

Sustainable Needham:

A Ten Year Look Back 2005 - 2015

The "Proposed Annual Budget" celebrates its 10th anniversary in FY2016, providing an opportunity to reflect on the accomplishments the community has made during that period. The successes highlighted throughout this document were achieved through the efforts of Town staff and volunteers, non-profit organizations, and the business sector. Working together in a sustainable way, even during a period that has come to be known as the "great recession," we have ensured the desirability of Needham as a place to live, work and play.

A major factor in that success has been our emphasis on sustainability - meeting the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable budgeting remains as relevant today as when we started down this road ten years ago, and continues to be our guiding principle.

Budget in Brief

Department spending requests were submitted to the Finance Committee on December 10, 2014. The total department spending requests represented an increase of 4.8% over FY2015.

The recommended FY2016 General Fund operating budget totals \$135,799,837, or \$6,420,438 more than FY2015, representing a change of 5.0%. This includes an increase of 6.1% for the Public Schools (5.7% excluding the transfer of cash capital as fully outlined below), 4.7% for municipal departments, and 4.1% for true Townwide expenses. Total General Fund appropriations total 6.4% more than in FY2015, reflective of the stronger than normal Free Cash position, which is recommended for non-recurring items. A comparison of the FY2015 budget to the FY2016 recommended budget is shown in Table 1.1 below:

**Table 1.1
General Fund Spending Plan**

Description	FY2015 Current	FY2016 Recommended	\$ Change	% Change
Townwide Expenses (excludes CPS)	\$35,301,063	\$36,735,091	\$1,434,028	4.1%
General Departments (includes CPS)	\$27,151,898	\$28,256,575	\$1,104,677	4.1%
Department of Public Facilities	\$8,071,939	\$8,610,363	\$538,424	6.7%
Needham Public Schools	\$57,961,288	\$61,497,808	\$3,536,520	6.1%
Minuteman Assessment	\$893,211	\$700,000	(\$193,211)	-21.6%
Total Operating Budget	\$129,379,399	\$135,799,837	\$6,420,438	5.0%
Cash Capital	\$2,667,260	\$2,852,111	\$184,851	6.9%
Financial Warrant Articles	\$53,805	\$1,152,500	\$1,098,695	2042.0%
Other Appropriations	\$1,924,125	\$2,782,490	\$858,365	44.6%
Total General Fund Appropriations	\$134,024,589	\$142,586,938	\$8,562,349	6.4%

Budget Process

Budgeting Best Practices

In developing the FY2016 budget, we continue to use the following best practices in order to produce a budget that preserves the Town's fiscal sustainability: current revenues must be sufficient to support current expenditures; debt must not be used to fund on-going operating expenses; the use of Free Cash to fund operations should be minimized; adequate contingency funds should be maintained; and sufficient maintenance and replacement funds should be allocated to ensure that capital facilities and equipment are properly maintained.

Core Budget Priorities

The Board of Selectmen has adopted the following core budget priorities for general government operations. These priorities served as a key guideline in our evaluation of departmental spending requests. As in recent years, the primary goal of the Board of Selectmen in consideration of the FY2015 operating budget is the maintenance and optimization of existing Town services. In addition, mindful of the availability of revenue for appropriation, the Board has set the following priorities for FY2016:

1. Support for items that contribute to the achievement of the Board's goals and objectives.
2. Support for a five to ten year plan for the renovation, reconstruction and/or preservation of the Town's capital assets in the most prudent, realistic, and efficient manner.
3. Support for initiatives that contribute to financial sustainability, including the maintenance of a debt service plan that balances capital needs with the Town's ability to pay, identification of alternative funding sources for traditional cash capital needs, evaluation of creative financing alternatives, and alignment of capital and maintenance needs with appropriate funding sources.

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25% Funded OPEB Liability •
AAA bond rating • Capital Facility
Stabilization Fund •
Athletic Facility Stabilization Fund

4. Support for initiatives aimed at achieving greater coordination and efficiency among Town departments, and providing adequate resources to address the general administrative needs of the Town in the most cost effective manner.
 5. Promote initiatives that contribute to the long-term economic vitality of Needham.
 6. Support for the stewardship of existing land and resources, including expansion (both in terms of amount and usability) of Town-owned land for active and conservation uses.
 7. Promote initiatives that contribute to the appearance of the Town.
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Fiscal Year 2016 Proposed Budget

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 FY2016 budget calendar is shown in Table 1.2.

