

**Needham Finance Committee  
Minutes of Meeting of February 15, 2017**

The meeting of the Finance Committee was called to order by Chair Rick Zimbone at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Rick Zimbone, Chair; Richard Reilly, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Louise Miller, Carol Smith-Fachetti (arrived 7:05 pm)

Others present:

David Davison, Assistant Town Manager/Finance Director

**Citizen Requests**

There were no requests to address the Committee.

**Approval of Minutes of Prior Meetings**

MOVED: By Ms. Miller that the minutes of February 8, 2017, be approved as most recently distributed, subject to technical corrections. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0. (Ms. Smith-Fachetti had not yet arrived.)

**FY18 Finance Committee Draft Budget - Discussion**

Mr. Zimbone stated that there were a few areas in the preliminary budget discussion last week where the Finance Committee was seeking additional information. Mr. Zimbone stated that the Committee received a memorandum from the Town Manager addressing staffing needs in Human Resources. He asked whether there was any further information on the Park and Recreation Department's costs for hiring pool staff in the summer. Mr. Jacob stated that he was in touch with the Park and Recreation about fees and revenues. They said that they could come in on March 15. Mr. Zimbone suggested that the Finance Committee leave the preliminary recommendation in place that decreased the Park and Recreation Department budget by 2/3 of the \$113K that was requested for hiring pool staff for other projects during the summer of 2017.

Mr. Zimbone stated that the Health and Human Services (HHS) Department has 2 DSR4 requests: \$20K for data collection and \$9,970 for a training program regarding the sale of intoxicating substances. He stated that the Committee's preliminary discussion was to remove the \$20K. He stated that he made an executive decision on the draft budget circulated to remove the \$9,970. Mr. Jacob stated that he spoke with the Director of HHS about the \$20K request for data collection. Mr. Jacob stated that he misspoke last week, and that there is a plan for the funds. They expect to conduct 2-3 surveys per year for the next 4 years. Mr. Jacob stated that he suggested to Mr. MacDonald that they spread the surveys out to 5-6 years for less budget impact. He stated that there still is a question of what the Department will do with the data. He stated

that he has asked for a concise explanation about what would be accomplished that is not being accomplished now with the funding.

Mr. Zimbone stated that the preliminary budget added funding to the DPW for the recurring costs of improved field maintenance at school grounds. Mr. Davison stated that he spoke to the Superintendent of Parks and Forestry and that the \$28,220 request is based on actual bids, and the he is comfortable with that amount being funded. Mr. Zimbone stated that he preferred to leave a balanced budget so at the end, he would like a discussion of where to put additional funds on a preliminary basis.

Mr. Zimbone stated that he would go through the budget lines in the draft spreadsheet so that Committee members could raise issues.

Town Manager: Ms. Miller stated that she does not have a question on the budget, but the process. The proposed budget is adding funding for an Assistant Director of Human Resources, and the request is for a Benefits Administrator. Mr. Zimbone stated that the memo indicated that the position was reclassified last year, but was not in the budget. He stated that he understands Ms. Miller's point, but the funding amount is not in question. Ms. Miller stated that she would not like to see this kind of change again.

Public Facilities: Mr. Zimbone stated that the Finance Committee discussed moving the costs of the proposed Contract Administrator position into the Reserve Fund. Mr. Reilly stated that the idea was that if it is established later in the fiscal year that the position is needed, the funds would be there.

DPW: Mr. Zimbone stated that the additional funds for the improved maintenance program for school grounds is added, pursuant to the discussion last week, as confirmed earlier at this meeting.

HHS: Mr. Zimbone suggested leaving the funding for the DSR4 requests of \$20K and \$9,970 in the budget to be discussed again when there is additional information. Ms. Miler stated that she preferred to take them out pending receipt of further information. Mr. Connelly agreed that taking out the funding is a better process.

Library: Ms. Miller stated that leaving in the funding for a part-time position and benefits would allow the Department the flexibility to expand a position to full-time or to hire another part-time person. Mr. Lunetta stated that he questions why the Library does not use its grant funds much. He stated that positions have been moved into the operating budget which can be beneficial, but there is no sign that the grant funding is drying up. He stated that he understands, however, that funding this position in the operating budget is a top priority of the Library Trustees.

