for these improvements. Mr. Davison stated that the amount in this provision has been over \$1 million for the past few years, and before that was usually \$500,000-\$600,000. The Town expects to spend approximately \$2 million on improvements in FY2011, including the \$850,000 bridge. That was placed in a separate article because it is a special project.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for Roads, Bridges, Sidewalks and Intersection Improvements" in the amount of \$1,236,300. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0. (Mr. Taggart had stepped out of the room.)

### **Appropriate for RTS Enterprise Fund Cash Capital**

Mr. Davison pointed out that the descriptions for the line items in the article were described on p. 1-14 of the FY2011-FY2015 Capital Improvement Plan. He noted that funding for cash capital is not based only on retained earnings, but can be taken from

debt, retained earnings, receipts or other sources. Section 11 of the Capital Plan shows the Town's capital improvement policies. There was some discussion about the pieces of equipment at issue.

MOVED: By Mr.Reilly that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for RTS Enterprise Fund Cash Capital" in the amount of \$235,000 from the Enterprise Fund retained earnings. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

### **Appropriate for Sewer Enterprise Fund Cash Capital**

Mr. Davison relayed that this article has been modified since the original draft to remove the Wastewater Pump Station Improvement request. The current request is \$376,000. The largest portion is the sewer system rehabilitation design at \$225,000, for work that is needed to remove Infiltration and Inflow, groundwater leaking or other improper draining that enters into the sewer system. Mr. Zimbone noted that pages 7-27 through 7-29 of the FY2011-FY2015 capital plan shows that this is the beginning of what will be \$1 million plus per year project. Mr. Connelly asked if this year's \$225,000 would go to outside firms, and asked who was monitoring the work. Mr. Davison said that most of the money is to outside firms, and that the Town engineering department oversees the contracts. In response to a question from Mr. Connelly, Mr. Davison confirmed that if the design is funded this year, that the construction should begin the following year.

Ms. Zappala noted that this design would cover three areas of town: 16, 22 and 19 which require different designs. Several committee members noted that it would be helpful to have a map showing where these areas were.

Mr. Connelly stated that the ratio of design to construction costs, as shown on the Capital Plan p. 7-28 and 7-29, appears very high. Mr. Davison agreed and said that he has asked that in the next long term procurement contract, that this issue needs to be looked at closely. He noted that horizontal construction has much uncertainty. Mr. Connelly remarked that this fact should affect construction not design costs. He wanted more assurance that the town is getting good value for the cost. Ms. Zappala suggested having the DPW come in. Mr. Rosenstock and Mr. Zimbone were both interested to hear more about the basis for the estimates. Ms. Zappala suggested that further discussion on this article be deferred.

Ms. Zappala asked hear from Ms. Howard regarding the CPA articles before continuing with the DPW articles.

**Vote as Appropriate Draft May Town Warrant Articles: Appropriate for CPA Project – Historical Artifacts; Appropriate for CPA Project - Restore Open Spaces; Appropriate for CPA Project – Charles River Energy**

Ms. Howard updated the Finance Committee on votes taken at the Community Preservation Committee meeting. She reported that the CPC voted to approve the following projects: CPA Project – Charles River Energy, in the amount of \$45,000; CPA Project – Historic Artifacts, in the amount of \$57,500; and CPA Project – Restore Open Space Land, in the amount of \$40,000.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article “CPA Project – Historic Artifacts,” in the amount of \$57,500. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article “CPA Project – Restore Open Spaces,” as amended, in the amount of \$40,000. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 8-1, with Mr. Taggart dissenting.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article “CPA Project – Charles River Energy, in the amount of \$45,000. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-1, with Mr. Rosenstock dissenting.

### **DPW Articles continued: Appropriate for Water Enterprise Cash Capital**

Mr. Reilly asked why the Town is requesting in the Core Replacement section to replace trucks that are not old, and do not have especially high mileage. Ms. Fitzpatrick stated that in 2002-03, the Town, following an assessment recommendation, downsized from Ford F150 and F250 trucks to smaller, lighter Ranger pickup trucks. The Town purchased 5 Rangers, which have not been able to handle the workload, and have not weathered well. The plan is to move back to F150s and some F250s. In response to a question from Mr. Reilly, Ms. Miller described the uses of the small specialty equipment (light tower.)

Mr. Borrelli asked whether the trucks were being replaced out of need, or because they are following a schedule. Ms. Fitzpatrick stated that the trucks do need replacement, and that there is a schedule, which is necessary in order to avoid too many major purchases in one year. Mr. Davison stated that this purchase does not represent an increase in inventory and the equipment being replaced would be sold or traded in. Mr. Borrelli stated that it seemed soon to replace certain equipment, but he understands it may be according to a schedule.

Mr. Zimbone asked if the water system connections work that has been going on has served to reduce lead in the water, whether there is value from the work. Mr. Davison responded that he does not have lead measurements, but that sources of lead have been removed. He noted further that this is not only replacing lead connections, but doing

needed system replacements. Mr. Zimbone stated that he would like an e-mail showing lead levels in the water.

