

**Needham Finance Committee  
Minutes of Meeting of February 24, 2016**

The meeting of the Finance Committee was called to order by the Vice Chair Rick Zimbone, at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall. Chair Louise Miller arrived at approximately 8:00 p.m.

Present from the Finance Committee:

Louise Miller, Chair; Richard Zimbone, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Richard Reilly, Carol A. Smith-Fachetti

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Evelyn Poness, Town Treasurer/Collector

Timothy McDonald, Director of Public Health

Anne Gulati, Director of Financial Operations, School Department

**Citizen Requests to Address Finance Committee**

There were no requests.

**Approval of Minutes of Prior Meetings**

MOVED: By Mr. Reilly that the minutes of February 10, 2016, be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

**2016 Annual Town Meeting Warrant Articles**

**FY 2017 RTS Enterprise Fund Operating Budget**

Mr. Reilly introduced the RTS operating budget. He noted that the amount of overtime is difficult to further reduce because of operational and scheduling needs, though steps are being taken when possible. Mr. Coffman asked if employee schedules could be shifted to help manage overtime. Mr. Davison stated that the Town does not have that flexibility. Under the collective bargaining agreement, longer term employees have a guarantee of a certain amount of overtime that was grandfathered from a prior contract. New employees do not have the same guarantee. Mr. Davison added that shifting schedules requires bargaining, and thus giving something else up. All of the contractual costs must be considered. Mr. Zimbone stated that he was on the RTS Ad Hoc Supercommittee that reviewed the operations of the facility. He stated that all of the committee's recommendations were implemented by the Selectmen, except for one which called for the RTS to close one more day per week to lower costs. Mr. Jacob noted that the overtime in this budget is \$90K, which includes \$60K of regular pay, and \$30 K of overtime costs.

Mr. Reilly referred to a handout showing revenues and expenses for all of the enterprise funds, and explained that while the enterprise fund revenues are less than the operating revenues, there are other revenue sources. He stated that fees are not as strong because the sticker fees were

phased out. Mr. Connelly asked why there is a big increase in revenue expected in FY17. Mr. Davison stated that there is an increase in the bag fees as well as revenue from leasing property for the solar array. Mr. Davison stated that other sources of funds are retained earnings, which is usually used for cash capital, and also funds that were unexpended from previous warrant articles. Mr. Coffman asked how there are retained earnings if the operating revenues are greater than expenses. Mr. Davison stated that the General Fund also makes payments to the RTS for the disposal services provided to the Town. He added that there is no requirement that an enterprise fund be self-sustaining. The RTS fund is in the black when all revenue sources are considered. Mr. Reilly stated that the law does not allow the fund to anticipate new revenue, so the revenue is likely under-estimated. Mr. Davison stated that recycling revenue is starting to rebound, and that also may be higher than estimated.

Ms. Smith-Fachetti asked if there were more trips to the RTS since the sticker fee was eliminated. Mr. Davison stated that there is only anecdotal evidence at this point, but there are more stickers being issued, and more materials are coming in. It appears that people are recycling more now that they do not have to pay a fee.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate the FY 2017 RTS Enterprise Fund Operating Budget in the amount of \$2,229,285. Mr. Reilly seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

### **FY 2017 RTS Enterprise Fund Cash Capital**

Mr. Reilly stated that there are three items in this article for a total of \$238,000 financed with debt: (1) a swap loader with attachments that will allow more uses for one truck, (2) property improvements including additional fencing and moving a wall, and (3) a stormwater plan to clean water runoff. Mr. Davison stated that the swap loader will allow for some cost savings because of flexibility of the equipment. This is the direction the Town is moving with the new Fleet Director. He stated that the new stormwater plan is needed for compliance with conservation requirements.

