

Needham Finance Committee
Minutes of Meeting of June 12, 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, Lisa Zappala, Richard Zimbone

Also Present:

David Davison, Assistant Town Manager/Finance Director

Kate Fitzpatrick, Town Manager

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Director of Financial Operations, School Department

Citizen Requests

There were no requests to address the Committee.

Requests for Reserve Fund Transfers

Mr. Davison stated that there were two requests for transfers from the Reserve Fund. However, he stated that he has also learned that day that there may be need for an additional transfer. He stated that due to recent heavy rains, the pump station currently needs to be attended 24 hours per day. Although he has insufficient information at this point, there may be a request to transfer funds from the Sewer Enterprise Fund Reserve Fund to cover extraordinary overtime costs. He stated that that line item still has its entire starting balance of \$35,000. In response to a question from Mr. Lunetta, he stated that there are two employees doing the overtime work. In response to a question from Mr. Connelly, Mr. Davison stated that when the Reservoir B pump station project is completed, it will be able to handle additional water. However, this situation is otherwise not connected to that project.

Mr. Davison stated that the two requests for Reserve Fund transfers being presented were for the Legal Department and Snow and Ice removal. He stated that the Snow and Ice budget was \$521,074 over the annual appropriation of \$400,000. He stated that the Finance Committee had authorized an overdraft of \$450,000 thus far. He stated that the Committee had not met since the bills were received to authorize the additional amount, but that authorization would not be needed if the transfer is approved. He stated that the second request was for \$10,000 to cover the estimated remaining obligations of the Legal Department for the rest of the fiscal year. In response to a question from Mr. Reilly, Mr. Davison confirmed that the Legal Department's total authorized spending would be \$307,500 for the year. Mr. Davison explained that this was based on three factors: (1) extra legal services needed for a Chapter 40B project; (2) additional costs for expert witnesses for issues relating to the plume under Hillside School and petitioning the Attorney General for extension of an agreement providing additional funds for abatement; and (3) additional costs for appraisal regarding a real estate acquisition.

MOVED: By Mr. Connelly that the Finance Committee approve the Reserve Fund Transfer in the amount of \$521,074 to the Snow and Ice Removal budget line. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

MOVED: By Mr. Connelly that the Finance Committee approve the Reserve Fund Transfer in the amount of \$10,000 to the Legal Department budget. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the Finance Committee approve the minutes of the meetings of April 24, 2013, May 1, 2013, and May 8, 2013 subject to technical corrections. Mr. Creem stated that he would convey some technical corrections. Mr. Connelly seconded the motion. The motion was approved by a vote of 6-0.

Approval of Executive Session Minutes

Mr. Reilly stated that there were five sets of minutes from executive sessions that were proposed for approval since the real estate transactions underlying the discussions had been completed and there appeared to be no further reason to keep them confidential.

MOVED: By Mr. Lunetta that the minutes from the Executive Sessions of September 7, 2011, February 1, 2012, February 15, 2012, February 29, 2012 and March 21, 2012 be approved as circulated. Mr. Creem seconded the motion. No vote was taken.

Mr. Creem stated that there was a comment in the Executive Session Minutes of September 7, 2011 that should not be made public at this time, but that the sentence could be stricken. The Committee agreed to defer action on that set of minutes.

MOVED: By Mr. Lunetta that his prior motion be amended to exclude the approval of the Minutes of September 7, 2011, and that the Committee approve the other four sets of executive session minutes. Ms. Zappala seconded the motion. The motion was approved by a vote of 6-0.

School Department Update

Dr. Gutekanst stated that there is a hole in the FY14 budget due to the federal "sequester" cuts, but that the School Department should be in good shape and should not need additional funds for the shortfall because of the condition of the budget as FY13 concludes. He stated that negotiations with the teachers union have not been completed, so that part of FY14 planning is in flux. He stated that some savings at the end of FY13 will allow the department to pre-purchase some SPED tuitions and some technology needs that were eliminated for budgetary reasons. He believes there will also be some budgetary turn-back to the Town. Ms. Gulati circulated a memo with third quarter operating budget projections. Ms. Gulati stated that she estimates that the School Department will spend less than 98% of the FY13 budget, and that the residual balance is

attributable to: (1) savings resulting from pre-purchased SPED tuitions last year; (2) Circuit Breaker reimbursement at a level higher than budgeted; and (3) savings from employee turnover. She stated that some of the residual balance is committed to certain items identified as unfunded FY14 needs. She stated that the biggest need is for SPED costs that are projected to be \$435,000 over budget for FY14. She stated that the Department just learned of two additional residential placements which will cost approximately \$200,000 and will use up any contingency. She stated that \$45,000 will pay for a new van for the growth in the van program. \$30,000 will pay for modular units at Mitchell. She stated that \$60,000 for funding to be used to expand the iPad pilot is a very preliminary estimate.

Ms. Gulati stated that Circuit Breaker reimbursement provided \$203,599 in additional funding, bringing the reimbursement rate from 65% in the budget to 74.5% actually received. She noted that salary savings was also a driver of the FY13 savings, from lower than expected salary costs due to FMLA leaves and other unpaid leave. She stated that this area can fluctuate and be \$200,000 under or over budget, but that in FY13 it was \$200,000 under budget.

Mr. Reilly asked Ms. Gulati to explain the competitive bidding being used for SPED transportation. She stated that the Town joined a collaborative for networking the transportation for out-of-district placements. She stated that they have worked with this collaborative, but that for next year, they will change the bidding process. They will put each route out for bid. She stated that she is hoping for significant savings. The savings could be anything from level dollar (which means no increase, but which would provide a savings over the 5% budgeted increase) to more than \$70,000. She stated that this will cause additional administrative work, so that they will not continue if there is only a level dollar savings. In response to a question from Mr. Connelly, Ms. Gulati stated that she expects the turn-back to the Town to be in the range of \$60-\$100 thousand. She stated that some of the remaining savings will be used for implementing the new financial system. Ms. Gulati stated that the only items that can be pre-purchased under the law are SPED tuition, up to 3 months in advance, and collaborative costs including costs for dues and programs. She stated that the Department has not been able to pre-purchase more than \$900 thousand of SPED expenses because of legal constraints. She noted that there is no savings if the expenses are not very certain.

New Finance Committee Governance

Mr. Reilly stated that Mr. Lunetta was nominated to be the next Finance Committee Chair and Mr. Connelly was nominated as Vice Chair.

MOVED: By Mr. Reilly that the Finance Committee vote to elect Mr. Lunetta as the Chair. Mr. Zimbone seconded the motion. There were no further nominations, and no further discussion. The motion was approved by a vote of 5-0-1, with Mr. Lunetta abstaining.

MOVED: By Mr. Creem that that the Finance Committee vote to elect Mr. Connelly as the Vice Chair. Mr. Reilly seconded the motion. There were no further nominations, and no further discussion. The motion was approved by a vote of 5-0-1, with Mr. Connelly abstaining.

Mr. Lunetta presided over the rest of the meeting.

Finance Committee Updates

Mr. Davison stated that there is an appraisal issue relating to a possible purchase of real property. He state that there is limited information at this time, but that he will know more after the appraisal. The Committee agreed to meet next at 7:30 pm on June 26 to address a reserve fund transfer and to discuss the real estate issue in executive session.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 6-0, at approximately 7:50 p.m.

Documents: Memorandum from Anne Gulati, Director of School Financial Operations to Needham School Committee, dated May 27, 2013, Re: FY13 Third Quarter School Operating Budget Projections

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved July 15, 2013