

**Needham Finance Committee
Minutes of Meeting of January 21, 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	Steven Rosenstock
	Scott Brightman	Michael Taggart
	Richard Creem	Richard Zimbone

Also Present: David Davison, Assistant Town Manager – Finance Director

There were no public comments.

Town Clerk Operating Budget and Capital Requests Review: Present for the budget review was Ms. Eaton, Town Clerk. Mr. Taggart, liaison to the Town Clerk, presented her department's budget. The Town Clerk is requesting a base budget of \$258,719, a decrease of 5.3 percent, or \$13,684, from the appropriated FY09 Budget. The budget increases consist of \$5,766 in contractual salary increases, \$540 in wireless communication expenses, \$1,950 for a 3-4 unit voting booth in a continuous replacement cycle, and small increases in various costs (i.e. printing the street list). The reason for the decrease in the budget is that the Town has only one election scheduled for FY10 as opposed to the three scheduled for FY09. This results in a reduction of \$19,350 in salaries for election workers, and a reduction of \$4,655 in costs for election expenses for two elections. There is one capital request item for the future with regard to new voting machines. The current voting machines were purchased in 1994 amidst the switch to optical scan ballots. The read head and the scanner on the current machines cannot be upgraded. Ms. Eaton stated that a new machine will be on the market within a year or two, making it prudent to wait before purchasing.

A future financial factor in the Town Clerk's budget is pending legislation that would allow Election Day voter registration. The financial implications of this are unclear; while this would add workers to the polls it may also eliminate the checkout tables. It may also require innovations in updating the street list by Election Day and increased supplies of provisional ballots. The Massachusetts Town Clerks Association is not opposed to this legislation but does seek to be part of its implementation.

There was a discussion of receipts from licenses issued by the Town Clerk. Ms. Eaton stated that the Board of Selectmen has allowed the alcoholic beverage license fee for restaurants to be split into two payments. Some restaurants have taken advantage of the new rule. There was a discussion of the scanning of vital records. Ms. Eaton expects that legislation will be passed that requires the scanning of vital records. She is hopeful that the Town's system will interface with the State system.

Commission on Disability Budget Review: Present for the budget discussion was Ms. Pierce. The Commission on Disability budget request is \$550. The Commission did not

spend the \$550 budgeted in FY08. The Commission receives the fines collected from people illegally parked in handicapped parking spaces. The money is then spent to advance handicapped awareness. Last year, the Commission granted approximately \$11,000; \$10,000 of which was for handicapped accessible playground equipment at the Claxton and Mills playgrounds.

Historical Commission Budget Review: Ms. Zappala, liaison to the Historical Commission presented its budget request. The Historical Commission is requesting \$1,050. The Commission's plans for the FY09 budget are to replenish Commission brochures and to purchase plaques for historic homes. For FY10, the Commission's expenses will be associated with getting homes registered as historic homes as part of the Heritage project. Plaques for each home cost between \$70 and \$80. A consultant needs to be hired for the filings required to qualify a house as a historic house.

Discussion re. Minutes of Finance Committee Meetings: There was a discussion of the level of detail desired in minutes of Finance Committee meetings.

Public Facilities Department Operating Budget and Capital Requests Review: Present for the budget review were Mr. Merson, Department of Public Works (DPW) Director, Mr. Laffey, Public Facilities Department, Operations Division manager, and Mr. Popper, Public Facilities Department (PFD), Construction Division manager.

Mr. Creem, a liaison to the PFD, stated that Needham, unlike most municipalities, has vested responsibility for maintenance of its school buildings within a municipal department. Needham adopted its alternative approach in the aftermath of the Pollard School renovation problems of the mid-1990s and the general community perception that the School Department did not maintain its buildings adequately. It has been previously estimated that approximately 80% of the PFD – Operations Division budget, approximately \$6,000,000 - is directly attributable to the School Department (this percentage will increase with the addition of High Rock). Looking at some specific energy costs, about 84% of the electricity budget is allocated to school buildings..

