
Town Manager's Budget Message

Section 1

Live, Work, Play, Needham...

Sustainably

We will never bring disgrace on this our City by an act of dishonesty or cowardice. We will fight for the ideals and Sacred Things of the City both alone and with many. We will revere and obey the City's laws, and will do our best to incite a like reverence and respect in those above us who are prone to annul them or set them at naught. We will strive increasingly to quicken the public's sense of civic duty. **Thus in all these ways we will transmit this City, not only not less, but greater and more beautiful than it was transmitted to us** (Athenian Oath).¹

First, some positive news. The Town of Needham participated in the National Citizen Survey in the summer of 2008. The major finding in the survey (the entire report is available on the Town's website at www.needhamma.gov) is that over 90% of the survey participants ranked the quality of life in Needham and "Needham as a place to live" as good or excellent. Many other characteristics of the community, such as overall image, reputation, cleanliness, sense of community, education, and opportunities to participate in community meetings also received high marks.

The report identified a number of "key drivers" which are critical to citizen perception of overall quality in the Town. Of the 23 areas identified, 17 were ranked above the norm when measured against comparable jurisdictions. Six areas were ranked as similar to or below the norm – parks and trails, snow removal, street lighting, street cleaning, street repair, and sidewalk maintenance. Opportunity for improvement in these key drivers was a factor in the consideration of the funding

recommendations that follow.

In January, 2009 the country, the Commonwealth, and the community all face an uncertain financial future. We are fortunate in Needham that we have been able to recommend a budget that has been balanced without recourse to the staggering reductions contemplated by some neighboring communities. In large part, this is a direct result of the Town's initial steps to achieve sustainability – meeting the needs of today without compromising the ability of future generations to meet their own needs.

The fiscal year 2010 budget picture in Needham is not as bleak as would be expected for several reasons. First, the Town's revenue projections are historically conservative and tend not to fluctuate dramatically. The pro forma budget, released in August of each year, predicted the smallest gap between projected revenue and expenses in years for fiscal year 2010. Second, and as will be discussed in detail below, we are anticipating a moderation in the growth in fixed costs, at least temporarily. Third, the voters of the Town approved an

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operating override to facilitate the opening of the High Rock School, without which this balanced budget would have involved very difficult choices. Finally, all departments were judicious in their spending requests, mindful of the global financial situation.

The balanced budget proposal is based on an assumed 10% reduction in local aid. House 1, the Governor's budget document, will not be released until January 28th. As such, we will be revising the revenue estimate in February, consistent with the Governor's proposed local aid figures. The balanced budget includes only modest budget increases other than contractual obligations such as collective bargaining agreements and energy costs. The performance

budget category includes important items that are recommended for funding if the Town's local aid is not reduced by the projected amount, or if revenue otherwise becomes available. No new positions have been funded in either the balanced budget or the performance budget unless a corresponding, dedicated revenue source is identified.

Coupled with modest revenue growth, the Town is grappling with growing service demands in all sectors -- calls for emergency services, an increasing elderly population (one in four residents will be over the age of 60 by 2010), and most visibly a growing school-age population. Over the past ten years, the number of students attending Needham Public Schools grew by almost 17%. (Table 1.1)

Table 1.1
Needham Public Schools Enrollment
1999/2000 - 2008/2009

	Enrollment	Percentage Change
1999/2000	4,334	0.7%
2000/2001	4,374	0.9%
2001/2002	4,439	1.5%
2002/2003	4,565	2.8%
2003/2004	4,667	2.2%
2004/2005	4,838	3.7%
2005/2006	4,915	1.6%
2006/2007	4,979	1.3%
2007/2008	5,003	0.5%
2008/2009	5,059	1.1%

1999/2000 to 2008/2009 Increase:	16.7%
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Source: Future School Needs Committee Annual Reports

We are faced with insufficient revenue to achieve all of our objectives – improving and enhancing programs and services, renovating and reconstructing our road, water, and sewer infrastructure, maintaining our equipment in an acceptable operating condition, and maintaining and rehabilitating our capital facilities, parks, playgrounds, and other amenities. In FY2010, the cash capital recommended within the balanced budget is not sufficient to meet the Community's needs, representing only 47% of the recommended investment.

As part of the International City Management Association's Sustainable Communities Commitment, we have pledged to seek balance in the policy formulation process through the integration of the social, cultural, and physical characteristics of the community; and to promote a balance between the need to use and to preserve human, economic, and natural resources (the full text of the document is included at this end of this section). The most important aspects of the sustainability effort are those that remain tried and true: refraining from appropriating any portion of the Stabilization Fund toward operating expenses, even in years of fiscal distress; building up reserves to meet known future needs, such as for post employment benefits and capital facility maintenance; and

allocating only the recurring portion of the free cash reserve to operations.

Resisting the temptation to allocate a greater share of non-recurring revenue in the face of a growing demand for services and capital needs has not been and will not be easy. The Town's willingness to do so over the past decade, however, is a hopeful sign. Like the Ancient Greeks, in this way, we are in a position to transmit this Town, not only not less but greater and more beautiful than it was transmitted to us. That's sustainability.

Acknowledgements

I would like to acknowledge the invaluable contributions of Sandy Cincotta, Christopher Coleman, David Davison, Dan Gutekanst, Dawn Stiller, Leona Simonelli, and all of the department managers whose participation and support make Needham truly an ideal place to Live, Work, and Play: Elizabeth Dennis, Tom Leary, Paul Buckley, Rick Merson, Tedi Eaton, Tony Del Gaizo, Bob Lewis, Rhain Hoyland, Lance Remsen, Chip Laffey, David Tobin, Steve Hawes, Jamie Brenner Gutner, Jon Mattleman, Janice Berns, Lee Newman, Michelle Vaillancourt, Evelyn Poness, Roger MacDonald, John Logan, Patty Carey, Ann MacFate, Kristen Phelps, Steve Popper, Dan Walsh, Chip Davis and Mario Araya.

State of the Commonwealth

Uncertain

“The cities and towns of Massachusetts are facing a relentless fiscal squeeze in which year after year costs are growing faster than revenues for almost all communities. Despite the generous increases in local aid over the past several years, state aid in fiscal 2009 is still below the 2002 level after adjusting for inflation. With a new fiscal crisis upon us, aid to cities and towns will almost certainly be cut significantly in fiscal 2010.”²

Aid from the Commonwealth to cities and towns is a critical component of the partnership between the State and local communities. State to local revenue sharing was an important factor in the passage of local property tax limits under proposition 2½. Significant gains in local aid were made during the 1990’s after the passage of the Education Reform Law, and more recently, the Governor and Legislature have made a commitment to assist those communities that fell

below “foundation level,” many of whom saw their “Chapter 70” education aid reduced by more than 20% in FY2004. The Town’s aid from the Commonwealth declined significantly in FY2004, and has grown steadily since that time, increasing over 26%. However, given the dire fiscal challenges faced by the Commonwealth, we are projecting a 10% reduction in non-school building aid in FY2010, and some of that gain will be lost. (Table 1.2)

**Table 1.2
Local Aid FY03 - FY09**

Fiscal Year	Additional Assistance	Chapter 70	School Transportation	Lottery	Total
FY03	\$242,345	\$4,504,997	\$149,373	\$1,669,029	\$6,565,744
FY04	\$205,993	\$3,603,998	\$0	\$1,418,675	\$5,228,666
FY05	\$205,993	\$3,603,998	\$0	\$1,418,675	\$5,228,666
FY06	\$205,993	\$3,838,948	\$0	\$1,619,031	\$5,663,972
FY07	\$205,993	\$4,366,273	\$0	\$1,935,797	\$6,508,063
FY08	\$205,993	\$5,124,207	\$0	\$1,966,680	\$7,296,880
FY09	\$205,993	\$6,118,846	\$0	\$1,966,680	\$8,291,519
Total Change	-15.0%	35.8%	-100.0%	17.8%	26.3%

Key Budget Components

Energy, Infrastructure, Facilities & HR

"All that money you're saving these days at the gas pump? You might want to put it in the bank. The same cheap oil that's providing relief to drivers and businesses in an awful economy is setting the stage for another price spike, perhaps as soon as next year, that will bring back painful memories of last summer's \$4-a-gallon gas."³

Key budget issues facing the Town of Needham in FY2010 will be funding energy and energy-related items such as fuel and asphalt, infrastructure and capital facilities, and human resources. These components must be carefully managed in order to preserve appropriate funding so that operating departments can maintain existing service levels. With electricity,

heating oil, and natural gas expenditures for major facilities growing (on average) almost 18.7% per year, and fuel costs growing at 23.7% per year, stewardship of our energy and natural resources will continue to be a critical priority for the Town over the next several years. (Tables 1.3 and 1.4)