Mr. Davison stated that the three items total \$238,000, and that it will be funded with \$22,073 from a prior warrant article and \$215,927 from retained earnings. The prior warrant article appropriated funds for repairs to the RTS drop-off area.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for RTS Enterprise Fund Cash Capital in the amount of \$238,000. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

### **RTS Fleet Replacement**

Mr. Davison stated that this would fund the front-end loader that is the big heavy tractor used for crushing and moving trash. It also moves snow. Mr. Lunetta asked if there is a more economical way to crush trash. Mr. Davison stated that this is the most effective way, and is the method used in private and public sector operations. Mr. Coffman asked what would happen to the old tractor. Mr. Davison stated that it would be kept as a spare, depending on the condition, or traded in. He stated that the useful life of the tractor is 10-15 years.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for RTS Fleet Replacement in the amount of \$269,000. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

### **FY 2017 Sewer Enterprise Fund Operating Budget**

Mr. Reilly introduced the budget. He stated that the MWRA assessment, which is by far the largest cost for this fund, is largely out of the Town's control. He stated that electricity expenses are increasing due to an increase in unit costs as well as the fact that the Reservoir Pump Station will be online full time in FY17. He stated that this year, the MWRA cost is higher than expected. Mr. Davison stated that it was budgeted at level dollar, but that the cost has increased by \$303K. Mr. Reilly explained that the drains program is in the sewer budget for operational reasons, but the expenses are billed back to the Town. Mr. Davison stated that sewer employees do the work, and their salaries were transferred from the General Fund budget to the Sewer Fund in 2012. Mr. Davison stated the in the next few years, the Town will need to start charging stormwater fees because of new costly stormwater treatment requirements. Mr. Reilly stated that the Sewer revenues do not cover the operating expenses, but with other sources of revenue, the expenses are covered.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for FY 2017 Sewer Enterprise Fund Operating Budget in the amount of \$8,738,614. Mr. Coffman seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

### **FY 2017 Sewer Enterprise Fund Cash Capital**

Mr. Reilly stated that the Sewer cash capital spending is lower compared to recent years, and he asked if it is being underfunded. Mr. Davison stated that this will be a smaller year, but that bigger projects are planned in upcoming years. Mr. Reilly stated that the funding in this article is for the design of sewer extensions. There are homes that are currently using septic systems that are causing concerns about leaching into wetlands. Extending the sewer lines to that area will make it possible for these homes to access the sewer. He stated that the homeowners would pay a betterment fee to hook up to the sewer system. Mr. Davison stated that the construction work is expected to cost \$500K. Mr. Davison stated that the homeowners would pay a percentage of the total cost. He stated that connecting to the sewer is a benefit for those properties, otherwise they would have large problems if a septic system fails.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for Sewer Enterprise Fund Cash Capital in the amount of \$73,860. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

### **FY 2017 Water Enterprise Fund Operating Budget**

Mr. Reilly introduced the budget and stated that the MWRA assessment in the Water Fund is also the largest expense for this budget, but is not as large a portion as the Sewer MWRA assessment. He stated that overtime hours in the Water Fund are flat. He stated that expenses are increasing due to rising electricity costs and for pump repairs. He stated that there are also costs for police details. Mr. Reilly stated that the operating costs are reasonable, and that there is no material transfer of funds from the General Fund. Mr. Davison stated that the Water program

is fully self-supporting. He explained how the wages are divided for employees whose work supports both Water and Sewer programs as well as drains work. Mr. Jacob stated that the salary per FTE appears high. Mr. Davison explained that there are more employees earning those wages than appear in the Water Fund's FTE count. He added that the expense budget includes the same energy reductions in fuel costs that had been applied to the General Fund budget.

MOVED: By Mr. Jacob that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for FY 2017 Water Enterprise Fund Operating Budget in the amount of \$4,886,421. Mr. Reilly seconded the motion.

DISCUSSION: Mr. Zimbone asked how the water conservation efforts were going. Mr. Davison stated that the figures were not in yet. He stated that people seem to be using just as much water, and are willing to just pay higher rates and do their watering at the prescribed times. Mr. Reilly stated that there are big revenue swings.

VOTE: The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

#### **FY 2017 Water Enterprise Fund Cash Capital**

Mr. Reilly described the items being funded: Fire Flow Improvements Study, Water Service Connections, Water System Rehabilitation Program and Fleet Replacement. The total spending for these expenses is 345,679, all from retained earnings.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for Water Enterprise Fund Cash Capital in the amount of \$345,679. Mr. Jacob seconded the motion. The motion was approved by a vote of 7-0-1. (Ms. Miller abstained, having arrived after the discussion.)