Mr. Connelly asked whether the St. Mary's pump station work listed on p. 7-30 of the capital plan was appropriated for in an earlier year. Mr. Davison noted that p. 2-25 shows prior appropriations back to 2006, and shows nothing specific to St. Mary's, however, he remembers discussing it in prior years. In response to a question from Mr. Connelly, Mr. Davison stated that it will take more than one year to move through the design process to get bids and start construction.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for Water Enterprise Cash Capital" in the amount of \$1,465,400. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article:  
Appropriate for Energy Challenge/LED Traffic Lights**

Mr. Davison has information regarding LED traffic lights and will distribute by e-mail for review before the next meeting.

**Review Minuteman Assessment and Vote on Draft May Town Meeting Warrant  
Article: Appropriate the FY2011 Operating Budget**

Mr. Davison said that the preliminary assessment figure of \$369,261 stated in a letter from the Minuteman School is still good. Since the Lexington Town Meeting starts soon, the preliminary assessments will become fixed, and can be relied upon. Ms. Zappala said that accepting the Minuteman assessment of \$369,261 makes available \$66,472 in the operating budget. She suggested that the funds be used to fund two priority expenses not currently budgeted: a secondary teacher for \$55,000, and the balance be applied toward the \$29,000 needed for full-year funding of the currently vacant Assistant Town Accountant position in the Finance Department. She noted that the additional funding could come from the Reserve Fund. Mr. Rosenstock stated that since the Finance Department head had indicated there were no plans to hire someone for that position for the first half of the year, that the position need be only partially funded.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate the FY2011 Operating Budget" in the amount of \$109,679,481 with the Minuteman assessment figure reduced from \$435,733 to \$369,261, creating \$66,472 to be reallocated as follows: \$55,000 to the School Department to fund a middle school teacher, and \$11,472 to increase the line item for Finance Department expenses. Mr. Borrelli seconded the motion.



Mr. Borrelli asked Mr. Davison if \$11,472 would be usable. Mr. Davison replied that it is a nice gesture, and if more money were needed he could come back. Mr. Connelly agreed that we should wait until the need is actually there rather than now. Mr. Taggart added that there is \$1.25 million in the reserve fund, so that there is money. Mr. Zimbone stated that the additional money could be allocated now, but felt they should wait. Ms. Zappala agreed that there will likely be more money to fund this position if needed. Mr. Rosenstock noted that he greatly appreciated the honesty of the School Superintendent at the last meeting with the Finance Committee.

The motion was approved by a vote of 9-0.

### **Finance Committee Updates**

Mr. Creem reported that he attended a board meeting of the Association of Town Finance Committees. He said that the Belmont representative, who is also the chair of the ATFC, told him that Belmont had serious concerns about the Minuteman School's budget and the feasibility issue, and that they were likely to vote negatively on the feasibility study. She stated that Belmont had reviewed a 2008 Minuteman audit and were not happy with it. Representatives from Belmont and Arlington asked Mr. Creem where Needham stood on the issue, and he deferred comments as they are under review. The Belmont representative had also informed Mr. Creem that, as noted at the prior evening's Selectmen's meeting and reported on the Needham Times website, the state Ethics Commission was reviewing a matter involving Minuteman's superintendent.

Mr. Creem also stated that John Robertson, a legislative analyst from the MMA reported that municipalities should expect at least a 3% reduction in local aid. The state needs to find \$170 million to cover stimulus money used in FY2010 to get everyone to their education foundation budgets under Chapter 70. The legislature will likely make budget reductions from a few larger accounts rather than many smaller ones, so local aid is at risk. The MMA is pushing legislators for level local aid funding.

There is a municipal relief bill recently reported out of committee that could change the way overlay is handled, consolidating the accounting for the overlay rather than setting a reserve aside each year, thereby taking it out of the levy limit. This would allow the funds that would have been reserved for the overlay to be used operating budget purposes in the first year, instead of later becoming free cash. This would be a one-time boost, and in other years, an appropriation would be needed. Some are saying the bill is an end run around Prop. 2 ½ and unlikely to pass. Mr. Creem also reported there is a pension reform proposal being considered, as well as health insurance reforms.

Ms. Fitzpatrick stated that she is trying to arrange a meeting with the superintendent from Minuteman, the Needham School Committee and the Finance Committee. Mr. Rosenstock asked if any town votes down the feasibility study, whether this matter will come off the warrant. Mr. Taggart noted that there is a short window for approval. Ms. Fitzpatrick stated that if one town rejects the study and all other towns approve, that it

cannot be done next year. She also stated that Minuteman likely wants the votes from towns to know how many vote it down.

Mr. Davison stated that the Selectmen voted to have the Demand Fee set at \$10. The waiver limit of \$15 includes not only the demand fee but also any interest due, so Mr. Davison had recommended \$10.

Mr. Davison reported that the Senior Center Committee is considering three sites. The architect will recommend the two best sites. Mr. Borrelli added that there is a matrix being used to consider a number of different factors. Mr. Zimbone stated that all three sites should be presented to Selectmen. Mr. Borrelli stated that only the Selectmen can remove a site from the list being considered. Mr. Fitzpatrick noted that a site should drop off only if it is not workable because of a traffic, zoning, parking, or other similar type of issue.

### **Adjourn**

There being no further business, Mr. Zimbone moved to adjourn the meeting at approximately 9:12 pm. Mr. Taggart seconded the motion. The motion was approved by a unanimous vote: 9-0.

Respectfully submitted,

Louise Mizgerd,  
Executive Secretary