The PFD's overall budget request appears large because it is receiving a large increase from the High Rock override: \$190,080 for custodians, \$312,882 for electricity and natural gas, \$83,805 for custodial supplies, maintenance and telecommunications, a total of \$586,767. If one factors out the High Rock override proceeds from the Department's aggregate base request of \$7,752,532, the 12.3% increase over the FY09 base reduces to about 3.8%, which is slightly less than the actual-to-actual increases of the past couple of fiscal years. The Department's aggregate budget request reflects a 5.5% increase in salaries over the FY09 base, due primarily to the additional High Rock staffing. The temporary, overtime, and salaries-other categories items have been level funded. With respect to the Department's salaries line: the Town's collective bargaining agreement with AFSCME (custodial and trades workers) remains unsettled for FY10, so no cost of living increases have been included for this group or for the Department's non-represented employees; also, a 2.5% COLA and any applicable step increases have been included for ITWA positions pursuant to that contract.

The Department's expenses budget request is 16.1% over the FY09 budget. In addition to energy, some of the other factors in this increase include a projected 5%

increase in custodial supplies as well as increases in the communications and the repairs and maintenance services categories. If that portion of the increase that is attributable to the opening of the High Rock School is factored out, the percentage increase over the FY09 base expenses line is about 6.9%, which is slightly above the actual-to-actual increases for the past couple of fiscal years.

Mr. Creem stated that he and Mr. Zimbone, both liaisons to the PFD, are concerned about Mr. Laffey's workload and the lack of adequate mid-level management in the Department. Custodians report to senior custodians who, in turn, report to one supervisor of custodial services. All non-custodial staff report directly to Mr. Laffey. Not only does Mr. Laffey have to manage his non-custodial workforce and the critical services they provide without supervisory support, he must do so while leading the entire Operations Division and while planning for the Division's near-, mid- and long- term challenges, including development and implementation of a preventive maintenance plan for the Town's new and renovated buildings. At the same time, Mr. Laffey must oversee all vendor services and coordinate all services - whether in-house or through a vendor - with other Town offices including Town management, the School administration, school principals, the DPW, and the Construction Division of PFD. In the long term, there is a concern that the lack of middle management supervisory support will hamper not only the Operations Division's ability to provide basic services but its ability to plan strategically and evolve into a more effective organization. There was a brief discussion of the PFD reporting structure and the results of the DPW operations study on the structure of the PFD and the DPW. Mr. Laffey currently reports to the Town Manager, not the DPW Director. Mr. Merson, however, provides support to the PFD.

There was a discussion of the guidelines provided for the increase in energy prices assumed for the FY10 budget request. The budget request used a percentage increase methodology that assumed a 4.2% increase in the cost of electricity, an 11.4% increase in the cost of natural gas, and a 16% increase in the cost of fuel oil. There was a discussion of revising the cost of fuel oil for the FY10 budget request. Mr. Zimbone prepared spreadsheets showing usage at the different Town buildings and the difference in assumptions for the cost of energy at the buildings. The energy budget for FY09 is \$2,167,000 and is projected at \$2,998,000 for FY 2010. Mr. Zimbone stated that, based on his work, he is confident in and comfortable with the budget request for energy. Mr. Zimbone also stated that energy audits of some of the School Department buildings were currently taking place and that energy conservation measures could be taken at these buildings to save money on energy, which should give the PFD some level of contingency in its energy budget. Mr. Zimbone discussed some of the energy conservation measures that would be proposed. There was a discussion that energy costs are expected to exceed the FY09 budget.

There was a discussion of energy conservation. Mr. Laffey was asked to investigate whether Pollard could be converted to gas heat. This is a question that the Finance Committee has been interested in for a couple of years. An audit of the High School energy use was suggested. There was a general discussion of how decisions are made by the Permanent Public Building Committee (PPBC) regarding items that could result in energy conservation.

There was a discussion of the staffing of the Construction Division. One position is completely funded from construction projects. Another third to half position is funded

from the projects. There was a discussion of OPM (owner's project manager) expenses and the PPBC's effort to do the OPM work in-house on the Public Services Administration Building (PSAB) project.

There was a discussion of the cost of custodial supplies. The increase in cost is based on the TEC bid. There is overtime built into the budget for cleaning at the Fire House, because there is no assigned custodian to the Fire House.

There was a discussion of the BVA (budget versus actual) report. The FY11 budget request will have much more detail. For the FY10 budget request, Mr. Laffey based the request on FY09 line items. There are approximately \$180,000 in expenditures over budget at this time in the FY09 budget. There was a discussion that the PFD budget is not designed for building maintenance but rather for cleaning of the buildings and small repairs.

