

**Needham Finance Committee
Minutes of Meeting of May 7, 2012**

The meeting of the Finance Committee was called to order by the Vice Chair, Richard Zimbone, at approximately 6:05 pm in the Great Plain Room, at the Town Hall.

Present from the Finance Committee:

Rick Zimbone, Vice Chair

Members: Richard Creem, Richard Lunetta, Gary McNeill (arrived 6:12 pm), Steve Rosenstock, Lisa Zappala

Also Present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Director of Finance

Articles Discussed

Annual Town Meeting Warrant

Article 22: Pesticide Free Zone on Land Owned or Managed by Town of Needham

Article 34: Appropriate for DPW Complex Renovations

Special Town Meeting:

Article 1: Fund Collective Bargaining Agreement: Police Union

Article 2: Fund Collective Bargaining Agreement: Police Superior Officers

Article 3: Amend the FY 12 Operating Budget

Article 10: Appropriate to Workers Compensation Fund

Article 11: Appropriate to Capital Improvement Fund

Article 12: Appropriate to Capital Facility Fund

Citizen Requests

No citizens requested to speak.

Minutes of Prior Meetings

MOVED: By Mr. Lunetta that the Minutes of April 25, 2012, be approved as circulated.
Mr. Creem seconded the motion. The motion was approved by a vote of 5-0 (Mr. McNeill had not yet arrived.)

Special Town Meeting Warrant Article 1: Fund Collective Bargaining Agreement- Police Union and Article 2: Fund Collective Bargaining Agreement- Police Superior Officers

Ms. Fitzpatrick stated that the terms of the agreements have been reached, but that the unions have not yet voted. Mr. Zimbone suggested that the Committee postpone the vote until after the union has voted.

Request for Reserve Fund Transfer

Ms. Fitzpatrick stated that this request would change the method of funding the DeFazio Parking Lot Improvements. This request would allow the project to be funded from the Reserve Fund. The project cannot be funded through the Special Town Meeting Warrant since the warrant is closed. Mr. Rosenstock asked about the timing of the work. Mr. Davison stated that the project will take seven days to complete. Ms. Fitzpatrick stated that the work must be completed by the end of the current fiscal year.

MOVED: By Mr. Rosenstock that the Finance Committee approve the Request for a Reserve Fund Transfer in the amount of \$100,000 to budget line 25B, Department of Public Works Expenses. Ms. Zappala seconded the motion.

Mr. Creem asked whether this transfer would interfere with the Committee's proposed appropriations of the Reserve Fund in the Special Town Meeting Warrant. Ms. Mizgerd confirmed that this project had been accounted for in those appropriations.

VOTE: The motion was approved by a vote of 5-0. (Mr. McNeill had not yet arrived.)

Annual Town Meeting Article 22: Pesticide Free Zone on Land Owned or Managed by Town of Needham

Mr. Zimbone suggested that the Committee postpone the vote on this article, as amended, until the Board of Selectmen has voted. There was no objection from the Committee.

Annual Town Meeting Warrant Article 34: Appropriate for DPW Complex Renovations

Ms. Fitzpatrick described the amendment. The requested appropriation will be changed from \$580,000 to \$40,000, and it is now designated for feasibility and design, to be funded from the levy.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of Annual Town Meeting Warrant Article 34: Appropriate for DPW Complex Renovations as amended. Mr. Lunetta seconded the motion. The motion was approved by a vote of 6-0.

Special Town Meeting Warrant Article 3: Amend the FY 2012 Operating Budget

Ms. Fitzpatrick stated that under the article, \$500,000 in savings is being transferred from the Health Insurance line to the Insurance Liability line which covers OPEB liabilities. The Minuteman assessment line is being increased by \$30,352 and the Reserve Fund line is being reduced by the same amount. The Public Facilities Expense line is being decreased and the Capital line is being increased by \$90,000 to finish funding the generator at the PSA Building. There is not net change to the budget.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 3: Amend the FY 2012 Operating Budget. Mr.

Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Warrant Article 10: Appropriate to Workers Compensation Fund; Article 11: Appropriate to Capital Improvement Fund; and Article 12: Appropriate to Capital Facility Fund

Ms. Fitzpatrick stated that the Finance Committee suggested the appropriations in Articles 10, 11 and 12, and she supports them. She stated that the goal by the end of the Special Town Meeting is to have the designated funds at 85-90% of target levels.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 10: Appropriate to the Workers Compensation Fund, as amended, in the amount of \$200,000. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 11: Appropriate to the Capital Improvement Fund, as amended, in the amount of \$35,000. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

MOVED: By Ms. Zappala that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 12: Appropriate to the Capital Facility Fund, as amended, in the amount of \$415,000. Mr. Creem seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Additional Issues Relating to the Annual Town Meeting

Mr. Rosenstock stated that although the Moderator does not tend to allow changes, he would like to propose to change the funding source in Article 35 for purchase of the roll-off vehicle from retained earnings to a bond issue. He feels that the level of retained earnings will be depleted unreasonably. Mr. Davison stated that he had no objection to the idea, but did not think the Moderator would allow the change to the article. Ms. Fitzpatrick stated that one way to do it would be to put off the purchase request until the November Town Meeting. She noted that the current equipment is from 1992. Mr. Rosenstock stated that there are significant costs to repair the equipment and to rent substitute equipment. He stated that it makes sense to purchase the equipment soon. However, he is concerned that the retained earnings will be \$41,000 which is 20% of the level it should be under the policy recently established by the Board of Selectmen. Ms. Zappala noted that there could be a greater risk that the request would not to be passed if the article is amended. She stated that the Committee should be sure that it wants to request the amendment before asking the Moderator. Ms. Fitzpatrick stated that she does not recall anyone ever asking the Moderator to change an article from funding with cash to funding with debt. Mr. Rosenstock stated that he also understands that the change to debt would also require a 2/3 favorable vote rather than a majority vote at Town Meeting. Mr. Davison stated that it is not realistic to change the article, and that delay would be a better consideration. Mr. McNeill stated that when the Committee voted to support the article it was comfortable funding it with retained

earnings. Mr. Rosenstock stated that he did not realize the depletion of the retained earnings at that time. Mr. Davison stated that it does make sense to use retained earnings, since it is only a one-year stop gap solution being done with the knowledge that the retained earnings will be below the stated policy. Mr. Lunetta stated he supported leaving the article as it is. Mr. Zimbone asked if the article passes, whether the Committee could get an update on the retained earnings before the purchase. Mr. Davison stated that the retained earnings disappear on June 30 until the funds are certified, usually in November, although this year that did not happen until January. Additionally, the purchase cannot be made until after July 1. He stated if the article passes, the funds are committed. Even if the purchase is not made, that money will not return to retained earnings.

Mr. Creem stated that he took issue with the Committee changing its recommendation. He stated that the article should go forward, but the Committee should convey that there is some discomfort, and there are trade-offs to this plan, similar to the Committee's position for the Senior Center. Mr. Davison asked whether the concern is whether retained earnings can be used for capital, or the amount of the funds being used. Mr. Rosenstock stated he would have no issue if the retained earnings would be at the minimum in the policy after the purchase. He stated that his discomfort comes from using nonrecurring funds for operating needs and then stripping the retained earnings to purchase something that we cannot afford. He stated that the retained earnings need to be there to even out the flows. He stated that there was \$490,000 in retained earnings, less \$273,000 used for operating expenses, and an additional \$175,000 for this article, leaving \$42,000.

Recess

MOVED: By Ms. Zappala that the Finance Committee recess the meeting and to reconvene as necessary during the course of Town Meeting. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0. The meeting was recessed at 6:35 pm.

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 6-0, at approximately 11:04 p.m.

Documents: Annual Town Meeting Warrant, May 7, 2012; May 14, 2012 Special Town Meeting Warrant; Town of Needham Capital Improvement Plan, FY 2013 – FY 2017, dated January 3, 2012.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved May 30, 2012