

**Needham Finance Committee
Minutes of Meeting of January 14, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:00 pm in the Selectmen's Meeting Room at Town Hall.

Present from the	David Escalante, Chair	Richard Reilly
Finance Committee:	Lisa Zappala, Vice Chair	Michael Taggart
	Scott Brightman	Richard Zimbone
	Richard Creem	

There were no public comments.

Building Inspector Budget Review: Present for the budget review was Daniel Walsh, Building Inspector. There was a discussion of the income generated from permits issued by the Building Inspector's Department. In FY 2008, there was extraordinary income resulting from the building permits issued for the Charles River Landing project and the Beth Israel-Deaconess Glover expansion. The permit rate is set by the Board of Selectmen. FY 2008 was an atypical year in terms of fees collected. As of the end of November, 2008, fees collected in FY 2009 are slightly lower than in previous years. To date, approximately \$572,000 have been collected for approximately 2,034 building permits. This compares with \$674,000 in FY 2008 and \$662,000 in FY 2007. The biggest challenge to the Department in FY 2009 and FY 2010 is learning the new building code. Many contractors are learning the new code through the permit process, resulting in additional work for the Department and delays to projects.

There was a discussion regarding the first DSR-4 request for a part-time building inspector. The part-time building inspector would help with closing out old permits, inspecting places of public assembly, and with setting up an internal audit process. Old permits that need closing out become a crisis issue for homeowners at the time of a transfer of property. Banks require the permits to be closed before issuing loans. The additional inspection position would not reduce overtime. A part-time building inspector could not cover gas, plumbing or electrical inspections. To reduce the requested hours to make the position non-benefited would limit the pool of applicants.

The second DSR-4 is for accreditation and is the same request that was made last year. The accreditation is a program that evaluates building inspection departments. The accreditation would help answer questions such as why some permits are not closing out. It could also highlight those areas where things are working well. There was a discussion of the accreditation process, the accreditation company and any potential benefit from accreditation. There are no other towns in Massachusetts that have been accredited or have been through the accreditation process.

The third DSR-4 is for additional hours for weights and measures inspections. There was a discussion of the work that the weights and measures inspector does: checking scanners at grocery stores, gasoline pumps at gas stations, and scanners at retail stores. Additional hours would bring the weights and measures inspector to 15 hours per week, which is a non-benefited position.

There was a discussion that the Department will require a Reserve Fund transfer in FY 2009 for overtime. The overtime is related to the larger building projects that are currently taking place in town: the Charles River Landing nine-building project, the Beth Israel–Deaconess Glover Hospital expansion, and the High School renovation. The overtime is not due to the new code. The budgeted overtime covers emergency calls from the Fire Department, Police Department, businesses and the Beth Israel–Deaconess Glover. In addition, businesses prefer that certain work be done on weekends or off-hours.

Planning and Economic Development Budget and Review: Present for the budget review were Lee Newman, Planning Director, and Martin Jacobs, Chair of the Planning Board. The Planning Board is a 5-member committee that reviews special permits for residential and commercial development and that does planning for the Town. The Planning Board is currently working on the development of the downtown. A downtown study was performed with \$30,000 of funding from a State grant, \$30,000 from a Town appropriation, and \$35,000 from the Needham Business Association. DiNisco Architects developed the plan for the downtown study. The plan is being codified in zoning changes that will be brought to Town Meeting in May 2009. The plan proposes mixed use development, an increase in the intensity of development and a change of building heights. There will be some small changes in parking requirements for second story uses of buildings. The zoning changes that will appear on the May Town Meeting Warrant will be for Chestnut Street and Garden Street. On Chestnut Street, the proposal will be for mixed use of buildings and an increase in intensity of development. On Garden Street, the zoning changes will be for mixed use development at a lower intensity.

There was a discussion of the Economic Development Coordinator position. As a result of having a full-time employee, the Council of Economic Advisors has met more often. A parking grant was applied for and will be received to hire a parking consultant to make parking more efficient. The Economic Development Coordinator is also able to provide assistance for projects that cross Town boundaries such as the extension of the Green line.