#### **Annual Town Meeting Warrant Financial Articles**

##### **Property Tax Assistance Program**

Mr. Davison stated that this program defrays the tax bills for certain eligible elderly and disabled residents. Ms. Poness state that there are two different funds used for the program: the voluntary contribution fund that is funded by gifts from other residents, and this appropriation which was first developed in 2009 to match the voluntary contributions so that the program can be more generous, and to encourage donations. The program allows many seniors with limited income to stay in their homes. Over the life of the program \$76K of assistance has been given to 178 people. The average assistance is \$415, and some is as much as \$1,000. She stated that this article would appropriate \$13,222. Including the voluntary contributions, the program will have \$26,444. She stated that the current balance is about \$7K, but that the bulk of the contributions come in with excise tax. They will wait until April to be able to award as much as possible. In response to a question from Mr. Reilly, Ms. Poness explained the process and criteria for awarding the tax assistance. All applicants must provide evidence of income and expenses. She noted that they consider other factors such as other property owned. She stated that almost 100% of people who request help are granted some. She stated that last year's appropriation was \$25K. She noted that the voluntary funds are for elderly and disabled residents, but the appropriated funds are only for elderly. She described efforts being made to increase voluntary contributions.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for Needham Tax Assistance Program in the

amount of \$13,222. Mr. Connelly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

### **Senior Corps**

Mr. Davison stated that this program is administered by the Council on Aging. Senior residents can earn a credit of up to \$1,000 toward a property tax bill in exchange for up to 100 hours of volunteer service. Mr. Coffman asked if there were more funding whether there would be more volunteers. Mr. Davison stated that the question has been raised, and the \$15,000 amount seems to work well. He stated that some years it is not all used, but that new people do continue to find the program. Mr. Reilly suggested that the language of the article information be modified to state that elderly or disabled people were qualified, since people did not need to be both elderly and disabled.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for Senior Corps in the amount of \$15,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

### **Emergency Preparedness Program**

Ms. Fitzpatrick stated that Mr. McDonald has been working with Fire Chief Condon on emergency management preparedness, and produced the memo assessing the current program and suggesting what is needed. Mr. McDonald stated that the Town has fallen out of compliance in this area, which is easy when it is a small add-on to someone's responsibilities. Currently the Public Health Director and the Fire Chief are each responsible for maintaining the program. He described the need for certification, and the potential emergencies that they need to be prepared for. He stated that this funding would allow the Town to hire a junior person for 2 years to do the work needed to get the Town to full compliance. He stated that, at that point, they would consider whether the position is still needed, and whether the Town would fall out of compliance without their continued work. Ms. Fitzpatrick stated that most of the funds would be used for salary. She expected a recent graduate with interest in the field would be interested. Mr. Zimbone asked if the efforts would be coordinated with utilities and local police. Mr. McDonald stated that they would coordinate with both, in addition to working with the MWRA, schools, hospitals and other groups that are part of an integrated emergency management program. Mr. Zimbone stated that he is concerned that \$100,000 may not be enough to accomplish what they seek. He would strongly suggest that the position continue beyond 2 years, in order to avoid falling out of compliance again. Ms. Fitzpatrick stated that the position would be a 2-year fellowship, and there would be data at the end to determine what to do going forward.

Ms. Miller expressed concern that this is too much money, and that full-time work is probably not needed. Mr. Connelly asked what other comparable towns do. Mr. McDonald stated that this is a new approach and that it is unusual for a town to have a full-time person doing this work. Other towns have the work as an add-on for the Fire Chief or Lieutenant, but that is difficult. Ms. Fitzpatrick stated that they have explored sharing a full-time person with Wellesley, but Needham feels it needs an infusion of work right now. Mr. Reilly asked the effect of losing certification. Mr. McDonald stated that the Town would not be eligible for FEMA or MEMA grants, but would still be eligible for disaster relief. He stated that the Town is provisionally certified and has received modest grants totaling \$8,460.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Appropriate for Emergency Preparedness Program in the amount of \$100,000. Mr. Lunetta seconded the motion.

