

**Needham Finance Committee
Minutes of Meeting of March 9, 2011**

The meeting of the Finance Committee was called to order by the Chair, Richard Zimbone, at approximately 7:03 pm in the Media Room at the Newman School.

Present from the Finance Committee:

Richard Zimbone, Chair; Matthew Borrelli, Vice Chair
Members: John Connelly, Richard Creem, Richard Lunetta, Gary McNeill (arrived 7:55 pm), Richard Reilly, Steven Rosenstock, Lisa Zappala.

Also Present:

Kate Fitzpatrick, Town Manager
David Davison, Assistant Town Manager/Director of Finance
Evelyn Poness, Town Collector/Treasurer
Richard Merson, Director of Public Works
Robert Lewis, Assistant Director of Public Works
Louise Miller, Assistant Purchasing Agent / Office Manager, DPW
Vincent Roy, Superintendent of Water, Sewer, and Drains

Citizen Requests

No citizens requested to speak.

Approval of Minutes

There were no minutes ready for approval.

**Discuss, Vote as Appropriate: March Special Town Meeting Warrant Article 2:
Restoration of Charles River Treatment Facility Well**

Mr. Connelly thanked Ms. Miller and Mr. Roy for their March 7 memorandum. He remains concerned about the engineering costs. He reviewed the details, and does not believe the \$137,000 is justified. Thus, he opposes authorizing that amount. The proposed \$137,000 for engineering amounts to 38% of the construction cost, and he believes 10% would be reasonable.

Mr. Zimbone asked Ms. Miller for information regarding the costs of the geothermal wells that were constructed for the PSA Building. Ms. Miller stated that fifteen wells were dug for that project for \$95,000. \$50,000 was spent on testing. The cost was \$150,000 plus the architect and engineering. She reported that the PSAB wells were not as deep and that the construction was different. Mr. Merson added that there is much more involvement of the DEP in wells for water than for geothermal wells.

Mr. Rosenstock questioned why the previous wells each cost \$6,000 and these will cost \$10,000 each to construct. He stated that the higher costs may be reasonable, but once the test wells had been done, the costs for the next work should be known and the contingency need lower. Mr.

Merson stated that they asked the consultant for a worst case scenario, and were seeking the financial capacity to cover the engineering for the entire project. Mr. Borrelli stated that he had been involved in construction work with wells, and understands the costs. He felt that this is a good faith estimate and is high but not unreasonable given the type of work. He did not want to second-guess the DPW's judgment.

Mr. Reilly asked whether the fact that they will be digging a new well near the old well mitigates some uncertainty. Mr. Merson stated that it is speculative, but may weigh in their favor. Ms. Zappala stated the number allows for contingencies. She said that she understands the objection that approving this funding means that the Committee is agreeing to a padded number. However, she is concerned that the Town will need to drill even more than two test wells in order to achieve the level of capacity of Well #1. She said she fears a new well could have lower capacity and asked what would happen if they need to drill two new wells to regain the capacity of Well #1. Mr. Merson stated they need to consider this issue more, but that they could also rebuild Well #1 inside the current casing, which would be a lower capacity well. Mr. Roy stated that they will find out the capacity with each test well. Mr. Merson stated that they are seeking to determine the full construction cost for the Special Town Meeting in May.

Mr. Connelly proposed reducing the appropriation in the article from \$187,000 to \$70,000. Mr. Rosenstock felt that they needed sufficient money to sign a contract for the engineering services. Mr. Connelly stated that they could return for more money if necessary. Ms. Miller confirmed that the money would come from retained earnings.

Mr. Zimbone expressed serious concern that there is insufficient time between the March and May Special Town meetings for the DPW to put out an RFP or RPQ, review the submissions, finalize a contract, and complete enough work to get a viable cost estimate to present. He said he fears spending this money with no chance to be prepared in May with a clear scope of next phase of work. He noted that at the 2010 November Town Meeting, there was a request to fund a project was not well enough considered, and Town Meeting denied full funding. Mr. Merson agreed that it will be a challenge to get the well work done, and said that under usual circumstances that they would ask for funding for the first phase in May, and then for the second phase in November. In this case, because the Town is spending approximately \$4,000 per day for MWRA water, timing is critical and they need to move more quickly.

There was discussion about the RFP and RFQ process. Mr. Davison stated that in the process for this project, there will be a specific scope of work. The bidders submit their qualifications and the pricing information separately. Once the choice is made of the most qualified engineer, then the Town can see the pricing. He stated that if there is insufficient funding available, the Town cannot enter into a contract for that amount.

Mr. Reilly stated that the Committee is clearly uncomfortable with the request, and suggested that they start with a more modest proposal to get started. Mr. Rosenstock stated that any delay could cost the Town significantly. Mr. Creem stated that this article is different from the article at the November Town Meeting that was amended downward, because there the Town could afford a delay to get the project right. He felt that this case represents an emergency, and the Committee should trust that the professionals involved. Mr. Borrelli agreed that there is data to

support the request, and the appropriation should be made, and that engineering money can be used to get them through until the fall if there is insufficient information available in May. Mr. Zimbone stated that he is not concerned about the amount but that there is insufficient time before May. Ms. Zappala stated that there is not a down side to trying to get the information together. Mr. Rosenstock stated that he thinks there will at least be some test drilling before May. Mr. Zimbone stated that he will vote in favor of the article, but with reservation that there may not be sufficient information by May.