Energy Expenditures
Major Facilities
Total by Fiscal Year
Table 1.3

Type	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Average Annual % Change
Electricity	\$521,879	\$596,039	\$851,386	\$1,008,542	\$1,092,663	\$1,499,917	\$1,491,574	
Heating Oil	\$330,832	\$389,155	\$377,671	\$582,981	\$740,575	\$693,970	\$576,614	
Natural Gas	\$21,958	\$68,710	\$144,130	\$130,470	\$262,462	\$232,320	\$316,748	
Total	\$874,669	\$1,053,904	\$1,373,187	\$1,721,993	\$2,095,701	\$2,426,207	\$2,384,936	18.7%
Percent Change		20.5%	30.3%	25.4%	21.7%	15.8%	-1.7%	

Gasoline Fuel Expenses
Vehicles and Equipment
Total by Fiscal Year
Table 1.4

Type	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Average Annual % Change
Public Safety	\$38,136	\$49,533	\$58,902	\$59,365	\$91,357	\$95,531	\$119,480	
Public Works	\$67,881	\$88,694	\$91,877	\$142,867	\$166,243	\$173,020	\$246,907	
Other	\$4,686	\$6,780	\$7,566	\$5,757	\$12,556	\$15,200	\$19,612	
Total	\$110,703	\$145,007	\$158,345	\$207,989	\$270,156	\$283,751	\$385,999	23.7%
Percent Change		31.0%	9.2%	31.4%	29.9%	5.0%	36.0%	

While FY2008 actual expenditures indicate a temporary respite in increasing energy expenses, we are including in the FY2010 budget projected increases of 4.2% for electricity, 11.4% for natural gas, and 16% for heating oil. We are anticipating gasoline and diesel fuel prices to increase from the current levels to low three high three dollar per gallon prices respectively by 2010.

NeedEnergy Highlights

The Town of Needham has joined the EPA's Community Energy Challenge which commits the Town to reduce its reliance on energy by 10% over the next several years. The Public Facilities Department has begun the process of evaluating the Town's oldest and least efficient buildings in order to identify areas for modest investment that will translate into immediate energy savings. The Town is working with the Massachusetts Department of Energy Resources in the completion of an energy audit, and will shortly be installing a demonstration solar panel that the Town received as a result of an energy challenge program.

As noted later in this budget, the Department of Public Works recently oversaw the complete replacement of mercury vapor streetlights with the much more energy efficient high pressure sodium fixtures. Over the next few years, all of the traffic signals will be converted to LED fixtures and the incandescent bulbs will be removed. The heating and cooling system at the new Public Services Administration Building will be a geothermal system, which will have a positive, long-term impact on the Town's energy use as well as on the environment. Also at the Department of Public Works, two hybrid SUV's have been purchased to replace passenger sedans. The Town continues to participate in cooperative bidding efforts to achieve favorable pricing for

heating oil, natural gas, electricity, gasoline, and diesel. Finally, we continue our practice of setting thermostats at 68 degrees during the winter heating season.

Infrastructure and Capital Facilities

The FY2010 - 2014 Capital Plan includes a commitment to a significant level of investment in infrastructure. The annual roads program, funded through debt, is proposed to grow to \$1.4 million per year by the end of the plan. Several sewer and water priorities have been programmed over the next several years. This commitment impacts the Town's ability to borrow for other identified needs.

The Town of Needham has expended over \$150,000,000 on facility construction, renovation and maintenance over the past decade. Yet, much more remains to be done.

The High School project is nearing completion, and the High Rock School renovation is well-underway. Construction bids have been received for the new Public Services Administration Building, and site work has begun. The Town Hall historic renovation project design is nearing completion, and construction funding for the project will be sought at the 2009 Annual Town Meeting. The Board of Selectmen created a Senior Center Exploratory Committee to make recommendations as to that remaining priority project. The School Committee, in cooperation with other Town boards and committees, is reviewing options for renovation of the heating and ventilation system at the Newman School. Meanwhile the Public Facilities Department has conducted an evaluation of the remaining, older school facilities - Hillside, Mitchell, and Pollard. Items identified in this evaluation have been programmed into the Town's Capital Improvement Plan.

**Table 1.5
Health Insurance Enrollment
FY2003 - 2009**

Fiscal Year	Town	School	Total Actives	Retirees	Total Active & Retired
FY03	292	439	731	704	1,435
FY04	285	474	759	716	1,475
FY05	305	491	796	750	1,546
FY06	298	507	805	759	1,564
FY07	304	492	796	771	1,567
FY08*	287	509	796	775	1,571
FY09	293	491	784	804	1,588
Total Change					
FY03-FY09	0%	12%	7%	14%	11%

* Note: FY08 Active Enrollment Restated

Human Resources

Total Townwide expenses, which include debt service and property/casualty insurance as well as employee benefits and assessments, are growing at only 3.3% as compared to FY2009 (excluding classification, performance and settlements). While encouraging, such a level of growth is unlikely to continue in the long term, absent changes in the Town's insurance offerings. Over 74% of the Town's budget is allocated to personnel-related costs, including salary and wages, health insurance, retirement assessments, unemployment and workers compensation. FY2010 projections reveal a welcome moderation in employee benefit costs. With respect to health insurance, the largest component of benefits and

assessments, the selection of lower cost plans by many employees, and an actual decline in the number of active insurance participants (albeit a small one) contribute to this growth rate. While the total number of insurance subscribers increased 11% from FY2003 to FY2009, the average annual increase over the past three years is half of one percent - a positive trend.

At an average of 66% (on a weighted average basis, the Town contributes 71% of the health insurance premium for active employees, 61% for retirees, and 66% overall), the Town's contribution to employee health care costs is among the lowest in the Commonwealth. We continue to note steady growth in the retiree sector. This growth is consistent with a national trend in which private sector

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employers are moving away from providing health insurance to retirees. Needham retirees who, in the past, may have participated in a spouse's post employment health plan appear to be migrating to the Town's plan.

Finding ways to restructure the Town's health insurance offerings to moderate the rate of growth and to align the cost of providing coverage with the Town's ability to pay for it will be a critical priority in the coming years.

Table 1.6
Full-time Equivalent Benefit-Eligible Positions
FY03 to FY09

	Funded FY03	Funded FY04	Funded FY05	Funded FY06	Funded FY07	Funded FY08	Funded FY09	FY03-09 % Change
BOS/TM	6.8	6.8	6.8	6.8	6.8	6.8	7.9	16.2%
Town Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0%
Finance	22.8	20.7	20.7	20.7	21.7	21.7	21.7	-4.8%
Finance Committee	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0%
Police	58.0	58.0	58.0	58.0	58.0	58.0	58.0	0.0%
Fire	75.0	75.0	75.0	74.0	74.0	74.0	74.0	-1.3%
Building	5.6	5.6	5.6	7.0	7.0	7.0	7.0	25.0%
DPW	88.0	84.0	85.0	85.0	87.0	87.0	88.0	0.0%
Public Facilities	56.1	52.1	53.7	50.5	50.5	52.7	53.2	-5.2%
Health	4.4	4.4	4.4	4.4	4.4	4.6	4.6	4.5%
Div. Comm. Social Serv.	8.6	8.6	8.6	8.6	8.1	8.1	8.3	-3.4%
Planning	2.0	2.0	2.0	2.0	2.0	3.0	3.0	50.0%
Board of Appeals	0.3	0.3	0.6	0.6	0.6	0.6	0.6	100.0%
Conservation	0.7	0.7	0.7	0.7	0.7	1.3	1.3	85.7%
Library	12.5	12.5	12.5	14.0	14.0	14.0	14.0	12.0%
Park and Recreation	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0%
Total	349.4	339.2	342.1	340.8	343.3	347.3	350.1	0%
Needham Public Schools (FY04 - FY09)	n/a	552.5	564.5	582.1	580.8	607.2	607.6	10%

Source: 2008 Annual Town Meeting Warrant, School Department

Note: School FTE calculation methodology change effective FY04, these numbers have been restated

Municipal health insurance programs are strictly regulated by State law, and are subject to collective bargaining. Legislative relief that will allow cities and towns the same tools for managing health plan design, which are available to the Commonwealth itself, will be exceptionally helpful in this effort.

The number of full-time equivalent employees over the period FY2003 to FY2009 for General Government departments has remained flat. The number of School Department FTE's

has grown by 10% since FY2004 (see Table 1.6).

Annual increases in salary line items over the past six years have generally mirrored the overall increase in revenue (4.2% overall, 4.8% for the Needham Public Schools, and 3.3% for General Government departments). However, increasing fixed costs over that same period have absorbed the majority of new revenue, resulting in budget cuts or override requests (see Table 1.7).