Park and Recreation: Mr. Zimbone suggested leaving the budget cut of \$75K discussed last week. The Committee could revisit the issue of funding summer projects for pool staff when more information is received. Ms. Smith-Fachetti stated that she felt that the lifeguards would not come back to do the work proposed. Mr. Connelly stated that at the PPBC meeting last week, there was a discussion of the permitting process. He stated that they are starting the process of decoupling the permitting of the dredging and the pool construction. Mr. Zimbone

stated that he is concerned that they will not be able to open the pool by June 1, 2018, particularly if there are regulatory issues.

Mr. Zimbone stated that with the operating budget adjustments that have been discussed, the Finance Committee's recommended budget would be \$77,557 lower than the Town Manager's recommendation. He stated that he would like to balance the budget, and suggested adding those funds to the OPEB line. Mr. Davison stated that he would recommend putting the funds in OPEB rather than the Retirement Assessments line because the Town has more control. He stated that the Town plans to decrease the assumed rate of return, and that full funding of the OPEB is expected in 2041. In response to a question from Mr. Reilly, Mr. Davison stated that there will be a warrant article proposing an appropriation to the workers' compensation fund. Mr. Zimbone stated that putting additional funds in OPEB would send a message about the Finance Committee's priorities. Mr. Coffman asked if adding these funds to OPEB could decrease the annual contribution in the future. Mr. Davison stated that the Town is at the legal minimum. Mr. Reilly stated that the state law is very pro-employee and that attempts to modify it have not been able to get traction. Mr. Zimbone asked if there was support for putting \$77,557 into the OPEB line so that the Finance Committee's budget bottom line matches the Town Manager's proposal. Mr. Connelly and Mr. Reilly both stated that they were in support.

The draft budget as discussed:

<b><u>Townwide Expenses</u></b>	
1	Casualty, Liability, Property & Self Insurance Program \$606,200
2	Debt Service \$12,573,958
3	Group Health Insurance, Employee Benefits, Assessments & Administrative Costs \$13,949,197
4	Needham Electric, Light and Gas Program \$3,558,040
5	Retiree Insurance Program & Insurance Liability Fund \$6,149,840
6	Retirement Assessments \$7,332,277
7	Workers Compensation \$656,283
8	Classification, Performance & Settlements \$260,000
9	Reserve Fund <u>\$1,820,281</u>
	<b>Total \$46,906,076</b>
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	<b>Townwide Expense Total \$46,906,076</b>

**Board of Selectmen & Town Manager**

11A	Salary & Wages	\$846,088
11B	Expenses	\$138,079
	<b>Total</b>	<b>\$984,167</b>

**Town Clerk & Board of Registrars**

12A	Salary & Wages	\$329,145
12B	Expenses	\$48,415
	<b>Total</b>	<b>\$377,560</b>

**Town Counsel**

13A	Salary & Wages	\$75,442
13B	Expenses	\$254,000
	<b>Total</b>	<b>\$329,442</b>

**Personnel Board**

14A	Salary & Wages	\$0
14B	Expenses	\$0
	<b>Total</b>	<b>\$0</b>

**Finance Department**

15A	Salary & Wages	\$1,816,698
15B	Expenses	\$835,624
15C	Capital	\$68,475
	<b>Total</b>	<b>\$2,720,797</b>

**Finance Committee**

16A	Salary & Wages	\$36,629
16B	Expenses	\$1,250
	<b>Total</b>	<b>\$37,879</b>

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**General Government Total** **\$4,449,845**

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**Planning & Economic Development**

17A	Salary & Wages	\$511,815
17B	Expenses	\$30,128
	<b>Total</b>	<b>\$541,943</b>

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**Land Use Total** **\$541,943**

