

**Needham Finance Committee
Minutes of Meeting of February 6, 2013**

The meeting of the Finance Committee was called to order by the Chair, Richard Reilly, at approximately 7:05 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair; Richard Lunetta, Vice Chair

Members: John Connelly, Richard Creem, Louise Miller (arrived 7:10 pm), Lisa Zappala

Also Present:

David Davison, Finance Director

Richard Merson, Director of Public Works

Robert Lewis, Assistant Director of Public Works

Citizen Requests

There were no requests to address the Committee.

Minutes of Prior Meetings

MOVED: By Mr. Connelly that the Minutes of January 30, 2013, be approved as distributed. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller had not yet arrived.)

Review of FY14 Drains Operating Budget Request

Ms. Miller stated that the drains budget showed total expenses to be under \$400,000 between FY10- FY12 while expenses were approximately \$500,000 in the FY13 and FY14 budgets. She said that it appeared that additional reductions in the drains budget could be made. Mr. Reilly noted that the expense line excluding capital jumped from \$96,000 in FY12 to \$180,000 in FY13 and \$140,000 in FY14. He asked whether that was a timing issue for certain expenses or something different. Mr. Merson stated that he would have to research that issue to answer. Mr. Reilly stated that he would meet with him. Mr. Davison stated that there was a big jump in FY13 drains expenses that would continue into FY14. There was a backlog of catch basin sweeping debris at that RTS that needed to be disposed of.

FY 2014 Finance Committee Draft Operating Budget

Mr. Reilly suggested that the Committee address each budget department where the Committee had comments or recommended changes from the Town Manager's recommended budget. He stated that the Town Clerk's budget may need a Reserve Fund transfer at the end of FY13 for an additional election, but that will not affect the FY14 budget. He stated that the Town Counsel submitted a request for additional funds for more hours, but the Town Manager did not recommend it. He stated that he supported her recommendation with the understanding there is a reasonable chance of a request for a Reserve Fund transfer if more hours are needed. Mr. Reilly stated that the Town Manager recommended funding \$4,000 of Personnel Board's request for \$7,000 to fund compensation and classification studies. Mr. Creem stated that \$4,000 may not cover the study, but he was satisfied with the assurance that the Town will provide support if

there is a shortfall. Mr. Reilly stated that the Finance Department budget included new costs, including staff, for FY13 which will carry into FY14. Some of the increase is permanent, and some is temporary to pay for costs associated with the financial system upgrade. Mr. Reilly stated that the Planning and Economic Development Department has requested to add a Community Housing Specialist, but the funding will be sought from CPA revenue. Mr. Davison stated that the position will not have benefits. Mr. Creem noted that the Planning and Community Development budgets should be consolidated.

Ms. Miller suggested that the Committee recommend funding the Police replacement vehicle that the Town Manager deferred for FY14. She noted that the Police sought to even out their replacement vehicle cycle to keep expenses more level, and that FY14 is already one of the lower cost years in the cycle. Mr. Reilly stated that he understood the rationale, but there are other budget areas that are more in need for FY14. Ms. Zappala and Mr. Connelly agreed with Mr. Reilly. Mr. Reilly stated that the issue regarding increased octane fuel was resolved. Mr. Davison stated that if the Police Department's tank is removed, and there are vehicles that need higher octane than is available at the DPW, then the Town will contract with a gas station for the needed fuel. He stated that the Police will have adequate access to the DPW tanks. Mr. Reilly stated that he had asked Mr. Merson to review the DPW budget and identify where cuts could be made. He stated that he would follow up. Ms. Miller suggested that the Highway Repairs and Maintenance and Vehicle Supplies. Mr. Davison stated to keep in mind that the Highway budget contains all of the fuel expenses, but that the actuals for each division include its fuel consumed. Mr. Reilly stated that the Town Manager did not recommend funding the Park and Recreation's request for \$10,000 to pay for overtime of DPW employees for playground maintenance work. He stated that he spoke with Ms. Carey who advised him that she and the Town Manager had found a way to address the playground maintenance expense in the rest of the budget. Ms. Miller stated that the Town should make sure that Park and Forestry has enough in its overtime budget to cover the work.

Mr. Reilly stated that the Town Manager had recommended funding a DSR4 for the Fire Department for a Satellite Receiver. Ms. Miller suggested funding the request with a transfer from the FY13 Reserve Fund since it is needed for safety or funding it through a financial warrant article. She stated that the recurring portion should be added to the operating budget. Mr. Davison stated that Chief Buckley is working to slowly build his expense budget back up. Leaving this request in the operating budget will make the Department's FY15 request look less dramatic, since they will certainly have more requests for hoses and other equipment that has been held back. Mr. Lunetta stated that he has watched the Fire Department go without needed increases each year and mentioned to the Committee that this could not continue. He stated that the time has come to increase the funding. Mr. Reilly stated that the request is a priority, but the question is how to fund. He suggested that if money is tight this year, then one-time money could be used for this, leaving this money for other purposes. Mr. Davison stated that FY15 could be a tighter budget year because the effects of federal cuts will be felt then. Mr. Reilly stated that that argument was more cosmetic than substantive. Ms. Zappala agreed, but stated that people tend to look at higher increases as budget areas that can be cut. Ms. Miller stated that the minutes should reflect that the Committee understands that a decision to fund the Fire Department's request outside of the operating budget for FY14 will not work against the department in FY15.