**Table 1.2
Key Dates for the FY2016 Budget Process**

July	1	2014	Start of Fiscal Year 2015
August	1	2014	Capital Improvement Plan submission guidelines released
August	19	2014	Town Manager budget consultation with the Board of Selectmen
September	3	2014	Town Manager budget consultation with the Finance Committee
September	29	2014	FY2016 Budget submission guidelines released
October	14	2014	Town Manager budget consultation with the Board of Selectmen
October	17	2014	Department capital requests due to the Town Manager
October	24	2014	FY2016 Department Spending Requests due to Town Manager
October	27	2014	Special Town Meeting
November	12	2014	Town Manager budget consultation with the Board of Selectmen

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November	25	2014	Preliminary FY2016 capital recommendations to the Board of Selectmen
December	9	2014	Preliminary five-year capital recommendations to the Board of Selectmen
December	10	2014	FY2016 Department Spending Requests due to the Finance Committee
December	23	2014	Board of Selectmen votes CIP recommendation
January	6	2015	FY2016 – FY2020 Capital Improvement Plan released
January	6	2015	Town Manager budget consultation with the School Committee
January	31	2015	Town Manager’s Balanced Budget due
February	2	2015	Warrant Articles for the 2015 Annual Town Meeting due to the Board of Selectmen
February	22	2015	Finance Committee’s FY2016 draft budget is due to the Town Manager
March	15	2015	Finance Committee’s budget recommendations are due for inclusion in the Annual Town Meeting Warrant
April	14	2015	Annual Town Election
May	4	2015	Annual Town Meeting Begins
July	1	2015	Start of Fiscal Year 2016

Budget guidelines were distributed to departments, boards, and committees on September 29, 2014, with spending requests due on October 24 2014. 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 winter. The Town Manager’s official budget consultation with the School Committee occurred on January 6, 2015. At the time of the distribution of this proposed budget, the School Committee had not yet voted its FY2016 budget recommendation.

Budget Drivers: Personnel-Related Costs & Enrollment

Because the primary product of local government is services, the operating budget is heavily weighted to salaries and other personnel-related costs. In Needham, continued and sustained School enrollment growth has also placed a significant demand on available resources.

Salary Related Expenses

Personnel-related costs remain the highest proportion of the Town’s budget. Table 1.3 details the number of General Fund and Enterprise Fund benefit-eligible employees by department. The number of General Government benefit-eligible full-

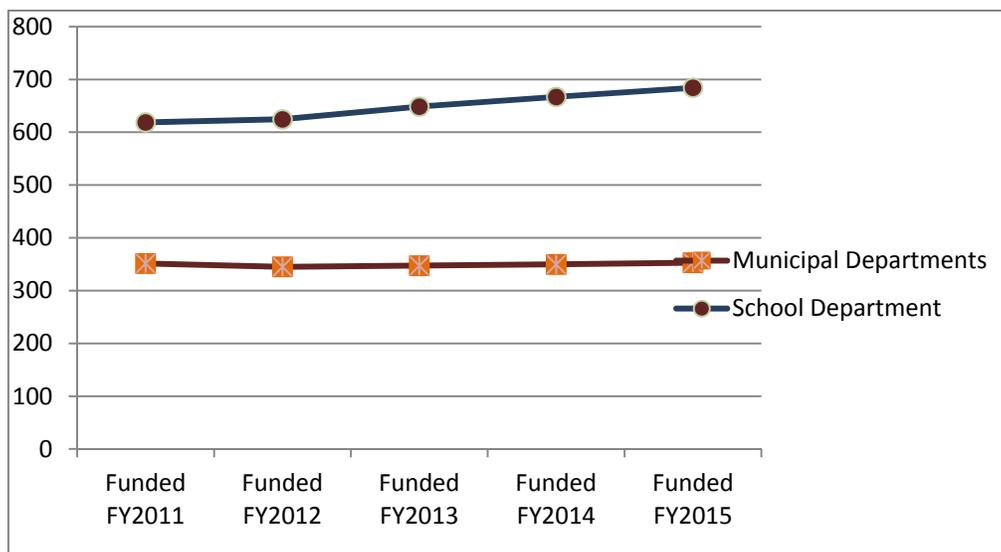
Fiscal Year 2016 Proposed Budget

time equivalent employees (FTE) remained relatively constant from FY2011 to FY2015 increasing by 0.43%. The number of School Department FTEs grew by 10.6% over that same period.