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**Table 1.7
Changes in Salary Line Items FY2003 - FY2009**

	FY2003	FY2004	FY2005	FY 2006	FY2007	FY 2008	FY2009 Current	Average % Change
Board of Selectmen/Town Manager	387,669	384,993	397,189	430,590	488,912	504,290	578,402	7.0%
Town Clerk/Board of Registrars	177,733	194,361	188,387	205,048	251,009	258,026	272,403	7.7%
Legal	58,192	59,750	61,244	63,081	64,637	65,464	65,355	2.0%
Personnel Board	1,985	1,523	1,562	1,609	1,641	1,601	1,601	-3.0%
Finance Department	1,143,333	1,084,833	1,116,037	1,133,619	1,262,829	1,291,273	1,304,013	2.3%
Finance Committee	27,915	25,250	25,625	26,394	27,209	28,547	28,547	0.5%
Total Municipal Administration	1,796,827	1,750,710	1,790,044	1,860,341	2,096,237	2,149,201	2,250,321	3.9%
Police	3,832,858	3,836,266	3,950,138	4,096,350	4,256,517	4,307,656	4,518,785	2.8%
Fire	4,857,431	4,957,565	4,970,245	5,159,042	5,152,611	5,330,631	5,606,826	2.4%
Building	262,870	276,080	279,215	360,797	385,753	407,324	414,590	8.3%
Total Public Safety	8,953,159	9,069,911	9,199,598	9,616,189	9,794,881	10,045,611	10,540,201	2.8%
Education	27,951,274	28,629,775	29,546,849	31,913,492	33,589,270	35,551,166	36,901,626	4.8%
Public Works	2,549,737	2,446,938	2,615,781	2,708,592	2,962,632	2,971,552	3,111,145	3.5%
Public Facilities	2,290,779	2,221,182	2,330,197	2,327,509	2,432,903	2,540,529	2,590,614	2.1%
Planning Department	123,418	121,741	124,160	131,664	137,811	195,469	197,130	9.0%
Conservation Commission	27,805	29,317	29,613	31,646	40,870	62,438	64,730	16.5%
Board of Appeals	13,894	14,963	15,337	15,786	23,385	24,239	25,091	11.4%
Total Development	165,117	166,021	169,110	179,096	202,066	282,146	286,951	10.4%
Board of Health	274,472	281,167	289,816	304,968	318,046	344,624	360,069	4.6%
Diversified Community Social Services	430,709	438,386	449,286	478,503	468,797	469,698	491,742	2.3%
Library	772,654	774,050	791,118	867,514	963,323	1,000,410	1,009,467	4.6%
Park and Recreation	374,296	380,042	388,876	403,121	411,918	423,651	423,101	2.1%
Total Community Services	1,852,131	1,873,645	1,919,096	2,054,106	2,162,084	2,238,383	2,284,379	3.6%
CPS				25,036	39,271	0	265,000	
Total	45,559,024	46,158,182	47,570,675	50,684,361	53,279,344	55,778,588	58,230,237	4.2%
Total General Government	17,607,750	17,528,407	18,023,826	18,770,869	19,690,074	20,227,422	21,328,611	3.3%

Budget in Brief

Practices, Priorities, Process

"A budget is a plan expressed in monetary terms covering a specific period of time...The language of budgets is dollars and cents, but a town's budget should communicate more than the relationship of revenues and expenses for a fiscal year." ⁴ The budget should be a policy document, financial plan, operations guide, and communications device.

The FY2010 General Fund balanced budget totals \$106,316,194 or \$5,322,182 more than FY2009, representing growth of 5.3%.

Included in this document, along with the balanced budget, is a performance improvement budget. This budget consists of those items that we recommend that the Board of Selectmen and Finance Committee consider for FY2010 if funding is made available.

Budgeting Best Practices

In developing the FY2010 budget, we have employed the following best practices in order to produce a budget that preserves the Town's fiscal sustainability:

1. Current revenues must be sufficient to support current expenditures.
2. Debt must not be used to fund on-going operating expenses.
3. The use of Free Cash to fund operations should be minimized.
4. Adequate contingency funds should be maintained.
5. Sufficient maintenance and replacement funds should be allocated to ensure that capital facilities and equipment are properly maintained.

Core Budget Priorities

In consultation with the Board of Selectmen, we have adopted the following core budget priorities for general government operations. These priorities served as a key guideline in our evaluation of departmental spending requests.

- Ensure continued investment in the Town's infrastructure, with particular emphasis on areas determined to be high priorities based on the National Citizen Survey data (such as fields and trails).
- Provide resources to improve operating efficiency and effectiveness at the Department of Public Works based on recommendations included in the DPW Operations Study and information determined to be of a high priority in the National Citizen Survey.
- Support Town Manager initiatives aimed at achieving greater coordination and efficiency between and among departments. Provide resources to adequately address the general administration of the Town, particularly in the areas of records management,

human resource administration, energy management, and budgetary control.

- Support the acquisition and maintenance of rolling stock and equipment to maintain efficient operations in the Police, Fire, Public Works and Public Facilities Departments.
- Support Town Manager initiatives that contribute to sustainability, such as improving energy efficiency and/or source reduction, as well as efforts to ensure financial sustainability.
- Promote initiatives that contribute to the beautification of the Town, with particular emphasis on areas determined to be high priorities based on the National Citizen Survey data.
- Support initiatives that improve the economic vitality of the Town's business centers.
- Maintain an appropriate level of investment in community services (Recreation, Health, Library, Youth, Veterans, Seniors, Disability Committee, Historic Commission, Memorial Park).
- Support initiatives that directly improve the Town's ability to address and respond to emergency situations and hazards (*maintenance of the current funding level for public safety functions is assumed and is a top priority*).

Budget Process

The Town Manager, the Finance Committee, the Board of Selectmen, and the School Committee all play different and important roles in the budget process. The General By-laws of the Town of Needham provide for the following process:

2.2.1 Operating Budget *The Town Manager shall issue budget guidelines and instructions for all Town departments to submit their spending requests for the ensuing fiscal year. The Town Manager shall consult with the Finance Committee prior to the issuance of said guidelines and instructions. The Town Manager and School Superintendent will provide the Finance Committee with copies of their respective departmental spending requests on or before the 2nd Wednesday of December. Following receipt of these spending requests, the Finance Committee may begin its consideration of same, including the commencement of budget hearings. The Town Manager, after consultation with the Board of Selectmen and School Committee, shall not later than the 31st day of January, present to the Finance Committee a balanced budget recommendation in the form of an executive budget, which shall include the spending priorities of all Town departments for the ensuing fiscal year, including in addition thereto, the voted School Committee budget request if different than that contained in the proposed balanced budget. The Town Manager's executive budget recommendation shall not be binding on the Finance Committee. Said executive budget recommendation shall include the estimates of Town revenues and proposed expenditures of all Town departments, including debt service and other amounts required to be raised for the ensuing fiscal year. The Town Manager may amend or otherwise revise revenue estimates as may be warranted. All such revisions shall be provided in writing to the Board of Selectmen, School Committee and Finance Committee.*

The FY2010 budget calendar is shown in Table 1.8. (See next page)

Table 1.8
Key Dates for the FY 2010 Budget Process

Date			Activity
August	12	2008	Town Manager issues capital request guidelines to department managers.
August	18	2008	Department CIP requests to other departments are due, e.g., building maintenance needs, technology needs, etc.
September	03	2008	Town Manager budget consultation with the Finance Committee.
September	09	2008	Town Manager budget consultation with Board of Selectmen.
September	15	2008	Town Manager issues budget guidelines to department managers.
September	19	2008	Department OPERATING BUDGET requests to other departments are due, e.g., building maintenance needs, technology needs, etc.
October	24	2008	Department Spending Requests Due
November	04	2008	Presidential Election
November	25	2008	Town Manager consultation with Board of Selectmen
December	10	2008	Department spending requests are due to Finance Committee from the Town Manager and School Superintendent
January	06	2009	FY 2010 – FY 2014 Capital Improvement Plan is Distributed
January	13	2009	Board of Selectmen opens the Annual Town Meeting Warrant
January	27	2009	Town Manager's Budget Presentation
January	31	2009	Town Manager's Budget is due to the Finance Committee
February	02	2009	Warrant articles for Annual Town Meeting are due to Board of Selectmen.
February	10	2009	Board of Selectmen closes the Annual Town Meeting Warrant.
February	22	2009	Finance Committee's FY 2010 draft budget is due to the Town Manager.
March	15	2009	Finance Committee's recommendations are due for inclusion in the Annual Town Meeting Warrant.
April	15	2009	Town Election
May	04	2009	Annual Town Meeting Begins
July	01	2009	Start of Fiscal Year 2010

Budget guidelines were distributed to departments, boards, and committees on September 15, 2008, with spending requests due on October 24, 2008. The senior management team held budget review meetings with all departments during the month of November. Finance Committee and Community Preservation Committee liaisons were invited to attend these meetings in order to prepare for their own deliberations. Discussions with the Board of Selectmen, Finance Committee, and School Committee continued during the fall, and the School Committee held a public hearing on the budget for the Needham Public Schools on January 20th. As the School Committee had not completed its deliberations by the release of this document, the voted budget of the School Committee will be included as an addendum, if it is different from that contained in this budget.

