

**Needham Finance Committee
Minutes of Meeting of September 5, 2012**

The meeting of the Finance Committee was called to order by the Chair, Richard Reilly, at approximately 7:00 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair; Richard Lunetta, Vice Chair

Members: Richard Creem, Gary McNeill (attended 7:20 – 8:20 pm), Lisa Zappala, Richard Zimbone

Also Present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Director of Finance

Citizen Requests

No citizens requested to speak.

Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the Minutes of June 20, 2012, be approved as circulated. Mr. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0. (Mr. McNeill had not yet arrived.)

Changes to Community Preservation Act (CPA)

Mr. Reilly stated that the CPA was amended to allow broader use of funds. He stated that the Town expects an increase in the number of requests for CPA funding, and suggested that the Town needs a policy to ensure the funds are appropriately and equitably used. There was a discussion of the Finance Committee's possible role in the review of CPA funding requests. Mr. Lunetta stated that additional available funding might not affect the CPC's method of review. Mr. Davison noted that the CPA controls the use of funding through specific recommendations, and Town Meeting votes up or down. Mr. Reilly stated that the consensus of the Committee was that it is important that there should be a disciplined process for considering CPA funding requests, which is accomplished through the Town Manager's capital planning process.

Town Manager Budget Consultation

Ms. Fitzpatrick stated that the year she will be emphasizing more solid estimates for capital requests, and greater consideration of how the estimates are developed. In the area of operating expenses, she feels that the Town has been doing a better job developing requests based on actual historical data and not using inflators. The departments will be updating performance measures, and tying them to budget requests. She noted that a recent satisfaction survey showed the residents are overall very satisfied with the Town's services. She plans to work on the few areas where there is less satisfaction, including trail access and Rosemary Pool.

Mr. Reilly suggested clear benchmarks that link goals to expenses, as well as information for comparison with other communities. He also stated that there is a need to understand the potential effects on OPEB for a rate of return that is different from the assumed 8%. Mr. Zimbone asked if the Town would consider a tax reduction if there is a significant increase in revenue growth. Ms. Fitzpatrick stated that there are many currently unfunded needs, and that additional money could also be set aside for known upcoming expenses. She noted that avoiding an override would be equivalent to a decrease in taxes. Mr. Davison reminded the Committee that there has also been a promise to the business community that the shift of the tax burden from residents to commercial entities would be reversed when reasonable to do so.

Mr. Zimbone asked for more scenarios in the proforma. Mr. Davison stated that the proforma by nature includes assumptions and cautioned against offering less probable scenarios. Mr. Reilly stated that a huge portion of the budget covers salaries and wages, and felt it would be helpful for the Committee to have more information about the factors and tradeoffs behind wage increases, even though the Committee plays no role in negotiations. Ms. Fitzpatrick stated that the Town seeks to keep increases within the rate of revenue growth. Mr. Zimbone stated that some Town Meeting Members would like a presentation on the Town's capital budget process.

Needham Celebration

Ms. Fitzpatrick stated that the Town-organized parade to celebrate the Olympic gold medalist was a great community event. The Town was able to secure many donations such as food, water, trolley service and a band. However, there were additional costs for which they could not find donors including banners and portable toilets. She expects that there will be a request for a reserve fund transfer to the Town Manager's budget of approximately \$6,500. She noted that there were additional salary costs for police and fire overtime, but she is hoping that their budget will be able to absorb it. She will keep her eye on that.

Committee Vacancies

Mr. Reilly noted that the Committee is comprised of nine members, but that currently there are two vacancies. Five members are still needed for a quorum. He asked members to consider recommendations to suggest to the Moderator.

Finance Committee Updates

Mr. Zimbone stated that there was a meeting with the Department of Environmental Protection about the issues relating to the Hillside/Mitchell project. He stated they were very open to working cooperatively with the Town. Ms. Fitzpatrick stated that the Massachusetts School Building Authority (MSBA) has indicated that it would want Hillside and Mitchell as two separate projects, but are looking for one cohesive educational plan, since a number of options are currently being considered.

Mr. Zimbone stated that the RTS Ad Hoc Super Committee met every other week during the summer and reviewed cost, revenue and traffic data. They are currently conducting a survey of

other towns. The RTS has been underfunded in recent years, and the Town needs to consider the functions that are being subsidized.

Move into Executive Session

Mr. Reilly determined that the following discussion would have a detrimental effect on the negotiating position of the Town if it were held in open session.

MOVED: By Mr. Creem that under Chapter 39, Section 23B of the Massachusetts General Laws, the Finance Committee enter into executive session under exception (3): “To discuss strategy with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares.” Mr. Rosenstock seconded the motion. The motion was approved at approximately 8:00 pm with the following roll call vote: Mr. McNeill: Aye; Ms. Zappala: Mr. Zimbone: Aye; Mr. Reilly: Aye; Mr. Creem: Aye; and Mr. Lunetta: Aye.

Return to Open Session

The Committee returned to open session at approximately 8:10 pm.

Finance Committee Self-Assessment

There was a discussion of the Finance Committee responsibilities, how meetings are conducted, and the liaison functions.

Adjourn

MOVED: By Mr. Creem that the meeting be adjourned, there being no further business. Mr. Zimbone seconded the motion. The motion was approved by a vote of 5-0, at approximately 9:10 p.m. (Mr. McNeill was not present.)

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved September 12, 2012