There was a discussion of the DSR-4 request for a plant manager at the High School. Mr. Laffey stated that the new buildings that were recently built and those coming on-line in the future have complex HVAC systems. The PSAB will have a geothermal plant. The Library has a very different system from other buildings. Mr. Laffey stated that, if the Town chooses to go forward with some energy conservation programs, then the additional staff he is requesting could have a major impact on the budget. The PFD currently has two HVAC technicians. One of them spends approximately 40% of his time at the High School. Mr. Laffey would like to see him spend more time on other buildings. There was a discussion whether a plant manager is what is needed at the High School.

There was a discussion of the DSR-4 for contractual groundskeeping services. The contract would be for services that have not been addressed in the past. Currently, the grass around Town buildings is cut once every 3.6 weeks. The contract would also cover landscaping work for medians and circles that currently is done by the Parks Division of DPW. Mr. Rosenstock asked about the new specialty equipment that was funded in the FY09 budget for Parks and Forestry to handle medians and circles. Mr. Merson stated that the equipment was purchased and is being used. This contract would cover work that is not currently done on a regular basis. Funding this DSR-4 would enable the Operations Division of PFD to concentrate more on building maintenance and the Parks and Forestry Division of DPW to concentrate on athletic fields. There was a discussion whether this item could be funded incrementally over a number of years.

There was a discussion of the maintenance request in the capital budget for \$450,000. The maintenance request is in the capital budget rather than the operating budget to provide scheduling flexibility to the Department. There were questions about painting as a priority. There was a discussion of the PFD core fleet.

An update of PPBC projects was provided. Bids were favorable for the PSAB construction. Phasing of construction at Newman is being explored. The Town Hall schematic design is complete. Construction funds for Town Hall will be sought at the May Town Meeting. The High Rock School construction is proceeding and the PPBC expects the school to be ready in September. The project is still under budget. There are approximately \$2 million currently for contingencies. The High School project has dragged out because of issues with the contractor.

Reserve Fund Transfer Requests:

There is a Reserve Fund transfer request for \$10,000 to the Town Counsel budget. The request is to restore a contract settlement payment of \$10,000 made from the Town Counsel budget relating to the Broadmeadow School construction. The decision to settle the multi-party dispute was a business decision. Mr. Rosenstock moved that the Finance Committee approve the transfer of \$10,000 to General Fund Budget line number 13B, account number 01151505780. Ms. Zappala seconded the motion. Discussion: Mr. Zimbone requested that the Executive Secretary provide the Finance Committee with a running tally of Reserve Fund transfers and the Reserve Fund accounting. Mr. Rosenstock's motion was approved by unanimous vote: 8-0.

There was a Reserve Fund transfer request for \$55,000 for the Finance Department's costs for outside vendors resulting from the departure of the Town Accountant, Assistant Town Accountant, and turnover in support positions. The Finance Department spent over \$100,000 between the end of FY08 and FY09. \$55,000 is the amount of bills paid in FY09 that the Finance Department will not be able to cover out of its Purchase of Services and Expenses line funds. The Finance Committee questioned whether the expenses could be offset by savings in the salary line. Mr. Rosenstock moved that the Finance Committee disapprove the request for a Reserve Fund transfer to the Finance Department and refer the request to the Finance Director to determine whether there are salary savings in the salary budget line of the Finance Department. Mr. Zimbone seconded the motion. Discussion: none. The motion was approved by a vote of 7-0-1 (Mr. Creem abstained).

There was a Reserve Fund transfer request for \$161,650 for the Public Facilities Department's expenditures associated with a leaking oil tank and with the various costs associated with the installation of a temporary heating and ventilation system in one wing of the Newman School. The Public Facilities Department Town Meeting appropriation for Purchase of Services and Expenses for FY09 is \$4,307,460. Encumbered to date is \$4,263,641, leaving only \$43,819 for the remainder of FY09. The Finance Committee discussed that some of these monies should be reimbursed by the School Department. The Finance Committee asked for more information regarding the breakdown of costs. There was a discussion regarding the immediate need for the transfer because of cash flow implications to having so few funds in the Department's Purchase of Services and Expenses line. Mr. Taggart moved that the Finance Committee disapprove the request for a Reserve Fund transfer to the Public Facilities Department. The motion was not seconded. Mr. Rosenstock moved that the Finance Committee approve the request for a Reserve fund transfer to the Public Facilities Department. The motion was not seconded.

Mr. Reilly moved to adjourn the meeting at approximately 11:05 pm, seconded by Mr. Zimbone. The meeting was adjourned by unanimous vote: 8-0.

Respectfully submitted,

Louise Miller
Executive Secretary