**Table 1.3
General and Enterprise Fund Full-time Equivalent Benefit-Eligible Positions
FY2011 to FY2015**

Department	Funded FY2011	Funded FY2012	Funded FY2013	Funded FY2014	Funded FY2015	FY2011- 2015 % Change
Town Manager/Selectmen	8.00	8.00	8.00	8.00	8.00	0.00%
Town Clerk	4.00	4.00	4.00	4.00	4.00	0.00%
Finance	21.00	21.00	23.00	23.00	23.20	10.48%
Police	58.00	57.00	57.00	57.00	59.00	1.72%
Fire	74.00	72.00	72.00	72.00	71.00	-4.05%
Building	7.00	7.00	7.00	8.60	8.60	22.86%
DPW	89.00	86.00	86.00	86.00	87.00	-2.25%
Public Facilities	53.80	54.80	55.00	55.80	56.00	4.09%
Health	4.60	4.60	4.60	4.60	5.40	17.39%
Human Services	8.30	7.80	7.80	7.80	7.80	-6.02%
Planning & Community Development	5.58	5.80	5.80	5.80	5.80	3.94%
Library	14.00	13.00	13.00	13.00	13.00	-7.14%
Park and Recreation	4.00	4.00	4.00	4.00	4.00	0.00%
Municipal Departments	351.28	345.00	347.20	349.60	352.80	0.43%
School Department	618.50	624.40	648.50	666.90	684.20	10.62%

**Chart 1.1
Change in Benefit Eligible FTEs FY2011 – FY2015**



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As noted on Table 1.4, average annual increases in salary line items from FY2011 to FY2015 are slightly higher than our sustainability target due to increases in headcount for program improvements, predominantly in the Needham Public Schools (5.2% overall, 6.2% for the Needham Public Schools, and 3.5% for General Government departments).

**Table 1.4
Changes in Salary Line Items FY2011 to FY2015**

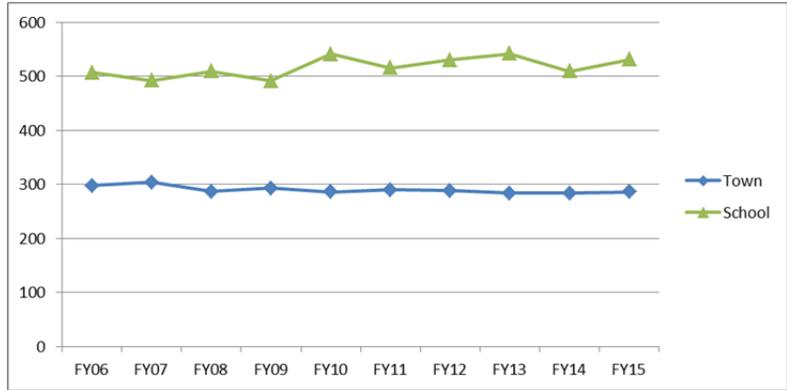
Description	FY2011	FY2012	FY2013	FY2014	FY2015 - Current	Average % Change
Board of Selectmen and Office of the Town Manager	644,644	649,992	669,819	691,474	715,158	2.6%
Town Clerk and Board of Registrars	282,308	281,663	296,301	282,647	312,927	2.8%
Town Counsel	68,664	68,664	70,039	71,790	73,584	1.8%
Personnel Board	600	600	600	600	0	
Finance Department	1,342,043	1,399,514	1,600,620	1,637,963	1,690,829	6.1%
Finance Committee	27,493	28,524	30,289	31,668	32,462	4.2%
Municipal Administration	2,365,752	2,428,957	2,667,668	2,716,142	2,824,960	4.6%
Planning Department	218,028	235,022	244,849	259,826	267,920	5.3%
Community Development Department	102,588	112,305	118,626	129,899	135,795	7.3%
Land Use & Development	320,616	347,327	363,475	389,725	403,715	5.9%
Police Department	4,884,190	4,863,916	4,959,157	5,175,845	5,581,122	3.4%
Fire Department	5,812,408	6,100,123	6,249,767	6,581,793	6,758,282	3.8%
Building Department	445,919	443,280	460,619	528,614	553,286	5.7%
Public Safety	11,142,517	11,407,319	11,669,543	12,286,252	12,892,690	3.7%
Department of Public Works (including enterprise employees)	5,705,831	5,603,635	5,693,797	5,853,827	6,110,486	1.8%
Department of Public Facilities	2,870,212	3,087,351	3,227,402	3,407,208	3,512,871	5.2%
Health Department	383,012	388,665	401,658	418,295	483,055	6.1%
Human Services Department	488,996	498,717	510,811	555,478	599,275	5.3%
Commission on Disabilities					1,500	
Public Library	1,076,094	1,077,213	1,071,967	1,103,803	1,156,157	1.8%
Park and Recreation Department	443,185	443,118	453,499	468,456	483,633	2.2%
Community Services	2,391,287	2,407,713	2,437,935	2,546,032	2,723,620	3.3%
Total	24,796,215	25,282,302	26,059,820	27,199,186	28,468,342	3.5%
Education	40,264,790	40,908,300	43,903,789	46,455,864	51,156,319	6.2%
Combined Total	65,061,005	66,190,602	69,963,609	73,655,050	79,624,661	5.2%