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**Police Department**

18A	Salary & Wages	\$6,139,368
18B	Expenses	\$304,090
18C	Capital	\$174,118

	<b>Total</b>	<b>\$6,617,576</b>
	<b><u>Fire Department</u></b>	
19A	Salary & Wages	\$7,552,956
19B	Expenses	\$352,248
19C	Capital	\$30,646
	<b>Total</b>	<b>\$7,935,850</b>
	<b><u>Building Department</u></b>	
20A	Salary & Wages	\$691,442
20B	Expenses	\$51,040
	<b>Total</b>	<b>\$742,482</b>
<b>Public Safety Total</b>		<b>\$15,295,908</b>
	<b><u>Minuteman Regional High School</u></b>	
21	Assessment	\$806,252
	<b>TOTAL</b>	<b>\$806,252</b>
	<b><u>Needham Public Schools</u></b>	
22	Needham Public School Budget	\$68,350,083
	<b>TOTAL</b>	<b>\$68,350,083</b>
<b>Public Schools Total</b>		<b>\$69,156,335</b>
	<b><u>Department of Public Facilities</u></b>	
23A	Salary & Wages	\$3,972,394
23B	Expenses	\$2,696,730
23C	Capital	\$0
	<b>Total</b>	<b>\$6,669,124</b>
<b>Public Facilities Total</b>		<b>\$6,669,124</b>
	<b><u>Department of Public Works</u></b>	
24A	Salary & Wages	\$3,673,538
24B	Expenses	\$1,597,235
24C	Capital	\$42,216
24D	Snow and Ice Removal	\$412,120
	<b>Total</b>	<b>\$5,725,109</b>
	<b><u>Municipal Parking Program</u></b>	
25	Municipal Parking Program	\$103,905
	<b>Total</b>	<b>\$103,905</b>

<b>Public Works Total</b>		<b>\$5,829,014</b>
<b><u>Health and Human Services</u></b>		
26A	Salary & Wages	\$1,390,100
26B	Expenses	\$276,873
	<b>Total</b>	<b>\$1,666,973</b>
<b><u>Commission on Disabilities</u></b>		
27A	Salary & Wages	\$1,500
27B	Expenses	\$550
	<b>Total</b>	<b>\$2,050</b>
<b><u>Historical Commission</u></b>		
28A	Salary & Wages	
28B	Expenses	\$1,050
	<b>Total</b>	<b>\$1,050</b>
<b><u>Needham Public Library</u></b>		
29A	Salary & Wages	\$1,310,073
29B	Expenses	\$348,314
	<b>Total</b>	<b>\$1,658,387</b>
<b><u>Parks &amp; Recreation Department</u></b>		
30A	Salary & Wages	\$429,876
30B	Expenses	\$96,817
	<b>Total</b>	<b>\$526,693</b>
<b><u>Memorial Park</u></b>		
31A	Salary & Wages	
31B	Expenses	\$750
	<b>Total</b>	<b>\$750</b>
<b>Community Services Total</b>		<b>\$3,855,903</b>
<b>Department Budgets</b>		<b>\$105,798,072</b>
<b>Townwide Expenses</b>		<b>\$46,906,076</b>
<b>Total Operating Budget</b>		<b>\$152,704,148</b>

MOVED: By Ms. Miller that the Finance Committee approve of the draft budget recommendation as discussed. Mr. Coffman seconded the motion. There was no further discussion the motion was approved by a vote of 8-0.

### **Finance Committee Updates**

Mr. Coffman stated that High School Space task Force meeting did an in depth analysis of space usage at the high school which showed that the overall utilization rate is 85% but for the core class space it is 90%, and 85% is the goal. He stated that they have not yet identified the needs for special education space. He stated that they need about 25,000 square feet of space and are considering using existing space such as the media center for additional classrooms.

Mr. Reilly noted that the enrollment study assumed that the mortgage rate would not increase above 5% which he felt was not realistic. Mr. Reilly stated that the Committee has asked what would happen if the rates go above 5% but has heard nothing. Mr. Coffman stated that the enrollment projections through 2024 consider students already in the system, and should be fairly accurate for the high school. Future numbers for younger grades may be less reliable. Mr. Reilly stated that there could be a bump in enrollment that goes back down again. Mr. Connelly stated that there is a projected decline for elementary school enrollment. If the assumptions change, that may go down further. He stated that it is important to also discuss the need for additional teachers that go with the additional space, and the additional operating costs. Mr. Coffman stated that this issue has been raised multiple times. Mr. Connelly stated that he is heartened that they are looking at additional ideas beyond the original idea of a big expansion. He stated that they have expanded the analysis and come to the conclusion that they can make it work within the existing space if they have to, but that it would compromise current programming. He stated that about 45% of the core classes have more than 23 students.

### **Adjournment**

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, as there was no further business. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0, at approximately 7:50 p.m.

Documents: Proposed Annual Budget, Office of the Town Manager, January 24, 2017; Town of Needham Capital Improvement Plan FY18-FY22; Memorandum from Town manager to Finance Committee Re: Information Requested Relating to Human Resources Staffing Request; FY2018 draft budget spreadsheets.

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved March 1, 2017*