

**Needham Finance Committee
Minutes of Meeting of October 1, 2014**

The meeting of the Finance Committee was called to order by the Chair, John Connelly, at approximately 7:30 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair
Members: Richard Creem, Rick Lunetta, Richard Reilly, Lisa Zappala

Others present:

Ann DerMarderosian, Future School Needs Committee Member
Kate Fitzpatrick, Town Manager
David Davison, Assistant Town Manager/Finance Director
Maurice P. Handel, Vice Chair, Board of Selectmen

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Ms. Miller that the minutes of September 3, 2014 be approved, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 6-0.

Future School Needs Committee Appointment

Mr. Connelly welcomed Ms. DerMarderosian. Ms. DerMarderosian explained that the Future School Needs Committee meets during the fall to project the expected school enrollment in the next five years. She stated that a formula is used, though it does not account for some factors such as changes in the economy which can affect the number of student in the public schools. She stated that the Committee's projections are usually accurate to within 1%. She stated that the Committee releases its report each November.

MOVED: By Mr. Creem that the Finance Committee reappoint Ann DerMarderosian for a three-year term to the Future School Needs Committee. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 1 – Approve the ITWA Collective Bargaining Agreement

Ms. Fitzpatrick stated that the numbers in the final agreement are the same as those presented at the last Finance Committee meeting in executive session. The ITWA voted to approve the

agreement. She stated that the additional cost to the Town will be approximately \$106,000, but less is being requested for the budget since there will be people leaving or retiring that will provide some savings. She stated that those savings are not subtracted from the total cost of the agreement, but they are expected to be realized. Mr. Davison stated that the changes from the contract will affect all four operating budgets: the General Fund and three Enterprise Funds.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 1 – Approve the ITWA Collective Bargaining Agreement. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 2 – Appropriate for Matching Grant

Mr. Handel stated that the Town has a cooperative relationship with the City of Newton and the Newton Needham Chamber of Commerce. He stated that the Newton Needham Chamber of Commerce created the N² initiative to leverage the high tech aspect of the N² Corridor. He stated that both he and Devra Bailin, Needham's Economic Development Director, are on the committee which is applying for a \$50,000 federal grant from the Economic Development Administration. He stated that there must be a \$50,000 match from public and private contributions. He stated that approximately \$38,000 will come from interested businesses, which leaves \$12,000 to come from the State, Needham and/or Newton. The grant would fund a consultant to develop a marketing strategy for the area. Ms. Fitzpatrick stated that the consultant would develop a clear tactical plan for the next three years. She stated that some developers have said that there need to be more retailers to attract businesses, and the retailers have said that more residential buildings are needed. The right mix needs to be determined. Mr. Handel stated that Newton and Needham officials have agreed that Newton should pay approximately \$7,000 since it is bigger and Needham should cover \$5,000 of the \$12,000 of public funding that is needed. They are unsure if the State will contribute. He stated that there was some pushback for that split because Needham stands to gain a lot because Needham has created a zoning environment that is ready for a development plan. Needham would have to pay \$3,000-\$5,000 depending on whether the State pays anything. Mr. Reilly asked if it would be better to split the cost with Newton evenly to maintain the same level of influence in the study. Mr. Handel stated that he believes the study will focus sufficiently on Needham.

Mr. Creem asked why the Chamber of Commerce was involved. Mr. Handel stated that they are bringing in the private sector, and that they are good at bringing in high tech interests. Mr. Creem stated that he was concerned that the Chamber was Newton-centric. Mr. Handel stated that he had the same concerns initially, but that the relationship with the Needham Business Association has been very collegial. Ms. Fitzpatrick stated that the N² Corridor is specifically defined, and that she would be concerned if the study covered the whole City of Newton and Town of Needham. Mr. Handel stated that they expect to apply for the grant in January 2015. If the grant is not awarded, the Town's money will not be used. Mr. Handel stated that the grant application will have more credibility if the municipalities are financially involved. Ms. Zappala asked if there were funds in the Town's operating budget to cover this. Ms. Fitzpatrick stated that the

Planning budget has only \$2,500 for consultant fees, and she did not feel comfortable taking the money from her budget.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 2 – Appropriate for Matching Grant for \$5,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 3 – Amend the FY2015 Operating Budget

Mr. Davison stated that the article addresses three issues. First, the Classification, Performance and Compensation line is being increased to account for increases in salaries and wages due to two collective bargaining agreements: the DPW workers contract approved by Town Meeting in May, and the ITWA contract that is up for approval at the upcoming Special Town Meeting. Second, the DPW salary and wage line and the expense line are each being increased by \$5,000 to cover costs relating to the new dog park. The DPW does some maintenance work on an overtime basis, and also buys supplies for the park. These additional costs are being offset by an increase in the dog license fee revenue. Third, the Health Department salary and wage line is increasing to cover the salary of the Substance Abuse Program Director which had been funded by a grant that ended on September 30 but was not renewed. Funds to cover this loss were requested during the FY15 budget process, but the Finance Committee recommended that the position not be included in the Health Department's operating budget if there is a possible other source of funding. The additional cost is 75% of the annual salary. The changes will be funded by additional revenue. The residual amount is being put into the reserve fund. Mr. Connelly asked how much additional revenue is available. Mr. Davison stated that there is \$345,000 but that \$200,000 is requested for the High School classroom partitions in Article 10. Ms. Miller asked for a breakdown of where the additional funds being allocated to the FY15 Classification, Performance and Compensation line will ultimately go. Mr. Davison noted that during the FY16 budget process the amounts transferred from the Classification line will show in the various department FY15 budget lines.