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Health Insurance Expenses

Health insurance costs for employees and retirees continue to grow faster than the rate of revenue growth. This is a systemic problem on the national level. As evidenced in Chart 1.2, health insurance enrollment for active employees has fluctuated over the past ten years, increasing by 3.0% from FY2014 to FY2015.

**Chart Table 1.2
Health Insurance Enrollment
FY2006 - FY2015**

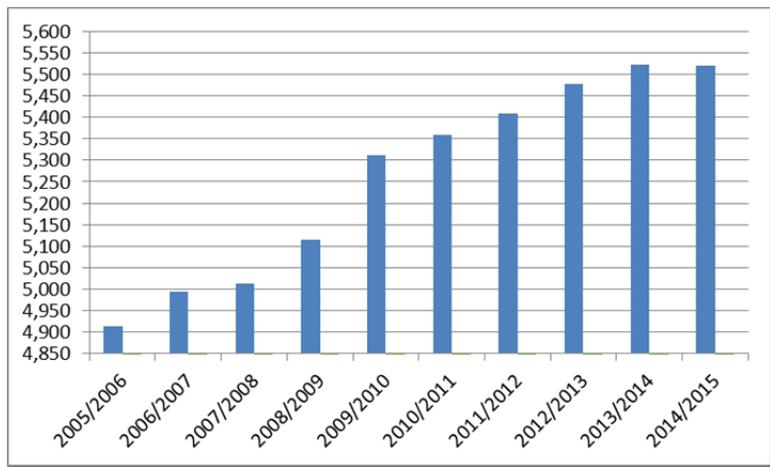


The Town has absorbed the savings associated with converting the workforce to the Rate Saver program, and should expect increases in line with projected health insurance costs (in the range of 6 – 9%) in FY2017 and beyond. That increase, along with potential increases in headcount, will put greater pressure on the operating budget.

School Enrollment

Over the past ten years, School enrollment in Needham has increased by 12.3%, or 605 additional students. Chart 1.3 and Table 1.6 detail the School enrollment growth.

**Chart 1.3
Needham Public Schools Enrollment 2005/2006 to 2014/2015**



Source: DESE

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**Table 1.6
Needham Public Schools Enrollment**

	Enrollment	Percentage Change
2005/2006	4,914	1.6%
2006/2007	4,995	1.6%
2007/2008	5,013	0.4%
2008/2009	5,115	2.0%
2009/2010	5,311	3.8%
2010/2011	5,358	0.9%
2011/2012	5,409	1.0%
2012/2013	5,476	1.2%
2013/2014	5,523	0.9%
2014/2015	5,519	-0.1%
Increase	605	12.3%

Source: DESE

When compared to other jurisdictions in the comparable community group, Needham's school enrollment growth is at the high end of the range – 12% from the 2005/2006 school year to 2014/2015 - compared to the average of 8% (Table 1.7). Needham's enrollment grew by 605 children during that period, ranking 6th of 18 comparable communities. The percent of the population that is enrolled in the public schools as a percent of the total population is also at the high end – 19% as compared to the average of 15%, or 6th of 18 communities (Table 1.8).