MOVED: By Mr. Borrelli that the Finance Committee recommend adoption of the March Special Town Meeting Warrant Article 2: Restoration of Charles River Treatment Facility Well. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 7-2, with Mr. Reilly and Mr. Connelly dissenting.

Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article: Amend General By-Law/Board of Health Regulations

This article has not yet been finalized for discussion.

Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article: Appropriate the FY2012 Operating Budget

Mr. Zimbone invited comments or suggested changes to the Operating Budget.

MOVED: By Mr. Rosenstock that the Finance Committee remove the additional \$13,579 that was moved into the Library budget to fund the 9 a.m. opening and put that money into the Reserve Fund. Mr. Connelly seconded the motion.

Mr. Rosenstock stated that the library could use other funds for this purpose, and service would not be diminished without this additional money. The motion failed to pass by a vote of 1-8, with Mr. Rosenstock in favor. There were no further proposed changes.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Draft Annual Town Meeting Warrant Article entitled the Appropriate the FY2012 Operating Budget. Mr. Zappala seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 9-0.

Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article: Appropriate for Workers Compensation Reserve Fund

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Workers Compensation Reserve Fund for \$150,000. Mr. Reilly seconded the motion.

Mr. Reilly stated that the Town's goal is to get the Workers' Compensation Reserve Fund up to \$800,000. It is now at an almost critically low level. This will begin replenishing the fund to an adequate level. The motion was approved by a unanimous vote of 9-0.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article:
Appropriate for Fire Engine**

Mr. Lunetta stated that this is the FY2012 part of the Fire Department's Vehicle Replacement Plan found on p. 5-19 of the Town Capital Improvement Plan. It replaces a 1989 engine that was refurbished in 2005 and is beyond its life expectancy and currently serves as back-up. The new fire engine will be put into use as a front line emergency vehicle, and the Quint, originally scheduled for replacement in FY2011, will be moved into secondary service. In response to a question from Mr. Zimbone, Mr. Davison stated that that Town will trade in the least useable vehicle during this purchase. He confirmed that the end cost will be \$400,000.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Fire Engine for \$400,000. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 9-0.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article:
Appropriate for Roof Repairs/ Needham High School**

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Roof Repairs/ Needham High School for \$320,000. Mr. Rosenstock seconded the motion.

Ms. Zappala explained that this portion of the High School roof was not included in the High School construction project. Recently, leaks have caused damage to the newly renovated building requiring costly repairs. Ms. Fitzpatrick stated that this part of the roof was within its useful life at the time of the High School project, so was not replaced at that time. The motion was approved by a unanimous vote of 9-0.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article:
Transfer of Budgetary Fund Balance**

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Transfer of Budgetary Fund Balance in the amount of \$3,380,269. Mr. Creem seconded the motion.

Mr. Davison stated that the amount represents the Free Cash from FY2010. The motion was approved by a unanimous vote of 9-0.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Accept Chapter 73, Section 4 of Acts of 1986**

Mr. Davison explained that accepting this statute allows the Town to grant an additional exemption to certain disabled veterans and surviving spouses. This would increase the exemption to 90%. Although the exemption amount is increasing, the number of eligible people is decreasing. The exemptions total about \$200,000. The state partially reimburses by a statutory amount, which will be approximately \$8,000 and appears on the cherry sheet.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Accept Chapter 73, Section 4 of Acts of 1986. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0-1, with Mr. Rosenstock abstaining.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article:
Appropriate for Senior Corps**

The article would fund the Senior Corps employment program.

MOVED: By Mr. Borrelli that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Senior Corps in the amount of \$15,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 9-0.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Appropriate for Needham Tax Assistance Program**

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Needham Tax Assistance Program in the amount of \$15,051. Mr. Rosenstock seconded the motion.

Mr. Creem asked how the amount was determined. Mr. Davison stated that it is the actual amount collected in the previous fiscal year. Ms. Poness stated that the Town has approximately \$31,000 to give out, and that the Town will be making awards in April, using the whole \$15,715 appropriated last year. The awards are based on need. Applications are sent to people who ask or to certain abatement applicants. Ms. Poness reported that the funding comes from donations from residents. Since the program began the level has been very consistent.

The motion was approved by a vote of 8-1, with Mr. Creem dissenting.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article:
Authorization to Expend State Funds for Public Ways**

MOVED: By Mr. Reilly that the Finance Committee recommends adoption of the Draft Annual Town Meeting Warrant Article entitled Authorization to Expend State Funds for Public Ways. Ms. Zappala seconded the motion.

Mr. Davison stated that Chapter 90 state funding comes from gas taxes and is distributed to cities and towns to support state and local roads. The state uses formula that takes into account the amount of accepted public roadway and the wealth of the community to determine the amount of funding. The state issues bonds, borrows the money and gives it to cities and towns. As a town incurs expenses, it can submit for reimbursement. The Town is required to accept the statutory provisions in this article in order to qualify for this funding.