Departments were asked to use the following guidelines in preparing their requests:

Base Budget Request

The initial budget request reflects the amounts necessary to provide the same level of service in FY2010 as in FY2009. Spending requests include increases for contractual or mandated items, items subject to significant inflationary pressure, and/or any other

item deemed appropriate by the Town Manager.

Performance Budget

Departments wishing to request additional funding did so under the performance improvement budget. These requests are identified on Form DSR4. Priority is given to performance improvement requests that are directly related to the identified goals and objectives of the department, the need for which can be demonstrated by performance measures and data, and those that demonstrate forward movement toward sustainability. Departments that were approved for performance budget increases in FY2008 have reported on the status of those efforts in the performance measurement section of the budget submission contained in Section 4.

When seeking performance improvement requests for additional headcount, department managers were required to include a detailed evaluation of other options for providing the proposed service, such as increased hours for other staff members, use of overtime, or use of contracted service providers. This was a critical component of the budget review process.

General & Enterprise Funds

Capital Budget and Warrant Articles

In addition to Townwide expenses and departmental operating budgets, the General Fund also includes the Capital Budget and any warrant articles with a financial implication. The Solid Waste and Recycling (RTS), Sewer, and Water operations are financed through individual Enterprise Funds. The Community Preservation Fund is a separate fund dedicated to open space, recreation, historic, and housing projects.

Capital Budget Summary

The focus of this document is the FY2010 General Fund, Enterprise Fund, and Community Preservation Fund budgets. The FY2010 – 2014 Capital Improvement Plan (CIP) is published as a separate document. Section 5 of this document contains the executive summary of the FY2010 – 2014 CIP. An integral part of the balanced budget proposal contained herein, however, is the funding of capital and other non-recurring items (financial warrant articles) with non-recurring revenue. We continue to recommend that not more than \$2 million of the Town’s certified free cash be appropriated for operating expenses.

The general fund cash capital recommendation is broken into two components – primary and secondary. Secondary cash capital is recommended only if additional revenue, not yet identified, becomes available, or if the assumed reduction in local aid is lower than projected.

Enterprise Fund Summary

Summaries of enterprise fund budget requests are included with the

operating budget requests. No changes are proposed for these three budgets.

Community Preservation

A summary of the Community Preservation Fund budget is included with the operating budget requests. The administrative budget of the Community Preservation Fund budget has been reduced to reflect the current projection of CPA receipts.

Other Financial Warrant Articles

We intend to recommend the following warrant articles and other appropriations. Due to the adequate residual balanced in the compensated absences fund, this request has been decreased for FY2010.

- Replenish COA Trust Fund - **\$65,000**
(performance budget)
- Compensated Absences Fund-
\$25,000 (balanced budget)
- Senior Corps Program- **\$10,000**
(balanced budget)
- GF/RTS Contribution **\$535,681**
(balanced budget)
- Capital Reserve Funds – unknown at this time

Balanced Budget Highlights

Caution & Restraint, Not Panic

The recommended budget for most departments mirrors the base budget request, with proposed increases including only known salary increases, mandated costs, and items identified as being under significant inflationary pressure. As noted below, very few performance budget requests have been recommended. In some cases, reductions from the base budget are recommended.

Balanced Budget Proposal

All told, the balanced budget is \$1,063,960 less than submitted requests (exclusive of the roads program). A few items are recommended if additional funding becomes available, or if the assumed reduction in local aid is lower than projected. These are outlined below under the "performance budget" category.

The balanced budget includes the following features:

Townwide Expenses

The Workers Compensation budget has been reduced by **\$15,000**, which was originally proposed in an effort to rebuild the Town's reserves. This effort will be deferred until FY2011.

The Reserve Fund has been reduced by **\$52,000** to \$1,300,027. The recommended amount represents an increase of 8% over FY2009.

General Government

The Town Manager/Board of Selectmen budget request includes two items recommended for funding through Community Preservation Funds. These items are not included in the general fund budget as they will be considered by the Community

Preservation Committee for funding through administrative funds or as stand-alone projects: **\$25,000** for additional easement research to complement the Master Plan for Trails, and **\$25,000** for consulting services to support the development of affordable housing.

The Finance Department budget has been increased by **\$12,500** to accommodate the need to replace computer equipment. In FY2009, the Town appropriated \$25,000 for the replacement of computer equipment, and the Department has determined that more than twice the amount is needed due to the increasing backlog. This figure represents half of the DSR-4 request, with the balance included in the performance budget.

Land Use and Development

The Conservation Department budget has been increased by **\$1,750** for additional staff hours for recording and transcribing Conservation Commission meeting minutes. This figure represents half of the DSR-4 request, with the balance included in the performance budget.

The Conservation budget also includes two requests for items recommended for funding through the Community

Preservation Fund: a one-time transfer of **\$50,000** to the Conservation Trust Fund, and funding of a Trails Preservation Coordinator in the amount of **\$14,101**. These amounts are not included in the General Fund budget.

Public Safety

The Police Department budget includes **\$42,900** for Traffic Supervisors included in the operating override for the High Rock School. The Police Department budget has been reduced by **\$25,000** to account for revised gasoline price projections, and has been further reduced by **\$22,715** which was proposed for the out-of-cycle replacement of an unmarked police cruiser. The cruiser will be recommended at the time of planned replacement.

The Fire Department budget has been reduced by **\$14,000** to account for revised projections in the price of gasoline and diesel fuel.

Public Works

The Public Works budget has been reduced by **\$11,219** to reflect new price estimates for gasoline and diesel fuel. The Public Works budget has been increased by **\$8,465** to support new natural turf athletic field maintenance. This represents 44% of the requested amount. The balance of the request is included in the performance budget recommendation.

The Public Works budget request includes two items recommended for funding through dedicated funding sources. The first, which we recommend for FY2010, is a Construction Inspector in the Highway Department proposed for funding through an increase in Street Opening Permit fees (**\$53,000**). A proposal for this fee increase will be presented to the Board of Selectmen shortly. Final approval of the Street Opening Construction Inspector will require a

revision of the revenue projection contained herein prior to Town Meeting.

The second item is for creation of a Construction Inspector for the Engineering Division to be funded through capital projects in lieu of contracting out inspectional services. We continue to develop a plan that will allow for contingency funding when capital projects are not active, and we will present the plan later in the fiscal year or as part of the FY2011 budget process.

The Department's top priority – the creation of an Operations Manager – will be achieved through reallocation of existing management staff.

Public Facilities

The Public Facilities budget includes **\$527,611** for staffing, energy, supplies and services funded in the operating override for the High Rock School (an additional **\$59,156** to support Public Facilities was included in the override and is included under the Townwide expense category). The budget request has been reduced by **\$18,000**, as the proposed acquisition of a scissor lift will be deferred until FY2011.

Municipal Streetlight Program

The Municipal Streetlight Program budget has been reduced by **\$75,000**. This reflects the projected energy savings associated with the Town's efforts to convert all of the streetlights from mercury vapor to high pressure sodium, completed at the end of calendar year 2008.

Education

The balanced budget includes the Superintendent's submitted budget request. The proposed budget for the Needham Public Schools includes **\$1,057,272** in operating override funds approved by the Town for the opening of the High Rock School (an

additional **\$200,990** to support the public schools was included in the override and is included in the Townwide expense category). The recommended school budget at \$45,382,885 is 6.4% over FY2009; excluding the High Rock portion the budget would be \$44,325,613 or 4.0% over FY2009.

At the time of the release of this budget, the School Committee had not completed its review of the budget. The recommendation of the School Committee will be appended to this document when it is available, if it is different from the recommendation contained in this balanced budget.

Community Services

The Health Department budget has been reduced by **\$1,500** proposed for professional development. We continue to evaluate options for creation of a pool for professional development to be shared by multiple departments. The Health Department budget has been increased by **\$3,600** to allow for testing of synthetic turf fields.

The Library budget has been reduced by **\$6,238** to reflect the current CPI estimate for projected increases in supplies and services. The Library budget has been increased by **\$7,775** to provide 10 additional hours of circulation assistance. This is the first in a planned approach to migrate State-aid supported functions, which are critical to Library operations, to the general fund. The balance of the request for additional circulation assistance will be included in the performance budget.