Community	10 year Change
Brookline	25%
Winchester	18%
Natick	16%
Belmont	16%
Arlington	15%
Needham	12%
Wellesley	11%
Bedford	11%
Westwood	10%
Milton	10%
Newton	10%
Lexington	9%
Walpole	2%
Watertown	2%
Framingham	0.4%
Dedham	-4%
Weston	-4%
Wayland	-9%
Average without Needham	8%

**Table 1.7
Comparable Enrollment Growth 2005/2006 to 2014/2015**

Source: DESE

Community	% School Age
Westwood	22%
Lexington	22%
Winchester	21%
Wayland	20%
Weston	20%
Needham	19%
Bedford	19%
Wellesley	18%
Belmont	17%
Walpole	16%
Natick	16%
Newton	15%
Milton	15%
Brookline	13%
Arlington	12%
Framingham	12%
Dedham	11%
Watertown	8%
Average without Needham	15%

**Table 1.8
School Enrollment as a Percent of Population 2014/2015**

Source: DESE

Balanced Budget Highlights

The following is a summary of key considerations that serve as the basis of the balanced budget recommendations. The full discussion of each department is included in the submitted departmental spending requests contained in Section 4.

Townwide Expenses

The **Retirement Assessments** budget increased by 9.4% over FY2015 based on the January 1, 2014 funding schedule. The Retirement Board voted to adopt an actuarial schedule that includes a reduction in the assumed rate of return from 8% to 7.75%. This is a more conservative approach.

Employee Benefits and Employer Assessments The recommended employee benefits budget reflects an increase of 7.5%. The submitted budget has been increased by \$75,252 to account for the increase of 9.2 FTEs recommended in the General Government (2) and School Department budgets (7.2). The West Suburban Health Group – a consortium of regional towns and districts joining together to purchase health insurance – has not yet released the health insurance rate structure for FY2016, so this budget is still preliminary.

Retiree Insurance and Insurance Liability Fund This budget request increased by 8% from FY2015 to FY2016. The proposed budget is based on the July 1, 2013 funding schedule, which includes a reduction in the assumed rate of return from 8% to 7.75% - a more conservative approach.

General Fund Debt Service The recommended debt budget has been reduced by 3.1% for FY2016. The change reflects a reduction in excluded debt and CPA debt – FY2014 was the peak debt service year for both categories. The allowance for General Fund debt service increased based on the Town's policy of allocating or reserving 3% of General Fund revenue for debt services within the levy.

Casualty, Liability and Self-Insurance The recommended budget has increased by 3.3% over FY2015 based on the number and value of facilities covered.

Classification, Performance and Settlements This line provides a reserve for funding General Government personnel-related items as they occur during the year. Three of the Town's collective bargaining agreements are not yet settled for FY2016. The Classification, Performance and Settlements line includes a reserve for those three settlements, as well as for performance increases, merit pay, and reclassification for non-represented personnel.

The purpose of the **Reserve Fund** is to provide an annual budgetary reserve for unforeseen or extraordinary expenses. The FY2016 Reserve Fund request presented by the Finance Committee is calculated at 1.4% of the projected operating budget – a budget increase of 1.7% over FY2015.

Fiscal Year 2016 Proposed Budget

reduced by \$17,500 which was proposed for additional consulting services. A special warrant article has been recommended for this purpose in the amount of \$25,000, as noted below.

Public Safety

The Police Department budget is proposed to increase by 1.6% over FY2015; however, the recommended budget does not include potential wage increases for union employees. An allowance for such increase has been included in the Classification, Performance and Settlements budget. The recommended budget includes an allocation of \$20,000 as a contingency in the event there are police detail fees that are deemed uncollectable.



Fire Department The recommended Fire Department budget is 2.0% higher in FY2016 than FY2015, which covers expenses for existing staff and operations.