DISCUSSION: Mr. Connelly stated that he would abstain from a vote at this point. He stated that he needs more time to consider the proposal. Mr. Reilly stated that it would be helpful to have more detail about how the money would be spent. Ms. Miller stated that she would also like an overview of how other towns are handling emergency preparedness. Ms. Smith-Fachetti asked how the Town would plan to maintain preparedness. Ms. Fitzpatrick stated that the 2-year fellowship would provide an assessment of how to move forward. Mr. Coffman stated that emergency management preparedness could be made a function of someone's job, and they would be responsible for and evaluated on that work. He stated that it is not clear why a dedicated person is needed.

WITHDRAWN: Mr. Zimbone withdrew his motion. He stated that recently Mr. Olsen from Parks and Forestry requested funding for emergency equipment because the emergency supply storage space was not properly equipped. He stated that without a plan to have exercises and drills and to check on emergency preparedness, things fall behind. He stated that he had not been aware that the Town was as out of date as it is. Mr. Jacob stated that he was in agreement, but that the Committee will need to understand and explain the program to Town Meeting.

#### **Continue Department Revolving Funds**

Ms. Miller stated that there are no changes to this article. Mr. Davison stated that the article includes the same funds and the same funding amounts as last year. He stated that revolving funds are funds that are created for voluntary services provided by the Town that require fees, which are brought in and can be used to pay the costs of providing those services. The funds must be authorized annually. The budget amounts in the article are actually caps on spending. There are no caps on revenue. He stated that the Finance Committee can approve an increase to the spending cap during the year if a program is found to be very popular so there are more fees coming in and more spending is needed. He stated that school transportation beyond what is required by law is a voluntary service with a revolving fund. He stated that money must be collected before it is spent on these services.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article: Continue Revolving Funds in accordance with the schedule. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

#### **Finance Committee Updates:**

Mr. Zimbone reported on a meeting of the High School Space Needs Task Force. He stated that the Committee has been reviewing enrollment reports and have settled on 1700-1800 students as the range to be expected, and are now looking at what can be done to accommodate that many students. He stated that he met with High School Principal Joseph Barnes to identify the classes offered and the types of classrooms available. He stated that they are working on the scope of the feasibility study and that Superintendent Dan Gutekanst is preparing a list of suggested items to address. He stated that the task force is considering the possibility of breaking apart the expansion project to have more time to assess enrollment. He stated that the current objective of 85% utilization of space may have to be reconsidered. He stated that the Town Manager suggested that the Town may need to hire not just an architect, but also someone with

educational expertise. He stated that they will have the scope of the study, and a summary of what has been accomplished to support the \$50,000 request in cash capital.

Ms. Gulati stated that Superintendent Dan Gutekanst wants to assemble a task force on school transportation, and was looking for Finance Committee representation. Mr. Coffman offered to do it. Ms. Miller stated that, alternatively, she could do it, and would follow up.

Mr. Connelly stated that he attended a recent PPBC meeting. He stated that the contractor for the High School cafeteria project expects to start non-invasive work in April. He stated that the architects for the Hillside project made a presentation. The \$500K for the demolition project will be tight. For the Rosemary pool project, they are proceeding with the plan of a pool and 2-story building.

### **Move into Executive Session, Exception 6**

Ms. Miller 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. Reilly that the Finance Committee move into executive session, and to adjourn without returning to open session, to consider the purchase, exchange, lease or value of real property. Mr. Zimbone seconded the motion. The motion was approved by the following roll call vote at approximately 9:10 p.m.: Mr. Jacob: Aye; Mr. Lunetta: Aye; Mr. Coffman: Aye; Mr. Zimbone: Aye; Ms. Miller: Aye; Mr. Reilly: Aye; Mr. Connelly: Aye; Ms. Smith-Fachetti: Aye.

Documents: Town of Needham 2016 Annual Town Meeting Warrant, 2/5/16; Memorandum to Kate Fitzpatrick, Town Manager from: Dennis Condon, Fire Chief and Timothy Muir McDonald, Director of Public Health, dated: November 20, 2015 (revised 1/31/2016) re: Assessment of Needham Emergency Management Program; Public Works Department Winter Storm Summary Reports 12/29/15; 12/30/15; 1/12/16; 1/23-1/24/16; 2/5/16; 2/6/16.

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved March 2, 2016*