

Needham Finance Committee
Minutes of Meeting of December 19, 2011

The meeting of the Finance Committee was called to order by the Chair, Matthew Borrelli, at approximately 7:04 pm in Powers Hall, Town Hall.

Present from the Finance Committee:

Matthew Borrelli, Chair; Richard Reilly, Vice Chair

Members: Richard Creem, Richard Lunetta, Gary McNeill, Steven Rosenstock, Lisa Zappala, Richard Zimbone

Others present:

David Davison, Finance Director

Ann MacFate, Director, Public Library

Lois Sockol, Library Trustee

Chief Paul Buckley, Fire Department

Deborah Bonanno, Fire Department, Director of Administrative Services

Chief Phil Droney, Police Department

Lieutenant John Kraemer, Police Department

Lieutenant John Schlittler, Police Department

Citizen Requests

No citizens requested to speak.

Departmental Spending Requests

Needham Public Library

Mr. McNeill introduced the budget. He stated that the main issue was whether to increase the Library funding to the level needed for state certification. Ms. MacFate stated that an additional \$12,817 is needed to bring the budget to the level necessary for state certification. She suggested looking at the DSR-4 requests to determine what additional needs could be funded. Mr. Lunetta noted that the Library funding is spiraling upward since the higher the budget is pushed each year to get state funding, the higher the next increases need to be. Ms MacFate stated that the 2.5% increase is based on the average budget for the three previous years. She added that the current budget request is close to the level needed for certification that it would be reasonable to increase it to the necessary level. Mr. Reilly stated that increasing the budget by just over \$12,000 would provide an \$18,000 benefit. In addition, he noted that if the Library is not certified, then books could not be borrowed from other towns. Ms. MacFate added that if certification is lost, then the Town would need to repay the building grant. Mr. Lunetta stated that the Town seems to keep negotiating with itself to keep increasing funding in order to qualify for state funding. He noted that the Library is run frugally but that it submits DSR-4s to cover expenses that have been funded by the state. He raised the issue of whether the Town was waiting for the state to discontinue the funding to address the shortfall.

Mr. Zimbone asked about the process for getting a waiver for state certification. Ms. MacFate stated that the Town should be able to get a waiver if the Library budget has not decreased more than other budgets in Town. Mr. Zimbone stated that if the Town chose not to fund to the level needed for certification, the Town could still apply for the state grant. Mr. Davison stated that since the Library budget is decreasing, the Town would have to show that other budgets, including the Schools budget would be decreasing as well.

Mr. Creem stated that the Committee seems frustrated by the fact that two long-term employees with higher salaries retired, so that the budget should be decreasing. Mr. Rosenstock stated that the reason that the Committee is in this position is because last year the Committee voted to increase the Library budget by over \$60,000, and it has to continue to increase the funding. Mr. Lunetta stated that the Committee is using the same method as last year, by increasing the Library budget and filling in the additional money needed for certification from the DSR-4s. Mr. Zimbone stated that this is a policy question of whether to fund to reach the level needed for certification. Since the Library needs to stay certified, the next question is which DSR-4s to fund. Mr. Borrelli stated that optimally, the Finance Committee should make up only the \$12,817 needed for certification.

Mr. Reilly asked why the Library has a goal of seeking equilibrium of lending and borrowing from the network. Ms. MacFate stated that the Library is providing better service when it needs to ask for less from outside. Also, the Library seeks to have what is in demand. Mr. Borrelli asked whether the percentage of electronic resources is increasing. Ms. MacFate stated that the percentage of electronic resources is decreasing because most of the electronic resources are obtained through the Minuteman network. Fewer reference books and more databases are being purchased. More employee time is needed to help people find what they are looking for electronically, however.

Mr. Lunetta distributed a document showing the balances of trust funds that benefit the Library. Ms. MacFate described the funds and their purposes. Mr. Lunetta asked whether these funds could be counted toward the level needed for state certification. Ms. MacFate stated that the level for state certification counts only the budget appropriation from the Town. Mr. Rosenstock asked why certain trust funds had not been spent. Ms. MacFate stated that there had been certain plans for expenditures that had not worked out. Mr. Davison stated that trust funds could be invested in stocks and that some funds have had larger income than others, though they can also suffer losses.