Building Department The recommended budget for the Building Department is 3.8% higher than FY2015, covering expenses for existing staff and operations.

Education

Minuteman School The Town has received a preliminary assessment from the Minuteman School in the amount of \$654,134 which is \$239,077 or 27% lower than the FY2015 budget. Since the Minuteman School Committee's proposed budget includes reliance on additional State Aid and is subject to change, the recommended budget for the Minuteman School Assessment is \$700,000 until more information about the State budget is available.

Needham Public Schools The Town Manager's recommended budget for the School Department is \$61,497,808, representing an increase of 6.1%.



This recommendation includes the Superintendent's submitted budget request of \$61,073,288, and an allocation for operating capital removed from the Capital Improvement Plan of \$259,520 (as described more fully in the Executive Summary of the FY2016 – FY2020 Capital Improvement Plan under Section 5). The Superintendent presented a revised budget request for the School Committee for its consideration, including an additional \$276,934, primarily for identified special education tuition payments that will be needed in FY2016.

Fiscal Year 2016 Proposed Budget

The development of the recommended School budget begins with an evaluation of the traditional formula for the allocation of revenue available for appropriation. Revenue is first reserved for Townwide expenses, the Minuteman School Assessment, and Public Facilities. Remaining funds are then reviewed for allocation between the School Department and municipal departments based on the percent that each bears to the total. The School Department budget accounts for 66% of the total after accounting for the exclusion of the items listed above.

The FY2016 recommended allocation for the School Department is higher than the traditional formula for two reasons - the allocation of \$259,520 for operating capital, and the allocation of an additional \$165,000 to address the unusually high out-of-district tuition costs that the Department is experiencing. Finally, the proposed increase in benefit-eligible employees contained in the School budget (7.2) necessitated an increase in the employee benefits line as noted above.

Public Works

The Department of Public Works General Fund operating budget is recommended to increase by 4.4% which will cover expenses for existing staff and operations. The recommended budget includes an allocation of \$5,000 for personal protective gear for employees working in and around tree damage and downed wires caused by storms.

Municipal Parking The recommended Municipal Parking budget is 36.8% higher in FY2016, attributable to an increase in the number



of parking lots that will be maintained by the Town, the annual increase in the lease payment to the MBTA for the Needham Center Lot, and the transition of parking lot rental payments for the Needham Public Library from the Library's State Aid account to the General Fund. New parking lots include the expanded Lincoln Street Lot, the new public lot at the corner of School Street and Lincoln Street, the new Public Safety lot on School Street, and the expanded Eaton Square Lot and new pedestrian plaza.

Municipal Streetlight Program The recommended Municipal Streetlight Program budget is 15.3% higher than FY2015 based on projected contractual increases and energy costs.

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Reservoir B Pump Station • St. Mary's Pump Station • Chestnut Street reconstruction • Webster Street reconstruction • Water main replacement • I/I removal • South Street / Willow Street bridge • Kendrick Street bridge over Charles River • Needham Center Streetscape Design • Great Plain Avenue Pumping Station • Route 128 Water and Sewer Line replacement • Traffic Signals at Forest and Central, Charles River and Central, High Rock and Chestnut, South and Chestnut

Public Facilities

The recommended budget for the Department of Public Facilities is 6.7% higher than FY2015, and does not include projected compensation adjustments for most union personnel. An allowance for projected salary increases for those employees is included in the Classification, Performance and Settlements budget. The recommended budget includes the addition of one full-time custodian to support both the Center at the Heights and the Emery Grover Building. Operations and hours at Center at the Heights are limited by the assignment of only one custodian – the addition of the custodian will allow increased operating hours, and more appropriate cleaning after Senior Center business day. The Emery Grover Building has no permanently assigned custodian. The requested budget of \$47,934 has been reduced to \$27,934 by the transfer of funds allocated to these facilities for services previously provided on an overtime basis. As noted above, the recommended employee benefits budget has been increased to account for this additional benefit-eligible position.



The budget request includes \$31,050 in funding to support the engagement of a consultant to monitor and ensure appropriate savings from the photovoltaic solar array to be constructed on the landfill during 2015. The Town will pay the provider – SolarCity – for electricity generation, and NSTAR will provide the Town will energy credits through the various electricity meter accounts. Given that the Town expects to receive energy credits in FY2016, the funding for the consultant can be absorbed in the recommended energy budget, and no additional funding is proposed for this important service.