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

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Rescind Debt Authorizations**

When the need for an authorized debt no longer exists, the Town can rescind the debt and take the authorization off the books. This usually happens when a project is at or near completion. The specific amount in the article is not yet available.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Continue Departmental Revolving Funds**

Mr. Rosenstock requested the total receipts and total expenditures for all revolving funds.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Appropriate for General Fund Cash Capital**

Mr. Davison provided a handout showing the appropriations in the originally proposed article, and with amended values which will be proposed at the Annual Town Meeting. Two items will be amended to have zero appropriation: Public Works Construction Equipment and Large Specialty Equipment. The School Department Technology Replacement appropriation was decreased by \$300,000 since the Schools will be using \$300,000 of one-time funds to support capital. The additional \$300,000 funding is covering the costs of Snow and Ice Equipment and Athletic Facilities Improvements that were moved to the primary cash capital category. The extra \$2,500 to cover those items will come from revenue receipts.

Mr. Borrelli suggested postponing the vote on cash capital until the School Committee discusses the possibility of a scaled-down version of the iPad program it is considering. Mr. Zimbone said the \$49,100 could be moved to another budget area. Ms. Zappala stated that even if the Schools scale back their proposed iPad plan, they expect to use the savings to fund other technology needs. She stated that the Finance Committee just approved the operating budget with the additional \$300,000 for Schools. The additional money could be moved elsewhere, but the Schools are not expecting that. Ms. Fitzpatrick reminded the Committee that the Town Manager's budget removed \$201,000 from the School Department's budget.

**Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article
Establish Elected Officials' Salaries**

Ms. Fitzpatrick handed out the article with the proposed amounts. At this time, there is no recommendation for an increase from last year. It is the same as the FY11 article, except that the sick leave maximum changed. In order to increase the salaries, a motion to amend would be needed. Mr. Creem asked if the Personnel Board had recommended the article yet. Ms. Fitzpatrick stated that they had not, but she has no reason to believe they will not recommend it.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Establish Elected Officials' Salaries in the amounts set forth in the handout, subject to the recommendation of approval by the Personnel Board. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 9-0.

Discuss, Vote as Appropriate Draft Annual Town Meeting Warrant Article Appropriate for Feasibility Study of the Cricket Field Building

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Feasibility Study of the Cricket Field Building. Mr. Lunetta seconded the motion.

Mr. Zimbone asked about Article 37 of the 2004 Annual Town Meeting that is the funding source of this article. Ms. Fitzpatrick stated that it had authorized the Town's collections from the MBTA lots.

Ms. Fitzpatrick stated that this article will fund a study to determine if the Cricket Field Building should be renovated or if a new building is needed and if site work is needed. Ms. Fitzpatrick is working hard to try to change CPA legislation to be more relevant to smaller towns, but that presently CPA funding cannot be used. Park and Recreation has no space to run programs during the day because it relies on school buildings. The By-Law requires the PPBC to oversee the feasibility study.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of the Draft Annual Town Meeting Warrant Article entitled Appropriate for Feasibility Study of the Cricket Field Building in the amount of \$10,000. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 9-0.

Finance Committee Updates

Mr. Borrelli stated that there was a School Liaison meeting which discussed the proposed iPad pilot program and possibly scaling it back. The FY11 second quarter finances were also discussed, which are appearing more positive. Ms. Zappala stated the two School Committee members at the meeting seemed to support scaling back the pilot program. She stated that some teachers have applied for NEF their own grants to purchase iPads to test as potential teaching tools. She said that the School budget news was not great, but they are moving in the right direction. They are coming close to FY11 targets and will be able to prepurchase services again.

Mr. McNeill stated that at the Green Communities Study Committee meeting, the committee discussed whether pursuing the green community designation was worthwhile. There are no guarantees of any special funding. Mr. Zimbone stated that the committee also discussed whether it was realistic to try to bring the stretch code to Town Meeting with the number of issues still to be dealt with. He doubts the article will stay on the Annual Town Meeting agenda.

Mr. Creem stated that he attended a Planning Board meeting regarding the zoning articles and the citizens' petitions. Many have very minor financial impact, if any.

Mr. Borrelli reported that he has been appointed to the Council of Economic Advisors.

Adjourn

MOVED: By Mr. Lunetta that the meeting be adjourned, there being no further business. Mr. Borrelli seconded the motion. The motion was approved by a vote of 9-0, at approximately 9:17 p.m.

Documents: Memorandum from Louise Miller and Vincent Roy to Finance Committee re: Well #1 Follow-up Questions, dated March 7, 2011; March Special Town Meeting Warrant; Annual Town Meeting Warrant Draft dated 3.4.11, Proposed Annual Budget FY 2012, Office of the Town Manager, January 31, 2011; Capital Improvement Plan FY2012-FY2016, Office of the Town Manager, January 4, 2011; Spreadsheet showing values in proposed amendment to Annual Town Meeting Warrant Article entitled Appropriate for General Fund Cash Capital

Respectfully submitted,

Louise Mizgerd
Executive Secretary

Approved March 16, 2011