Performance Budget

The Performance budget includes those deferred items that are recommended if funding becomes available, or if estimated reductions in local aid are lower than projected. A chart listing the Performance budget

items in priority order is included as Table 1.9.

Financial Warrant Articles

\$65,000 for restoration of the Council on Aging Trust Fund.

Capital Improvement Plan

\$1,032,360 for funding the secondary cash capital category in the Capital Improvement Budget.

Townwide Expenses

\$52,000 for restoration of the Finance Committee's Reserve Fund budget request.

General Government

\$12,500 for balance of computer equipment replacement in the Finance Department budget.

Land Use and Development

\$1,750 for additional staff hours for recording and transcribing Conservation Commission meeting minutes, and **\$3,370** for additional hours for the Conservation Agent.

Public Safety

\$7,366 for 5.62 additional hours per week for the Sealer of Weights and Measures.

Department of Public Works

\$10,774 for the balance of the request to support new natural turf athletic field maintenance

Department of Public Facilities

\$100,000 increase over the base budget for a consolidated, outsourced groundskeeping initiative (in collaboration with the Parks and Forestry Division) to improve the level of groundskeeping the Town is able to provide at our public schools and other areas. Outsourcing this service has the added benefit of allowing the work to be performed outside of school hours, when possible.

Municipal Streetlights

\$10,000 for first year funding of a five-year plan to replace traffic signal lights with LED's.

Community Services

\$7,773 for 10 additional circulation hours and **\$13,247** to support the existing 9:00 a.m. opening of the Library which is currently funded through dedicated State aid.

Not Recommended in this Budget

The following items are not recommended for funding at this time:

General Government

An increase of **\$6,500** for additional legal expenses has been deferred until FY2011.

An increase of **\$12,600** for records storage in the Finance Department will be considered in the renovation of the Town Hall. An increase of **\$61,731** for a Desktop/Network Support Technician will be considered during the pending evaluation of new financial software and may be recommended in some form in FY2011. No new positions are recommended for FY2010 unless a dedicated funding source has been identified.

Land Use and Development

An increase of **\$35,000** for an Administrative Assistant, **\$3,000** to supplement a parking management grant and **\$2,000** for professional development, all in the Planning Department have been deferred. The request for an additional administrative staff member will be considered once the land use departments are co-located in the new Public Services Administration Building. No new positions are recommended for FY2010 unless a dedicated funding source has been identified. The Town received a larger than expected parking management grant from the

Commonwealth, so the additional **\$2,000** is no longer required. Finally, consideration is being given to the creation of a professional development pool to be shared among multiple departments.

A request by the Conservation Department for **\$600** for CPA funded equipment will be considered for funding through the Park and Recreation Department revolving fund.

Public Safety

An increase of **\$29,163** for a Local Building Inspector (part-time), and **\$13,000** for accreditation efforts have been deferred. No new positions are recommended for FY2010 unless a dedicated funding source has been identified.

Department of Public Facilities

An increase of **\$58,592** for a High School Plant Manager has been deferred. No new positions are recommended for FY2010 unless a dedicated funding source has been identified.

Department of Public Works

An increase of **\$93,600** was proposed for the creation of an Operations Manager, as recommended in the Mercer Study of Public Works Operations. The DPW has developed a plan to create the position by reallocating existing management staff. No new positions are recommended for FY2010 unless a dedicated funding source has been identified.

An increase of **\$2,569,993** for a comprehensive, consolidated roads program has been deferred pending identification of a dedicated funding source. An increase of **\$81,975** for increased staffing for maintenance of school grounds has been deferred, as no new positions are recommended for FY2010 unless a dedicated funding source has been identified. Once the

Fiscal Year 2010 Proposed Budget

groundskeeping/landscaping project – a collaborative effort between Public Facilities and Parks and Forestry – has been implemented, it is possible that existing Parks and Forestry assets can be reallocated to meeting this need. Finally, an increase of **\$10,500** for landscape beautification will be considered as part of the groundskeeping/landscaping project.

Community Services

An increase of **\$31,832** for an additional full-time, Children’s Librarian has been deferred, as no new positions are recommended for FY2010 unless a dedicated funding source has been identified. Additional requests have also been deferred: **\$8,615** for network transfer assistance, **\$600** for museum pass software, **\$1,200** for “bookletters” software, and an additional **\$25,000** for Library materials, which is recommended in the Capital Improvement Budget.

**Table 1.9
Town Manager
Performance Budget FY2010
Priority Order**

Item	Department	Category	Amount
Council on Aging Trust Fund	DCSS/COA	Financial Warrant Article	\$65,000
Balance of Reserve Fund	Townwide Expense	Operating Budget	\$52,000
Balance of Computer Equipment	Finance	Operating Budget	\$12,500
Balance of New Turf Maintenance	DPW/Parks & Forestry	Operating Budget	\$10,744
Groundkeeping/Landscaping	Facilities/DPW	Operating Budget	\$100,000
Additional Hours/Existing Staff	Conservation	Operating Budget	\$5,120
Additional Hours/Existing Staff	Building	Operating Budget	\$7,366
Additional Hours/Existing Staff	Library	Operating Budget	\$21,020
Traffic Signal LED Replacement	Municipal Streetlights	Operating Budget	\$10,000
Secondary Cash Capital	Various	Capital Budget	\$1,032,360
Total			\$1,316,110

FY2010 Highlights

And a Look Back to FY2009 Funding

The following is a summary of key considerations that serve as the basis of the balanced budget recommendations for General Government departments. The full discussion of each department is included in the submitted departmental spending requests contained in Section 4. An update on projects and programs funded in the Performance Budget for FY2009 is also included.

Townwide Expenses

The Townwide expense group has increased 4.2% over FY2009. This lower than normal increase is primarily due to changes in the group insurance trends, and OPEB actuarial changes previously discussed.

The **Casualty, Liability and Self-Insurance** This budget includes an additional \$8,870 approved as part of the operating override for the opening of the High Rock School.

General Fund Debt Service reflects the amounts to be paid on current and authorized but not issued debt. This line has increased by 3.4% over FY2009.

Employee Benefits and Employer Assessments includes group insurance, payroll taxes, unemployment, workers compensation, and related benefit costs for Town and School employees. This budget includes an additional \$251,276 funded in the operating override for the opening of the High Rock School. The balanced budget includes a proposed 7.0% increase in this program, or 4.1% exclusive of the costs attributable to the High Rock override. As noted previously, employee benefits and assessments are experiencing a welcome level of

modest growth level in FY2010. We continue to be concerned about the level of reserves for the Town's workers compensation program. While we have recommended that an additional \$15,000 increase in the workers compensation budget for FY2010 be deferred, we expect to revisit this proposal in FY2011.

Retirement Assessments includes funding for Town's share of pension costs for non-contributory and contributory retirees. The funded status of the system was 79.5% on January 1, 2007. While an actuarial analysis is not scheduled for another year, it is certain that the funded ratio has decreased significantly due to the global financial situation. Changes to the actuarial funding schedule (required as of 1/1/10) will impact the FY2012 budget. Even in this difficult investment climate, the Town's rate of return since inception of the PRIT fund was 8.66%, still above the actuarial target.

The **Retiree Insurance and Insurance Liability Fund** line provides both the "pay-as-you-go" benefits for current retirees, and funding of the Town's post-employment benefit liability (commonly known as "OPEB"). The Town combined retiree insurance and

OPEB liability into one line in accordance with an actuarial funding schedule beginning in FY2008. This line item actually decreased by 6.9% from FY2009. The next required actuarial analysis will be conducted in FY2009, and we anticipate that the funding requirement will increase in FY2011.

The **Classification, Performance and Settlements** line provides a reserve for funding General Government personnel-related items as they occur during the year. The Town has two collective bargaining agreements that are not settled for FY2010 (custodian/trades and fire personnel), and any cost of living increases to be provided to non-union employees are also accounted for in this line.

Beginning in FY2009, the Finance Committee recommended a formula (1.3% of the operating budget) as the basis for establishing a recommendation for the **Reserve Fund**. This formula was derived from the average of the past five fiscal years. Although the submission for FY2010 was \$1,352,027, a reduction of \$52,000 is recommended in the balanced budget proposal.

General Government

Board of Selectmen/Town Manager This budget includes an increase in administrative support hours representing a 0.1 FTE increase. As a result of staff turnover, two part-time positions were combined to create one full-time position. After accounting for COLA transfers from the classification, performance and settlements line for FY2009, the FY2010 budget has increased 3.4%.