Ms. MacFate reviewed the DSR-4 requests. The part-time Children's Programming Librarian would continue a very successful program funded by the state aid account. The Circulation Desk Hours request covers personnel hours needed for covering the circulation desk. When one administrative specialist position was lost, other staff has had to do that work, and be pulled away from circulation. The hours are currently being funded by the state aid account. The Network Transfer Page would pack and unpack boxes of inter-library materials. The work is currently being funded by the state aid account. The Technology request for \$16,250 would replace certain computers that are at or past their replacement cycles. Mr. Davison stated that he requested that this be included as a DSR-4 and not in the capital plan because it is less than \$25,000, and because this way it would be counted toward the funding level needed for

certification. Lastly, Ms. MacFate stated there was a DSR-4 for Museum Pass software. This fee has been covered by the state aid account. There was a discussion about electronic books. Ms. MacFate stated that the Library did not have the equipment but that patrons could borrow from approximately 6,000 electronic books for use on their own equipment.

Mr. Reilly asked how trust funds were accessed. Ms. MacFate stated that there is a Trust Fund Commissioners Board that has guidelines indicating how each trust can be used. Mr. Reilly stated that he was struck by the fact that the Hatch Fund has approximately \$59,000 in funds not being used. Mr. Creem asked why there was a \$154,186 balance in state aid. Ms. MacFate stated that the money has been accumulated. She stated that some money from this account was used previously to fund a feasibility study for the new building. Mr. Creem asked the prospective balance for June 30, 2012. Ms. MacFate stated that the Library will receive \$30,824 from the state. Mr. Lunetta asked whether the money is spent down. Ms. MacFate stated that last year \$34,592 of state aid was spent, including money for parking at the church, museum passes, CD ROMs, electronic resources, capital and other expenses. Mr. Davison added that the Library had a salary turnback because of vacancies and personnel changes. No state aid was used for salaries.

Fire Department

Mr. Lunetta presented the budget. He stated that in FY 2011, the Fire Department brought in \$730,593 of revenue from ambulance runs and permits, down slightly from \$742,081 in FY 2010. He stated that there have been changes to the certification requirements for ALS ambulance staffing. Now each vehicle must be staffed with one EMT and one paramedic, rather than two EMTs, which should increase revenue, service, and public safety since both Department ambulances can run at the ALS level. There will also be more need for training as there are 17 firefighter paramedics and the goal is to have 20. The additional training expense will be approximately \$2,000.

The Department currently has four vacancies, but four people are in training to fill those slots. The firefighter staff has 4 units of 15 personnel in each unit, reduced from 16 per unit. This reduction will affect overtime. Because of vacancies, each unit actually has 13-14 firefighters. If the level drops below 12 in a shift, one truck or ambulance must be pulled from service. This happens approximately 10 times per month.

The overtime line is forecast to have a deficit in FY 2013, as in recent years, due to a difference between the overtime required under the collective bargaining agreement and the projected expenses. The anticipated deficit for FY 2013 is \$52,500, down from \$282,491 in FY 2010 due to a strategy change. Previously the overtime deficit was offset by retirement savings, and also drew on the Reserve Fund. The planned adjustment in unit staffing from 16 to 15 per unit would provide for \$120,000 to be transferred to the overtime line, allowing the Department to address the deficit.

The current collective bargaining agreement expires on June 30, 2012. The FY 2013 budget request does not include salary adjustments that may come through upcoming negotiations. However, it does include a 2% COLA for the dispatchers and the Chief. The budget also

includes dispatchers' overtime and education pay. Fuel consumption in the budget is increasing based on the Town projected FY 2013 fuel rates applied to the higher gas and lower diesel consumption. In recent years, the Department has worked to keep operating expenses flat or lower, though this approach can have negative ramifications over time. Thus, the FY 2013 fire Department budget request includes an increase of \$13,282.

The capital requests in the five-year plan includes three pieces of equipment to be replaced in FY 2013: the Deputy Chief's car for \$35,000, the Quint fire ladder/pumper truck for \$750,000, and fire fighters' structural gear for \$40,000. The overall FY 13 budget request represents a decrease from the FY 12 budget of \$3,462 or 0.1%.

Mr. Zimbone asked what is captured in the Salary and Wage – Other line. Mr. Davison stated that it includes costs associated with employees but specific to the job such as education pay, uniform and other stipends. Mr. Zimbone asked why the number jumped more in FY 2012 compared to FY 2009 – FY 2011. Mr. Davison replied that there were two reasons: (1) the accounts are being corrected since some of these costs had previously been included incorrectly in the Regular Salary line; and (2) there was an increase in the Education Pay under the newest contract. Mr. Zimbone asked who would receive Education Pay. Chief Buckley stated that currently the department is looking for paramedics to work with EMTs. Education pay is given for certain levels of fire-specific education. There was discussion about the new requirements of paramedics. Mr. Creem noted that it appeared that in the long run, there will be more income, but in the short run there will be higher costs for training associated with the changes. Chief Buckley stated that with more trained people the department will have more flexibility.