After several years of moderating energy prices, projections over the next several years are for significant cost increases associated with the limited supply of natural gas during the winter months, and the budget has been increased accordingly.



Human Services

Health & Human Services

Department The Health and Human Services Department was consolidated by vote of the Board of Selectmen in 2014, and FY2016 is the first time the consolidated department is included in the budget process. The total budget recommendation reflects an increase of 8.9%. In addition to projected compensation increases for existing personnel, the proposed budget includes \$10,000 in funding to support the Traveling Meals Program, including funds for substitute drivers and funds to reimburse volunteers for out of pocket costs. The recommendation also includes the addition on one full-time administrative assistant to support the Center at the

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Heights, which currently has no dedicated administrative help and relies heavily on volunteers. The administrative assistant will relieve full-time professional staff from administrative duties, allowing them to make progress toward the community's goal of increased programming and service delivery. The administrative assistant will also assist in the rental of the facility for community use – another goal of the Town. As noted above, the recommended employee benefits budget has been increased to account for this additional

benefit-eligible position. Other HHS priorities, including additional social work hours at the Senior Center (\$25,902), traveling meals staffing (\$47,906), a part-time substance abuse program coordinator (\$22,725) and Public Health accreditation (\$3,500) have been deferred.

Commission on Disabilities The Commission on Disabilities budget has been increased by \$1,500 to appropriately account for the stipend provided to the Committee Liaison. The previous liaison was paid a stipend from the Park and Recreation Budget.

Historical Commission No change is recommended for the Historic Commission budget in FY2016.

Public Library The recommended Library budget is 6.4% higher than FY2015 due to projected compensation adjustments for existing staff, and a recommended increase in part-time hours to support a Children's Programming Librarian (\$1,766) and the Circulation desk (\$15,922) for a total of \$37,688. Over the past few years, the Library has used its dedicated State Aid account to meet a growing service demand, but such funding is unsustainable. The submitted budget was reduced by a total of \$14,093 for a network transfer page, museum pass software, and Sunday openings during the month of June.

Park and Recreation The Park and Recreation budget increased by 2.1% from FY2015 to FY2016 attributable to projected compensation adjustments for existing staff. As noted above, the submitted budget was reduced by \$1,500 for the Commission on Disabilities Liaison which is now included in that Commission's budget.

10 YEAR LOOK BACK: 2005 - 2015

Carol-Brewster Property Acquisition
• Greene's Field & Play Structure •
Memorial Park • DeFazio Park •
Walker Gordon Field and
Acquisition • Trails Master Plan •
Newman School, Mills Field, Claxton
Field and Riverside Park
Playgrounds • Tennis Courts at
Newman, Mills & NHS • Bike Racks
Throughout Town • Community
Farm at NIKE • Off-leash Dog Area at
NIKE



Memorial Park No change is proposed for the Memorial Park budget for FY2016. A special warrant article to fund landscaping improvements to the Memorial Park Garden is proposed as noted below.

Beyond the General Fund Operating Budgets

Capital Budget Summary

The focus of this document is the FY2016 General Fund, Enterprise Fund, and Community Preservation Fund budgets. The FY2016 – FY2020 Capital Improvement Plan (CIP) is published as a separate document. Section 5 of this document contains the executive summary of the FY2016 - FY2020 CIP. An integral part of the balanced budget proposal contained herein, however, is the funding of capital and other non-operating budget items. The FY2016 proposed annual budget includes \$2,852,111 in General Fund cash capital projects. In addition to the projects contained in the five year CIP, the Town will also fund projects through Chapter 90 funds received from the Commonwealth. Currently, the Chapter 90 allotment is funding the design of the Needham Center infrastructure improvement project including the installation of new traffic signals, and street and sidewalk layouts.