FY2009 Look Back: The 2008 Annual Town Meeting funded the creation of a Human Resources Director position which was filled in November, 2008. The HR Director will allow for critical,

full-time devotion to the increasingly complex field of human resources and labor relations. Moreover, the funding of this position will allow up the Assistant Town Manager/Operations (who will still oversee the HR function) to supervise departmental activities, particularly in the areas of Health and Human Services, and Community Development and Land Use.

Town Clerk/Board of Registrars

The recommended FY2010 budget for the Town Clerk/Registrar's Office is 6.4% lower than the current year after accounting for COLA transfers from the classification, performance and settlements line for FY2009. The Department will hold two elections in FY2010 after conducting three elections in FY2009.

Town Counsel The balanced budget proposal includes no increase in the Legal budget after accounting for COLA transfers from the classification, performance and settlements line for FY2009. Experience indicates that this budget may need to be increased in the next few years.

Personnel Board The balanced budget proposal includes no change in the Personnel Board budget in FY2010.

Finance Department The recommended Finance Department budget is 0.1% lower than FY2009 after accounting for COLA transfers from the classification, performance and settlements line.

FY2009 Look Back: The 2008 Annual Town Meeting funded a one-time increase of \$50,000 for personal (business) property verification and compliance. This project consisted of data gathering and analysis, and was initially expected to generate \$100,000 in additional tax revenue in FY2009. The project was highly successful and resulted in an increase in new growth taxes of hundreds of

thousands of dollars. This additional revenue has been incorporated into the revenue forecast.

Finance Committee This budget includes a 1.3% increase after accounting for COLA transfers from the classification, performance and settlements line.

Land Use and Development

Recommended budgets for **Board of Appeals, Conservation, and Planning and Economic Development** range from an increase of 2.1% for Conservation to a decrease of 1.2% for the Board of Appeals, with Planning showing a 1.2% increase, after accounting for COLA transfers from the classification, performance and settlements line. During Fiscal year 2009, two part-time positions in the Conservation and Board of Appeals Departments were combined to create one full-time position, resulting in salary savings. This consolidation provides greater flexibility and increased office coverage for both departments.

Police Department

The recommended budget for the Police Department is 4.4% higher than FY2009 after accounting for COLA transfers from the classification, performance and settlements line. The budget reflects increases related to collective bargaining agreements that have been settled through FY2010. Over the past several years, the Police Department has managed to maintain a fairly level overtime appropriation by using savings associated with employee turnover to fund the needed shift filling. During periods when staff turnover is low or non-existent, this shifting of salary funds is not possible.

The higher than typical salary growth for the Police Department reflects anticipated turnover in the workforce as long-serving officers retire and new

recruits are hired, most of whom are receiving step increases.

Fire Department

The recommended Fire Department budget is 0.9% less than FY2009, after accounting for transfers from the classification, performance, and settlements line. However, the cost of any salary increases relating to a Fire Union collective bargaining agreement for FY2010 are not included in this budget. The cost for any approved increase would be provided by transfer from the classification, performance and settlements line item, after approval by Town Meeting.

As with the Police Department, the Fire Department has managed to operate with an overtime appropriation that is significantly lower than that which is required for emergencies and to comply with the collective bargaining agreement, by using savings associated with employee turnover to fund the needed shift filling. During periods when staff turnover is low or non-existent, this shifting of salary funds is not possible.

Building Department

In FY2008, the Department handled more than 3,800 permits, each of which requires 3 or 4 inspections. Permits issued in FY2008 included several large and complex projects requiring significant effort on the part of the department, including the Beth Israel Deaconess Hospital expansion, Needham High School, High Rock School, and Charles River Landing. Future investment in additional inspection hours will likely be needed. The recommended budget for the Building Department is 2.9% higher than FY2009, after accounting for COLA transfers from the classification, performance, and settlements line.

Minuteman School

The Town has not received a preliminary assessment from the

Minuteman School. The recommended budget includes a 5.0% increase and should be considered preliminary.

Department of Public Works

The DPW General Fund budget recommendation is 3.2% higher than FY2009, after accounting for transfers from the classification, performance and settlements line. Oil-based products, such as gasoline, diesel fuel, asphalt, plastic, and oil-dependent services such as the generation of electricity have an impact on all DPW budgets, both General and Enterprise Funds.

Municipal Parking

The Town has a contractual relationship with the MBTA in which the Town pays rent and then shares revenue over a set amount. In November, 2008 the MBTA increased the parking fee for commuter lots, thereby increasing the amount that the Town is obligated to pay under the revenue sharing agreement. Thus, while the Municipal Parking Program budget has been increased by 38.7%, there is a corresponding revenue increase to accommodate the change. The Town's lease with the MBTA for the commuter lots has expired, and we are in the process of negotiating a new lease. As a result, this budget is still preliminary.

Municipal Street Lighting

As previously noted, the Municipal Street Lighting budget has been decreased by 16.5% to account for projected energy savings associated with the conversion of mercury vapor streetlights to high pressure sodium lights. This conversion was made possible by the capital project approved by the 2008 Annual Town Meeting.

Public Facilities

The PFD budget is up 12.0% over FY2009. This includes the additional funding approved to operate the High

Rock School, excluding the High Rock expenses, the budget is up 4.4% over FY2009. Energy related costs represent 45.7% of the total PFD budget for FY2010. The cost of any salary increases for custodial/trades personnel are not included in this budget, but would be provided by transfer from the classification, performance and settlements line item, after approval by Town Meeting.

FY2009 Look Back: The 2008 Annual Town Meeting provided funding for consolidated Town/School trash and recycling collection to be managed through the Recycling/Transfer Station. This program is being implemented and will be fully operational in fiscal year 2010. As a result, the FY2010 Public Facilities budget includes no funding for trash collection (dumpsters).

Health Department

The Health Department budget is recommended to increase 3.1% after accounting for COLA transfers from the classification, performance and settlements line.

FY2009 Look back: The 2008 Annual Town Meeting approved a \$25,000 increase in this budget to provide additional intensive, short-term, home-based services for at-risk teens and their families, and new services for adults and seniors. This program has been implemented.

Also in FY2009, the Health Department reallocated \$10,000 in part-time administrative support hours, supplemented with a grant from the Metro West Community Health Care Foundation and a disbursement from the Tolman Trust Fund to fund a part-time program coordinator to facilitate Townwide efforts in violence prevention, mental health support, substance abuse treatment, and suicide prevention.

Diversified Community Social Services

The DCSS budget is recommended to be increased by 3.4% over FY2009, after accounting for COLA transfers from the classification, performance, and settlements line. The three divisions that comprise the DCSS – Council on Aging, Youth Services and Veterans Services – are embarked on efforts to expand and reconfigure their program offerings to meet the needs of today’s residents. Seniors and school-age children are the fastest growing population groups in Needham.

FY2009 Look Back: The 2008 Annual Town Meeting approved an increase in existing hours for an administrative assistant to provide cross-departmental services.

Commission on Disabilities

No change is recommended for the Commission on Disabilities budget in FY2010.

Historical Commission

No change is recommended for the Historic Commission budget in FY2010.

Needham Public Library

The recommended Public Library budget is 2.3% higher in FY2009, after accounting for COLA transfers from the classification, performance and settlements line. As noted, the great increase in service demand experienced since the renovation of the Library will require increased investment by the Town. The Library has used its dedicated State aid account to meet the service demand, but such funding is unsustainable. We recommend that these services be converted to Town funding over a period of several years. Library circulation increased by 20% from FY2006 to FY2007, making FY2007 the busiest year in Library history, and then increased an additional 6.3% in FY2008.

Park and Recreation

The Park and Recreation budget is 0.4% higher than FY2009, after accounting for COLA transfers from the classification, performance and settlements line.

Memorial Park

No change is proposed for the Memorial Park budget for FY2010.

RTS Enterprise Fund

The RTS Enterprise Fund budget is 1.5% higher than the FY2009 budget.

FY2009 Look back: The 2008 Annual Town Meeting provided funding for a consolidated Town/School trash and recycling collection to be managed through the Recycling/Transfer Station. This program is currently being implemented and will be fully operational in fiscal year 2010.

Sewer and Water Enterprise Funds

The combined Water and Sewer Enterprise fund budget is proposed to increase by 3.2% over FY2009. Several items have been reallocated between the two funds, resulting in an increase of less than 1% in Sewer and just over 7% in water.

Community Preservation

The Community Preservation Administrative Budget has been reduced by 21.2% to reflect the current estimate of CPA receipts.