Mr. Reilly stated that the Building Commissioner submitted three DSR4s for funding staff: one administrative worker, a Building Inspector for 22.5 hour per week, and additional hours for a substitute inspector. The Town Manager recommended funding \$13,500 for the substitute inspector, which was the third priority request. Mr. Reilly suggested the Finance Committee flip the recommendation to fund the administrative position and the Building Inspector, for approximately \$52,500 plus benefits, and not to recommend the substitute inspector for \$13,500. Mr. Creem asked how the Town would handle the associated costs. Mr. Reilly stated that the Town Manager does not want additional legacy costs, but that the positions would not function as effectively without using benefitted staff. He noted that the department brings in significant fee revenue and should work efficiently. Mr. Connelly agreed, and stated that the Building Commissioner made it clear that he needs the additional staff, and that he expects building activity to increase. More staffing will improve the Town's relations with builders and residents. He stated that the department is pulling out of a hole, and the Town needs to help build the momentum. Ms. Zappala also agreed, and stated if developers find it difficult to deal with the building department, they will not want to build in Needham.

Mr. Reilly stated that the School Committee has recommended a 6.2% budget increase for the School Department, and the Town Manager has recommended a 5.6% increase. He stated that the liaisons are still working with the Superintendent to determine what decreases can be made. He stated that over \$140,000 of the School Committee's recommended budget is intended to cover sequestration, or federal budget cuts, that may not happen, so that should be removed.

Mr. Reilly stated that the Committee discussed the Municipal Parking budget. Though it seemed high, the expenses were explained. Mr. Davison stated that there is extra work with extra parking lots being added. He noted that the parking sticker fees had been increased and there is an expectation that the money will be used to maintain the lots well. The budget supports both the paid and nonpaid parking areas. Some funding comes from \$40,000 in parking meter revenue which must be used for maintenance, and from \$35,000 in parking permit fees. The expenses are for renting certain lots and for maintaining and cleaning parking areas. Mr. Davison added that there is not a direct relationship between the money that is brought in and the spending in this budget. Mr. Connelly stated that there have been noticeable benefits to the increased spending on parking lots. Mr. Creem noted that parking fee funds have been used to help in the acquisition of new property for additional parking areas. Mr. Davison stated that snow removal in parking lots comes from the DPW's Snow and Ice budget line, but the costs of shoveling associated walkways is in the Municipal Parking budget.

Ms. Miller stated that there is additional money in the Municipal Lighting Budget. She stated that it could be in the \$8,000-\$12,000 range, but it is there. There is more funding than there is opportunity to do the work. Mr. Reilly stated that Mr. Zimbone did an analysis of energy costs in the Public Facilities budget, and found substantial savings. He stated that the bulk of the savings was in the Newman School natural gas expense. Mr. Zimbone felt that part alone could be reduced from \$160,000 to \$90,000. He stated that the Director of Public Facilities is reviewing Mr. Zimbone's suggestions. Mr. Reilly stated that Ms. Miller recommends funding the Health Department's DSR4 for \$10,000 for additional hours for Riverside Community Care. The Town Manager did not recommend the request, though she designated the request as a high priority for additional funding. Ms. Miller stated that the Town should decide which Health Department functions that are funded by grants are core services, and which parts would be

allowed to end if the grant funding ended. Mr. Reilly agreed and stated this would also apply to Human Services and Schools.

Mr. Lunetta stated that the Human Services Department has requested funding for two part-time van drivers for the Council on Aging budget to replace funding that was previously covered by grants, and later private donations. Private donations have been redirected to cover equipment for the new Senior Center. He stated that it is disappointing that the funds have been shifted. He also stated that the Town must decide the specific purposes of the divisions of Human Services, and which services the Town should fund. Mr. Creem stated that he was surprised at this request since he had specifically asked about the effects of the Senior Center project on the Town's operating budget, and the Committee was told the only expense would be one additional custodian. No warning was given about the loss of donations to pay for the van drivers, though he felt that the COA could foresee this issue. He also disagreed with the representations that alternate transportation is difficult to access since the MBTA's "The Ride" program is easy to use, though it has had fare increases. Ms. Zappala stated that the Town needs to understand that if an organization funds something that the Town would not want to give up, the money may disappear and the need will still be there.

Ms. Miller stated that she would like to see the Library budget include funding for positions that are currently paid by grants. She would also like them to start using the money from the state aid account, and give the additional money back to the Town for Free Cash. There was a discussion about the RTS contribution from the General Fund. Mr. Davison stated that the FY13 contribution from the General Fund was underfunded by about \$21,000 because of the information available when the calculation was made. The RTS Committee would like to recapture that money. Mr. Davison stated that it can be done in a Special Town Meeting warrant if it is done before the tax rate is set. He noted that the sustainability issue remains.

Updates

Mr. Reilly stated that he met with the Superintendent of Schools and the Director of Financial Operations to discuss the cost of SPED transportation. They explained that the transportation for homeless students was included in the comparative data provided earlier. If that data were backed out, then Needham's SPED transportation costs are in line with other communities' costs.

Mr. Reilly stated that he attended the RTS Ad Hoc Super Committee meeting. They concluded that the current system is not sustainable and that they will recommend that the Selectmen consider raising revenue or decreasing expenses.

Adjourn

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Ms. Miller seconded the motion. The motion was approved by a vote of 6-0, at approximately 8:30 p.m.

Documents: Town of Needham Departmental Spending Requests, Fiscal Year 2014; Proposed Annual Budget FY2014, January 29, 2013, Town of Needham, Office of the Town Manager; Sewer Enterprise Fund FY14 Spending Request dated January 21, 2013; FY 14 Finance Committee Budget Development Worksheet; Public Facilities Fuel Budget Spreadsheets.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved February 13, 2013