

**Needham Finance Committee
Minutes of Meeting of June 24, 2015**

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

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair

Members: Barry Coffman, Richard Creem (arrived 7:30 pm), Richard Reilly, Lisa Zappala, Rick Zimbone

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Charles Laffey, Director of Public Facilities, Operations

David Tobin, Town Counsel

Carol Fachetti, pending Finance Committee appointee

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of May 4, 2015 be approved as distributed. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0. (Mr. Creem had not yet arrived.)

Youth Commission Appointment

The term of the current appointee, Julie Stevens, will expire on June 30, 2015, and she has requested another term. She is currently Vice Chair, a leadership position, and would like to continue serving in the leadership of the committee.

MOVED: By Ms. Miller that the Finance Committee reappoint Julie Stevens to the Youth Commission. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0. (Mr. Creem had not yet arrived.)

Reserve Fund Transfers

Mr. Davison presented four requests for transfers from the Reserve Fund.

Unemployment: This request from Human Resources would cover unanticipated costs in unemployment. He stated that the maximum exposure is \$9,952 over budget, or \$109,952 spending for the year. The full amount will not be known until after FY15 closes. The Town must pay unemployment costs if it is determined they are not reimbursable by the state. He stated that the Town challenges claims that seem inappropriate.

Legal: Mr. Davison presented the second request for \$20,000 to cover legal costs through the end of the year. The costs are expected to exceed the current budget based on billing received to date, plus expected costs through the end of the year. The maximum exposure for FY15 is \$274,000. Two particular areas affecting legal costs are 40B projects including Needham Mews, and environmental cases, primarily related to the DEP water issues at Rosemary Pond, and also the issues at the Hillside site. He stated that he expects the maximum exposure for legal costs for the rest of the year is an additional \$20,000. Mr. Tobin stated that the MDL issue at Hillside could heat up this month, but he expects that would be enough. Mr. Connelly asked if one issue was triggering the higher expenses or it was many smaller issues. Mr. Tobin stated that they wanted to be prepared to pay incoming bills for experts in the Needham Mews case, but that the overall expenses were from many cases. He stated that the costs were for legal services such as experts and arbitrators, and not for judgments or payouts. Mr. Davison stated that payouts would usually come from insurance or the judgment line in the budget.

Snow and ice: Mr. Davison stated that \$1,313,370 additional is needed to cover all snow and ice expenditures for FY15, and that there will be no carryover into FY16. He does not expect reimbursement from FEMA, however if any does come in, they would fall into free cash. He stated that the Town submitted about \$300,000 for expenses which could be reimbursed at 80%.

Mr. Connelly asked whether the Town just pays the snow and ice expenses or whether anyone looks into whether the work could be done less expensively. Mr. Davison stated that they use a good combination of using own staff and equipment and using contractors when needed. He stated that they do not want to shift further away from contractors or they will lose them. He stated that there is other private contract work out there that pays more and does less wear and tear on equipment, so it is important to keep the contractors engaged. This year approximately \$300,000 was removal of snow from roofs in February since there was no melting between storms. Mr. Davison stated that the Town is always looking for better contracts for salt.

Mr. Coffman asked why the budget was set at \$400K when the costs are almost always significantly higher. Mr. Davison stated that state law allows the Town to deficit spend this line, but only if the budget appropriation is equal to or higher than the previous year's budget. So once funds are in this line, they can't really be taken out. He stated that he does consider 10-year expense averages when he prepares overdraft authorization requests for this account. He stated that the budget line was increased not long ago from \$200K, and will be increased a small amount next year. He stated that the reserve fund is higher than in many towns, because it serves as a snow and ice contingency. Ms. Miller stated that this approach allows more flexibility to re-appropriate funds at the May Special Town Meeting in a year that there are lower snow and ice costs.

Public Facilities/Energy: Mr. Davison stated that the request is for \$84,000 which is the maximum exposure for additional expenses in the Public Facilities budget primarily due to natural gas cost that were higher than budgeted. He stated that the request form has an error. The amount encumbered is \$4,592,645.

Mr. Davison stated that there is a potential issue in FY16 in the budgeted energy costs because of the way the solar credits may be issued. The budget anticipated credits against the bill so that the

bills would be lower. However, the company has the ability to bill fully for energy use, and issue checks separately. The net result is the same, but there would be higher expenses and higher revenue for the Town, affecting the budget.

MOVED: By Ms. Miller that the Finance Committee approve of all four requests for reserve fund transfers in the amounts set forth in those requests. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Elect Chair, Vice Chair for FY2016

MOVED: By Mr. Reilly that Ms. Louise Miller be nominated and elected Chair of the Finance Committee for fiscal year 2016. Ms. Zappala seconded the motion. The motion was approved by a vote of 7-0-1. (Ms. Miller abstained).

MOVED: By Mr. Reilly that Mr. Rick Zimbone be nominated and elected Vice Chair of the Finance Committee for fiscal year 2016. Mr. Coffman seconded the motion. The motion was approved by a vote of 7-0-1. (Mr. Zimbone abstained.)

Finance Committee Updates

Mr. Zimbone described a recent school liaison meeting. He stated that the schools currently project a surplus of approximately \$450K which they propose to use to prepay special education tuitions for FY16. He stated that they also presented a list of items where they expect a potential budget shortfall next year of approximately \$1.1 million, including \$750K for SPED, \$125K in circuit breaker reimbursement, \$60K at the High School and \$60K for an FTE. He stated that there is a built-in conservatism in these numbers.

Executive Session

Mr. Connelly stated that the upcoming discussion to consider the purchase, exchange, lease or value of real property would have a detrimental effect on the Town's negotiating position if it were to occur in open session.

MOVED: By Mr. Creem that the Finance Committee, pursuant to MGL c. 30A, s. 21, move into executive session, and to adjourn without returning to open session, to consider the purchase, exchange, lease or value of real property. Mr. Reilly seconded the motion. The motion was approved by the following roll call vote at approximately 7:45 p.m.: Ms. Zappala: Aye; Mr. Zimbone: Aye; Mr. Reilly: Aye; Mr. Connelly: Aye; Mr. Lunetta: Aye; Ms. Miller: Aye; Mr. Coffman: Aye; Mr. Creem: Aye.

Documents: Reserve Fund Transfer requests:

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved September 9, 2015