¹ The Athenian Oath, www.essentia.com/book/history/athenian.htm

² Massachusetts Taxpayers Foundation Testimony Before the Special Municipal relief Commission, 12/10/08

³ “Analysts: Cheap Oil May Not Last,” Boston Globe, January 7, 2009

⁴ Finance Committee Handbook, Allan Tosti, Editor, November, 2004



Leaders at the Core of Better Communities

SUSTAINABLE COMMUNITIES COMMITMENT

In October 2007, the general membership of the International City/County Management Association (ICMA) adopted a Resolution on Sustainability. Among the principles contained within that resolution is an affirmation that the promotion of Sustainable Communities is consistent with ICMA's Declaration of Ideals; specifically, that ICMA members embrace the following ideals of management excellence:

- Seek balance in the policy formation process through the integration of the social, cultural, and physical characteristics of the community; and,
- Promote a balance between the needs to use and to preserve human, economic and natural resources.

In recognition of ICMA's commitment to Sustainability as the "Issue of Our Age," I, as a member of ICMA, having dedicated myself to the faithful stewardship of the public trust, hereby affirm my commitment to building sustainable communities and pledge to:

- Work with the elected officials and members of my community to incorporate sustainable principles and practices into all functions and operations of local government in a fiscally responsible manner;
- Champion and facilitate decisions in my community that balance the needs of current residents with the needs of future generations;
- Balance the often-competing values within my community to develop solutions and practices that are truly holistic and comprehensive;
- Review the operations of our local governments to maximize efficiency, effectiveness, and relevance, and to encourage the maximum use of sustainable practices such as energy conservation; use of fuel efficient or alternative fuel cars for local government business; promotion of the principles of balanced growth, good urban design, and safe and livable communities; advocacy for quality education; increasing the use of renewable energy to meet local government energy needs; investment in critical infrastructure; and, ensuring sound financial management;

- Urge all levels of government to adopt practices that foster sustainable communities;
- Work with the businesses, residents and non-profit groups in my community to create a community-wide commitment to the ethos and practice of sustainability;
- Work with my neighboring jurisdictions to build sustainable communities at the regional level;
- Share information about successful practices in my community through programs of information dissemination and professional development spearheaded by ICMA.
- Inform elected officials, staff, and community members about sustainable practices for my local government and everyday life.

Signed this _____ day of _____

19th September 2008

ICMA MEMBER NAME

Kate Fitzgerald

TITLE

Town Manager

JURISDICTION

Needham, MA

ROBERT J. O'NEILL JR.
ICMA EXECUTIVE DIRECTOR

**Town of Needham
General Fund Budget Recommendations**

Description	FY 2009 Budget	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	Town Manager's		%
					FY 2010 Balanced Budget	Over FY2009	
Total Townwide Expense Group	28,201,561	29,442,257	0	29,442,257	29,375,257	1,173,696	4%
Board of Selectmen & Town Manager	744,852	777,993	50,000	827,993	777,993	Includes High Rock Override 33,141	4%
Town Clerk and Board of Registrars	308,938	292,699	0	292,699	292,699	(16,239)	-5%
Town Counsel	258,855	260,489	6,500	266,989	260,489	1,634	1%
Personnel Board	11,601	11,600	0	11,600	11,600	(1)	0%
Finance Department	2,089,820	2,090,396	99,331	2,189,727	2,102,896	13,076	1%
Finance Committee	29,447	30,561	0	30,561	30,561	1,114	4%
Planning & Economic Development	213,390	220,687	40,000	260,687	220,687	7,297	3%
Conservation Department	72,835	74,285	7,470	81,755	76,035	3,200	4%
Board of Appeals	28,381	28,651	0	28,651	28,651	270	1%
Police Department	4,929,425	5,207,086	0	5,207,086	5,159,371	229,946	5%
Fire Department	5,868,814	5,838,121	0	5,838,121	5,824,121	Includes High Rock Override (44,693)	-1%
Building Inspector	430,272	450,925	49,529	500,454	450,925	20,653	5%
Minuteman	377,427	396,299	0	396,299	396,299	18,872	5%
Needham Public Schools	42,635,484	45,382,885	0	45,382,885	45,382,885	2,747,401	6%
Department of Public Works	4,598,049	4,775,637	2,913,307	7,688,944	4,772,883	Includes High Rock Override 174,834	4%
Municipal Parking Program	203,900	282,900	0	282,900	282,900	79,000	39%
Municipal Lighting Program	328,500	349,300	0	349,300	274,300	(54,200)	-16%

**Town of Needham
General Fund Budget Recommendations**

Description	FY 2009 Budget	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	Town Manager's FY 2010 Balanced Budget	\$ Over FY2009	% Over FY2009
Department of Public Facilities	6,905,074	7,752,532	158,592	7,911,124	7,734,532	829,458	12%
Health Department	429,532	448,345	0	448,345	446,845	17,313	4%
Diversified Community Social Services	531,103	555,607	0	555,607	555,607	24,504	5%
Commission on Disabilities	550	550	0	550	550	0	0%
Historical Commission	1,050	1,050	0	1,050	1,050	0	0%
Needham Public Library	1,260,426	1,311,466	96,042	1,407,508	1,313,003	52,577	4%
Parks and Recreation	533,976	543,305	0	543,305	543,305	9,329	2%
Memorial Park	750	750	3,000	3,750	750	0	0%
Total Departments	72,792,451	77,084,119	3,423,771	80,507,890	76,940,937	4,148,486	6%
Total Townwide	28,201,561	29,442,257	0	29,442,257	29,375,257	1,173,696	4%
Total Operating	100,994,012	106,526,376	3,423,771	109,950,147	106,316,194	5,322,182	5%

Town of Needham General Fund Budget										
Description	FY 2009 Budget	FY 2009 COLA	FY 2009 Budget including COLA Transfer	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	FY 2010 Balanced Budget	Change over FY 2009	% Change over FY 2009	Town Manager's FY 2010 Performance Budget
Town Wide Expense										
Casualty, Liability and Self Insu	500,000	\$ -	500,000	525,000		525,000	525,000	25,000		52,000
Debt Service - General Fund	9,562,263	\$ -	9,562,263	9,886,980		9,886,980	9,886,980	324,717		324,717
Employee Benefits and Employe	8,731,910	\$ -	8,731,910	9,359,300		9,359,300	9,344,300	612,390		612,390
Retirement Assessments	4,240,326	\$ -	4,240,326	4,360,094		4,360,094	4,360,094	119,768		119,768
Retiree Insurance Program & In	3,702,211	\$ -	3,702,211	3,446,556		3,446,556	3,446,556	(255,655)		(255,655)
Classification, Performance and	265,000	\$ (138,617)	126,383	512,300		512,300	512,300	247,300		247,300
Reserve Fund	1,199,851	\$ -	1,199,851	1,352,027		1,352,027	1,300,027	100,176		100,176
Group Total	28,201,561	(138,617)	28,062,944	29,442,257		29,442,257	29,375,257	1,173,696	4.2%	52,000
Board of Selectmen & Town Manager										
Personnel	578,402	\$ 7,697	586,099	611,543	25,000	636,543	611,543	33,141		33,141
Expenses	166,450	\$ -	166,450	166,450	25,000	191,450	166,450			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total	744,852	7,697	752,549	777,993	50,000	827,993	777,993	33,141	4.4%	33,141
Town Clerk and Board of Registrars										
Personnel	272,403	\$ 3,924	276,327	258,719		258,719	258,719	-13,684		-13,684
Expenses	36,535	\$ -	36,535	33,980		33,980	33,980	-2,555		-2,555
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total	308,938	3,924	312,862	292,699		292,699	292,699	(16,239)	-5.3%	(16,239)
Town Counsel										
Personnel	65,355	\$ 1,624	66,979	66,989		66,989	66,989	1,634		1,634
Expenses	193,500	\$ -	193,500	193,500	6,500	200,000	193,500			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total	258,855	1,624	260,479	260,489	6,500	266,989	260,489	1,634	0.6%	0.0%
Personnel Board										
Personnel	1,601	\$ 40	1,641	1,100		1,100	1,100	-501		-501
Expenses	10,000	\$ -	10,000	10,500		10,500	10,500	500		500
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total	11,601	40	11,641	11,600		11,600	11,600	(1)	0.0%	-0.4%
Finance Department										
Personnel	1,304,013	\$ 14,729	1,318,742	1,350,144	57,531	1,407,675	1,350,144	46,131		46,131
Expenses	760,807	\$ -	760,807	715,252	16,800	732,052	715,252	-45,555		-45,555
Operating Capital	25,000	\$ -	25,000	25,000	25,000	50,000	37,500	12,500		12,500
Total	2,089,820	14,729	2,104,549	2,090,396	99,331	2,189,727	2,102,896	13,076	0.6%	-0.1%