The Planning Department has a DSR-4 for administrative assistant hours. Co-location at the Public Services Administration Building with the Zoning Board of Appeals and the Conservation Commission may result in a combined request from the different departments with fewer total hours requested.

There was a discussion of the types of businesses in downtown Needham and the possibility of liquor stores in Town.

School Department Operating Budget and Capital Requests Review: Present for the budget review were Michael Greis, Chair of the School Committee, John O’Leary, Marianne Cooley, and Connie Barr, School Committee members, Dan Gutekanst, School Superintendent, Anne Gulati, School Department Finance Director.

The School Department budget request represents an increase of 6.4% over the FY 2009 budget; 4% is the increase to the base budget; 2.4% is the increase from the override for the High Rock School. The School Department has made a number of strides in terms of its budget forecasting and has developed a 5-year budget forecast. The Department also now reports reductions to its budget lines as well as additions. At 4%, the budget is close to sustainability. A list of the possible reductions and additions to the School Department

budget if the requested amount cannot be met was provided. There was a discussion of the tiered cuts proposed, and the effect of the cuts on the High School and Pollard Middle School programs.

The School Department budget increase is composed of \$1.9 million in salary for existing staff, \$200,000 in Special Education costs, \$55,000 for enrollment increases, \$193,000 for continued funding of positions added in FY 2009, and \$16,000 in program improvements. The budget increase also reflects reductions of \$700,000 of existing staff and other expenses, including 4 teachers at the High School and the shifting of some positions to grants. There was a discussion of the cut of 4 teachers at the High School and how the determination of which teachers to cut would be made.

The Finance Committee was reminded that the School Department's FY 2009 budget includes approximately \$497,000 in pre-purchases of Special Education tuitions to provide a funding source for items that arise out of the Newman School heating and ventilation breakdown.

The School Department relies on grants to balance its budget. There is uncertainty at this time whether the grants will be fully funded in FY 2009 and FY 2010, including Circuit Breaker, Metco, and Health. There was a discussion of the Metco grant and how the School Department determines the number of students to accept and at what grade level to accept them.

There was a discussion that the increase in enrollment since FY 2005 has been 6%, while the increase in FTEs during the period from FY 2005 to FY 2010 has been 17%, and the difference between the actual budget in FY 2005 and the budget request in FY 2010 is 35%. There have been two successful overrides for the School Department during that time period. More FTEs may be related to the growing Special Education population, especially the autism spectrum population. There was a discussion of the scope of Special Education services provided. It was pointed out that the School Department and School Committee have explained increases in their budget requests based on growing enrollment, but budget increases are far exceeding enrollment growth. Nor have Special Education costs increased at the same pace as the budget request increases.

There was a discussion of the salary costs of the School Department. It was stated that salary costs need to be looked at if the School Department and School Committee hope to be able to develop a sustainable budget. The School Department stated the need to remain competitive in the marketplace as a factor in salary contract negotiations. The employee turnover rate is down for FY 2009 as is the retirement rate. This will result in a higher increase to the salary line going forward.

FY 2009 Reserve Fund Budget Review: There was a discussion about the Reserve Fund requests expected in FY 2009. Assuming Reserve Fund transfers as anticipated, the Reserve Fund will have approximately \$200,000 to finish the year. Were that to be the case, there will not be a request for a Special Town Meeting Warrant article for cash capital using reserve funds this year.

Finance Committee Updates: For FY 2009, additional revenue in Needham offset the governor's recent FY 2009 local aid cut. The Finance Committee is not meeting on February 18, 2009. The meeting of the Finance Committee scheduled for April 8, 2009 is being rescheduled to April 6, 2009.

Mr. Zimbone moved to adjourn the meeting at approximately 10:15 pm, seconded by Mr. Taggart. The meeting was adjourned by unanimous vote: 7-0.

Respectfully submitted,

Louise Miller
Executive Secretary