Ms. Miller asked where the \$345,000 revenue came from. Mr. Davison stated that state aid increased \$46K, dog licensing fees will bring in an additional \$10K and \$255K is from new growth. Ms. Zappala stated that the new growth projection seems strong. Mr. Davison stated that the new growth number will be finalized in December after the Special Town Meeting, but it is usually held a bit low, and the additional funds are used to shore up the position for abatements.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 3 – Amend the FY 2015 Operating Budget. Mr. Reilly seconded the motion.

DISCUSSION: Ms. Miller stated that she wanted to know more about the Health Department Substance Abuse Program Director position and what it does. She stated that she would like the Finance Committee to discuss the position as it would discuss a DSR4 request. She is concerned that the position was created because a grant was lost, and needs more discussion.

VOTE: The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 4 – Amend the FY2015 RTS Enterprise Fund Operating Budget

Mr. Davison stated that the salary line is increasing \$20,470 due to increases in the DPW union contract agreed in the spring that was approved at the Annual Town Meeting. There are eight positions affected.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 4 – Amend the FY2015 RTS Enterprise Fund Operating Budget as set forth. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 5 – Amend the FY2015 Sewer Enterprise Fund Operating Budget

Mr. Davison stated that the salary and wage line is also increasing due to the new DPW union contract. He stated that the MWRA's final assessment was lower than the earlier estimate, so the budget is being reduced to correct that. He stated that there are no ITWA workers in this budget.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 5 – Amend the FY2015 Sewer Enterprise Fund Operating Budget as set forth. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Special Town Meeting Draft Warrant Article 6 – Amend the FY2015 Water Enterprise Fund Operating Budget

Mr. Davison stated that the Water Enterprise Fund salary and wage line is also increasing due to the DPW union contract. There is also one person in this budget covered by the ITWA contract. He stated that the DPW contract increase is \$22,720 and the ITWA increase is \$2,075. He stated that the MWRA final assessment was \$325 lower than the estimate.

MOVED: By Ms. Zappala that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 6 – Amend the FY2015 Water Enterprise Fund Operating Budget as set forth. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Finance Committee Updates

Mr. Connelly asked if there were any issues of note during the first quarter of the fiscal year.

Mr. Davison stated that Town's 3-year contract for natural gas will expire on October 31, and that the market has changed drastically and rates have increased significantly. He stated that this will affect the FY16 budget requests, since he will be increasing the projected cost of natural gas by approximately \$0.30 per therm. Mr. Connelly asked whether the Town was rethinking the three year contract strategy. Mr. Davison stated that the Town will probably look for a 16-18 month contract, since bid prices are usually lower in the spring. He stated that the market has changed since many buildings have switched to natural gas causing the demand to increase, while at the same time, the pipes are not sufficiently sized to be able to increase supply sufficiently. He stated that he expects the Public Facilities FY 2016 budget to increase by \$400,000, and that there will be a hit to the FY15 reserve fund the increases this year. He stated that the effect on the FY15 budget will depend on the severity of the winter.

Mr. Connelly reported that there have been two Chairs meetings to discuss future funding of the iPad program in the Schools. He stated that there has been no progress. He stated that the Schools have come to the Board of Selectmen and Finance Committee looking for a solution but have not looked within their budget for funding. Mr. Connelly stated that the Schools have some unexpected new pressure on the SPED program from some new students living at the Walker School and needing services from the Town. He stated that the Schools are pursuing a project to partition two classrooms at the Special Town Meeting in the fall, and then another larger project to expand the cafeteria and add 6 modular classrooms. Mr. Lunetta stated that the Finance Committee has asked the School Department to live within their means each year, and they request increases far above revenue growth. He stated that they have money at the end of each year to prepay SPED tuitions, so they should not ask for additional money. Mr. Connelly stated that they have not yet asked for more. He noted, however, that if more space is built, they will likely want to hire new teachers to use that space. Mr. Reilly suggested that the Finance Committee could meet with the Technical Advisory Board to discuss technology in the Schools.

Adjourn

MOVED: By Ms. Miller 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 8:40 p.m.

Documents: Town of Needham Special Town Meeting Warrant for October 27, 2014, Draft of 9-19-14; Tentative ITWA Contract Settlement dated 7/29/2014.

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved October 8, 2014