Town of Needham General Fund Budget										
Description	FY 2009 Budget	FY 2009 COLA	FY 2009 Budget including COLA Transfer	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	FY 2010 Balanced Budget	Change over FY 2009	% Change over FY 2009	Town Manager's FY 2010 Performance Budget
Finance Committee										
Personnel	28,547	\$ 714	29,261	29,261		29,261	29,261	714		
Expenses	900	-	900	1,300		1,300	1,300	400		
Operating Capital		-								
Total	29,447	714	30,161	30,561		30,561	30,561	1,114	3.8%	1.3%
General Government Group	3,443,513	28,728	3,472,241	3,463,738	155,831	3,619,569	3,476,238	32,725	1.0%	0.1%
Planning & Economic Development										
Personnel	197,130	\$ 4,661	201,791	204,227	35,000	239,227	204,227	7,097		
Expenses	16,260	-	16,260	16,460	5,000	21,460	16,460	200		
Operating Capital		-								
Total	213,390	4,661	218,051	220,687	40,000	260,687	220,687	7,297	3.4%	1.2%
Conservation Department										
Personnel	64,730	\$ 1,618	66,348	66,130	6,870	73,000	67,880	3,150		5,120
Expenses	8,105	-	8,105	8,155	600	8,755	8,155	50		
Operating Capital		-								
Total	72,835	1,618	74,453	74,285	7,470	81,755	76,035	3,200	4.4%	2.1%
Board of Appeals Department										
Personnel	25,091	\$ 627	25,718	24,563		24,563	24,563	-528		
Expenses	3,290	-	3,290	4,088		4,088	4,088	798		
Operating Capital		-								
Total	28,381	627	29,008	28,651		28,651	28,651	270	1.0%	-1.2%
Land Use & Development Gr	314,606	6,906	321,512	323,623	47,470	371,093	325,373	10,767	3.4%	1.2%
Police Department										
Personnel	4,518,785	\$ 10,364	4,529,149	4,762,651		4,762,651	4,762,651	243,866		
Expenses	272,606	-	272,606	302,820		302,820	277,820	5,214		
Operating Capital	138,034	-	138,034	141,615		141,615	118,900	-19,134		
Total	4,929,425	10,364	4,939,789	5,207,086		5,207,086	5,159,371	229,946	4.7%	4.4%
Fire Department										
Personnel	5,606,826	\$ 7,568	5,614,394	5,517,917		5,517,917	5,517,917	-88,909		
Expenses	261,988	-	261,988	304,415		304,415	290,415	28,427		
Operating Capital		-		15,789		15,789	15,789	15,789		
Total	5,868,814	7,568	5,876,382	5,838,121		5,838,121	5,824,121	(44,693)	-0.8%	-0.9%

Town of Needham General Fund Budget											
Description	FY 2009 Budget	FY 2009 COLA	FY 2009 Budget including COLA Transfer	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	FY 2010 Balanced Budget	Change over FY 2009	% Change over FY 2009	Change after COLA	Town Manager's FY 2010 Performance Budget
Building Inspector											
Personnel	414,590	\$ 7,768	422,358	435,243	34,029	469,272	435,243	20,653			7,366
Expenses	15,682	-	15,682	15,682	15,500	31,182	15,682				
Operating Capital	-	-	-	-	-	-	-				
Total	430,272	7,768	438,040	450,925	49,529	500,454	450,925	20,653	4.8%	2.9%	7,366
Public Safety Group	11,228,511	25,700	11,254,211	11,496,132	49,529	11,545,661	11,434,417	205,906	1.8%	1.6%	7,366
Minuteman	377,427		377,427	396,299		396,299	396,299	18,872	5.0%	5.0%	
Needham Public Schools	42,635,484		42,635,484	45,382,885		45,382,885	45,382,885	2,747,401	6.4%	6.4%	
Department of Public Works											
Personnel	3,111,145	\$ 26,800	3,137,945	3,171,668	842,485	4,014,153	3,171,668	60,523			10,744
Expenses	1,286,904	-	1,286,904	1,398,469	1,714,822	3,113,291	1,395,715	108,811			
Operating Capital	-	-	-	5,500	356,000	361,500	5,500				
Snow and Ice Budget	200,000	-	200,000	200,000		200,000	200,000				
Total	4,598,049	26,800	4,624,849	4,775,637	2,913,307	7,688,944	4,772,883	174,834	3.8%	3.2%	10,744
Municipal Parking Program											
Personnel	13,900	-	13,900	13,900		13,900	13,900				
Expenses	190,000	-	190,000	269,000		269,000	269,000	79,000			
Operating Capital	-	-	-	-		-	-				
Program Total	203,900		203,900	282,900		282,900	282,900	79,000	38.7%	38.7%	
Municipal Lighting Program											
Personnel	-	-	-	-		-	-				
Expenses	328,500	-	328,500	349,300		349,300	274,300	-54,200			10,000
Operating Capital	-	-	-	-		-	-				
Program Total	328,500		328,500	349,300		349,300	274,300	(54,200)	-16.5%	-16.5%	10,000
Public Works Group	5,130,449	26,800	5,157,249	5,407,837	2,913,307	8,321,144	5,330,083	199,634	3.9%	3.4%	20,744
Department of Public Facilities											
Personnel	2,590,614	\$ 9,708	2,600,322	2,732,256	50,592	2,782,848	2,732,256	141,642			100,000
Expenses	4,307,460	-	4,307,460	5,002,276	108,000	5,110,276	5,002,276	694,816			
Operating Capital	7,000	-	7,000	18,000		18,000	-7,000				
Total	6,905,074	9,708	6,914,782	7,752,532	158,592	7,911,124	7,734,532	829,458	12.0%	11.9%	100,000
Public Facilities Group	6,905,074	9,708	6,914,782	7,752,532	158,592	7,911,124	7,734,532	829,458	12.0%	11.9%	100,000

Town of Needham General Fund Budget											
Description	FY 2009 Budget	FY 2009 COLA	FY 2009 Budget including COLA Transfer	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	FY 2010 Balanced Budget	Change over FY 2009	% Change over FY 2009	% Change after COLA	Town Manager's FY 2010 Performance Budget
Health Department											
Personnel	360,069	\$ 3,997	364,066	372,490	372,490	372,490	372,490	12,421			
Expenses	69,463	\$ -	69,463	75,855	75,855	75,855	74,355	4,892			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	429,532	3,997	433,529	448,345	448,345	448,345	446,845	17,313	4.0%	3.1%	
Diversified Community Social Services											
Personnel	491,742	\$ 6,380	498,122	515,937	515,937	515,937	515,937	24,195			
Expenses	39,361	\$ -	39,361	39,670	39,670	39,670	39,670	309			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	531,103	6,380	537,483	555,607	555,607	555,607	555,607	24,504	4.6%	3.4%	
Commission on Disabilities											
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Expenses	550	\$ -	550	550	550	550	550	550			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	550	\$ -	550	550	550	550	550	550			
Historical Commission											
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Expenses	1,050	\$ -	1,050	1,050	1,050	1,050	1,050	1,050			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	1,050	\$ -	1,050	1,050	1,050	1,050	1,050	1,050			
Needham Public Library											
Personnel	1,009,467	\$ 23,365	1,032,832	1,042,216	69,242	1,111,458	1,049,991	40,524			21,020
Expenses	250,959	\$ -	250,959	269,250	26,800	296,050	263,012	12,053			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	1,260,426	23,365	1,283,791	1,311,466	96,042	1,407,508	1,313,003	52,577	4.2%	2.3%	
Parks and Recreation Department											
Personnel	423,101	\$ 7,033	430,134	432,430	432,430	432,430	432,430	9,329			
Expenses	110,875	\$ -	110,875	110,875	110,875	110,875	110,875	\$ -			
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Total	533,976	7,033	541,009	543,305	543,305	543,305	543,305	9,329	1.7%	0.4%	

Town of Needham General Fund Budget										
Description	FY 2009 Budget	FY 2009 COLA	FY 2009 Budget including COLA Transfer	FY 2010 Budget Submission	FY 2010 DSR4 Submission	FY 2010 Total Submission	Town Manager's FY 2010 Balanced Budget	Change over FY 2009	% Change over FY 2009	Town Manager's FY 2010 Performance Budget
Memorial Park										
Personnel Expenses	\$ 750	-	750	750	3,000	3,750	750			
Operating Capital	\$ -	-	-	-	-	-	-			
Total	750	-	750	750	3,000	3,750	750			
Community Services Group	2,757,387	40,775	2,798,162	2,861,073	99,042	2,960,115	2,861,110	103,723	3.8%	21,020
Department Budgets	72,792,451	138,617	72,931,068	77,084,119	3,423,771	80,507,890	76,940,937	4,148,486	5.7%	166,750