Mr. Creem asked whether there were part-time employees. Chief Buckley stated that part-time staff does not work out well. The department has cut staff and currently has one position shared between administration and dispatch. That person can shift where needed, and works better than two part-time people would. Mr. Rosenstock asked Chief Buckley if funding were not an issue, what he would do to improve his department. Chief Buckley stated that he would improve the facilities and maintenance. Because of the limited Public Facilities budget, the Fire Department currently shares a custodian with the Police Department and one school and there is not sufficient time or resources for adequate maintenance and upgrades beyond daily cleaning.

Mr. Borrelli asked how the expected \$52,500 overtime deficit was figured. Chief Buckley stated that for Salary and Wage Overtime expenses, the Department needs \$720,000. There is a fixed Overtime amount under the terms of the contract, so the Department knows what it will spend, which is \$595,000. They don't know the Mutual Aid spending upfront, but estimate it to be \$110,000-\$125,000. That leaves a projected deficit of \$52,500. Chief Buckley added that an additional analysis is done January 1 so that there are no surprises. Some overtime in FY 2012 for fall storms, approximately \$25,000, may be reimbursed through MEMA and FEMA. The claims look good, but there is no guarantee on the timing.

Mr. Borrelli commented that Vehicle Supplies line was going up. Chief Buckley stated that fuel is part of Vehicle Supplies, and that both consumption and prices are expected to increase. Mr. Borrelli stated that Repairs and Maintenance was also going up. Ms. Bonnano stated that the maintenance contracts are increasing, so that is fixed. Mr. Borrelli asked if they considered

replacing equipment that needed significant repairs. Chief Buckley stated that they do that when necessary. Ms. Bonnano added that the maintenance includes recharging batteries and CO₂ cartridges.

Chief Buckley discussed the capital needs. The structural gear is for coats and pants only. The helmets and boot can be reused. The Quint truck has been put off for three years. The first year, an ambulance was higher priority. The second year, the motor only was replaced to extend the truck's life. The truck was also put off a third year to get more use out of the replaced motor. In FY 2013, the fourth year, the truck needs replacement. The Deputy vehicle is 9 years old, and on an 8-10 year replacement schedule. When the time comes, it is expected to have 70,000 miles on it. Chief Buckley stated that he told the Town Manager that he will seek the most fuel efficient practicable vehicle.

Police Department

Mr. Rosenstock presented the budget and described the staffing needs. He stated that there were no surprises in the budget. The big dollar issue will be the change to a new vehicle model since the Crown Victoria will no longer be available. The capital costs will increase because not only will the vehicles need replacement, but they may not be able to move some existing equipment, such as the cage and transfer it to the new vehicles. They are considering Dodge, Ford, and Chevrolet products. At this point, they are uncertain about costs.

Mr. Rosenstock stated that payroll costs are decreasing because of new staff coming on at lower salaries, even with step increases. At this point, the collective bargaining agreements are not settled, so any change is unknown and not included. Any increase will probably end up in the Classification and Compensation line of Townwide expenses. There are five people currently in academies that will be coming on, plus three other openings. Mr. Rosenstock stated that there will be future increases in the salary line since there will be many people eligible for step increases. Ms. Zappala asked why there were big increases in the Salary and Wage – Other line. Mr. Davison replied that it was the same as in the Fire budget—that some costs had been improperly accounted for in another line, such as Quinn (education) pay, uniform pay, and stipends. They had been in the regular Salary line.

Mr. Creem asked for a description of the vehicle procurement process. Chief Droney stated that there is a bidding process. The Town is a member of two groups that have requests out to the major vehicle manufacturers. Mr. Creem asked if they go to the lowest bidder. Chief Droney stated that they will also consider the Department's needs. He stated that they have liked Fords in the past, but they are considering vehicles from all manufacturers. Mr. Creem asked if they have found information from other parts of the country. Chief Droney stated that the Fords are all new, and none are on the streets yet. He stated that the Chevy is just coming out now. The Dodge has already been released, but it is currently on the bottom of their list because of an issue with visibility out the back. Mr. Davison stated that they always have purchased off state contracts. There will be separate bidding from each manufacturer, and the bids are awarded to the lowest cost dealer from each manufacturer.

Mr. Borrelli asked if there was an auxiliary program. Chief Droney stated there were two people, but there is minimal need and there are liability and training issues. He stated that they use crossing guards if needed. Mr. Borrelli asked if the vehicle replacement schedule is on target or whether some were overdue. Chief Droney stated that four sector cars are replaced annually on schedule. Every 5th year, the supervisor's car is replaced and every 8th year the chief's car or the detective's car is replaced. This year one vehicle was put off for budgetary reasons. Chief Droney described other circumstances when vehicles were replaced off schedule such as a car that failed or another car that had been hit and required replacement at a time off the replacement schedule.

Mr. Zimbone stated that at the Commission on Disabilities budget hearing, they stated that the Police help with ticketing handicapped parking violations. He asked how the Police handle the violations. Lt. Kramer stated that the officers are told that if they see a violation, they should deal with it. He stated that the crossing guards also ticket the violations. The By-Laws have specific requirements for street markings and signage. Lt. Kramer stated approximately 30% of spaces do not follow the requirements. If they spaces are not marked properly, there is a problem. Mr. Zimbone asked if there could be some community awareness efforts about the requirements. Mr. Davison stated that it is difficult because the requirements are different depending on the zoning.

Mr. Rosenstock asked if the vehicle replacement cost information would be available by late January. Lt. Kramer stated that they should know the vehicle costs by February. Chief Droney stated that the target date to receive all bids is February 1. Mr. Lunetta asked if they had explored the cost of a police van vs. retrofitting each vehicle for arrests. Mr. Davison stated that the cost is approximately \$40,000 for the van, and the cages cost about \$4,500 per car if they replace everything, though possibly the consoles could fit the new vehicles. Lt. Kramer stated that the cages might cost about \$2,000 per car, which would be \$16,000 for 8 cars, while the van would be \$45,000 with all the necessary equipment. He stated that they would need to go to Town Meeting to get another vehicle. Chief Droney stated that he would like to get the van to handle situations with resistant people.

Lt. Kramer stated that the Department is getting new Crown Victoria's in the next week, so they should have about 15 months to make the decision on which model to buy next. He stated that there are expected to be reports in September 2012 about the other new vehicle. He stated that the problem with the Dodge is supposed to be fixed as well. Mr. Rosenstock noted that the Town currently maintains an inventory of parts, which could mean additional costs for maintaining a new vehicle model.

Mr. Rosenstock asked Chief Droney if funding were not an issue, what he would like to change. Chief Droney stated that he would increase the maintenance of the building. The building does not get enough attention since the custodian is only there two hours a day and can only get the basics done.

Finance Committee Updates

Mr. Borrelli reported that there was a Chairs meeting with the School Department and Board of Selectmen and the Town Manager. The discussion focused on the issue that there is not sufficient money to fund the School Department's budget request. Mr. Borrelli stated that the Schools need to prioritize or find areas to cut. Mr. Davison stated that the gap is approximately \$2.6 million. He added that this gap should close somewhat when state aid numbers become clearer and when there is six months' worth of data from fiscal year 2012. In response to a question from Mr. Zimbone, Mr. Davison stated that in the ProForma he assumed revenue growth would be 3 1/4%. Mr. Davison stated that this is the first time that the budget requests have come in higher than the ProForma. He stated this would not have been the situation if the Schools' request were within the level of the ProForma. The Schools' request is approximately \$600,000 above the ProForma. Mr. Rosenstock stated that for the past three years, the Superintendent has asked managers to keep the requests as low as possible, but this year he asked them to request what they needed. Ms. Zappala stated that the School Committee clearly told the Superintendent to ask for what he felt is needed. Mr. Rosenstock stated that the budget numbers from the past few years have been skewed by one-time funds received. The budget has not reflected the actual total needs. He added that the Town has reached the point that it will have to pay in order to keep level services.

Mr. Reilly stated that there are three major issues: (1) loss of stimulus funds; (2) growth at the secondary level; and (3) the School budget having been starved for several years. Mr. Reilly stated that he got the sense that there is a strong desire within the School Committee for an override. Mr. Zimbone stated that not all School Committee members are on the same page. Mr. Zimbone opined that in order to avoid an override, some of the funds would have to come from the DPW and the energy budgets. Mr. Reilly stated that he felt that the Library could rely on its trust funds for some more funding. Mr. Rosenstock stated that the Town needs to sufficiently fund the Library to keep certification. Mr. Davison stated that there is limited capacity from the Library trust funds. Mr. Davison stated that much of the Town-side budget would need to shrink in order to fund the School Department's 5.7% requested increase, since the School budget is approximately 60% of the entire budget. Mr. Zimbone stated that there will likely be two overrides coming within the next few years for school construction projects, and that an override is not practical for operating expenses. Ms. Zappala stated that the school liaisons need to come to agreement and present their ideas. She added that the School Department does not need to put all of the SPED tuition savings back into the SPED budget.

Adjourn

MOVED: By Mr. Rosenstock that the meeting be adjourned, there being no further business. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0, at approximately 9:04 p.m.

Documents: Town of Needham Departmental Spending Requests, Fiscal Year 2013, dated December 14, 2011; Library Trust Accounts, dated November 30, 2011

Respectfully submitted,

Louise Mizgerd

Executive Secretary/Staff Analyst

Approved January 4, 2012