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- High Rock 6th Grade Center •
 - Needham High School •
 - Mitchell Modular classrooms •
 - Pollard Roof • Newman HVAC •
 - Town Hall • PSAB •
 - Center at the Heights • Needham Public Library • New Salt Shed •
 - DPW Garage Bays • Energy Efficiency improvements Town-wide
-

Enterprise Fund Summary

RTS The recommended Recycling & Solid Waste Enterprise Fund budget has been reduced by 1.1% primarily attributable to the favorable renegotiation of the Town's waste disposal contract with Wheelabrator – a \$100,000 reduction from FY2015. The Department's request for \$48,000 for roll-off container replacement catch-up is proposed for funding through a special warrant article, as noted below.

Sewer The recommended Sewer Enterprise Fund budget is 1.3% higher than in fiscal year 2015, and covers expenses for existing staff and operations. The budget includes \$25,000 for services to inspect, test and calibrate ten permanent sewer flow meters and two portable sewer flow meters, all of which are integral to the Town's infiltration and inflow removal program. The MWRA Assessment line has been level-funded as the Town's 2016 assessment is not yet available. A request for consulting services to review environmental compliance has been eliminated and will be conducted with other available funds.



Water The recommended Water Enterprise Fund budget is 0.4% lower than the FY2015 budget. The recommend budget includes two new items: \$20,000 for water leak detection equipment to help minimize unaccounted for water, and \$10,000 for calibrating commercial and industrial water meters. The MWRA Assessment line has been level-funded as the Town's FY2016 assessment is not yet available.

Community Preservation

The administrative budget of the Community Preservation Fund is unchanged from FY2015.

Other Financial Warrant Articles

Given the amount of Free Cash available for appropriation, and consistent with the Town's policy to minimize the use of Free Cash for recurring operating expenses, the FY2016 proposed budget includes allocation of funds to one time programs and projects, and to reserves.

Compensated Absences Fund Upon retirement, certain employees are compensated for a portion of their unused sick leave. All employees are entitled to payment of unused vacation leave upon termination of Town service. Given the projected level of retirements and existing fund balance, there is no request for compensated absences funding this year.

Senior Corps Program The FY2016 proposed budget includes \$15,000 for the Senior Corps Program.

Property Tax Relief Fund The balanced budget includes \$27,500 in funding for the Property Tax Relief Fund. The 2009 Annual Town Meeting voted to establish a Property Tax Assistance Program. The goal of the Board of Selectmen is to set a target annual appropriation for the fund equal to the amount of private contributions to the Town's statutory voluntary tax relief program during the preceding fiscal year, up to a maximum appropriation of \$25,000 (2008 dollars). The Board voted to recommend the higher amount for FY2016 given the impact on lower income homeowners of the most recent property revaluation and override. The voluntary fund received \$10,976 in fiscal year 2014.

GF/RTS Contribution The balanced budget includes an estimated contribution to the RTS Enterprise Fund of \$1,420,000 - unchanged from the FY2015 budget.

Drains/Sewer Contribution The balanced budget includes a \$496,078 contribution to the Sewer Enterprise Fund to offset the cost of the Drains program – an increase of 7% over FY2015, attributable mostly to property-related and public works supply categories associated with addressing the increasing number of flooding concerns around Town. The Drains program, which is a General Fund expense, is appropriated to the Sewer Enterprise Fund as it is more efficient to account for the program in that manner.

DPW/PSAB Location Feasibility The Facility Working Group examined the 470/500 Dedham Avenue location for the establishment of a modern and comprehensive Public Works facility, consisting of administrative offices, garage maintenance bays, employee facilities, shops, wash bays, and appropriate vehicle storage, and related support systems. The Working Group concluded that the Dedham Avenue site is not adequate to support the entire facility with or without the location of a school at DeFazio Field Complex. The recommended option in the Facility Master Plan is for the relocation of operations and administration to Parcel 74 on Greendale Avenue at an estimated cost of \$45,000,000. The purpose of this study is to further evaluate and identify alternatives to relocating the full program to Greendale Avenue. The evaluation will include opportunities for phasing the project, alternatives to co-location of all facilities, and implication of phasing and scattered site options on Public Works, other departments co-located at 500 Dedham Avenue, a potential school, and DeFazio Park. The recommended funding for the DPW location feasibility study is \$40,000.



Quiet Zone Feasibility – Given the recent renewed interest in evaluating options to the train horn, and the planned infrastructure investment at the Town’s at-grade crossings in the coming years, a quiet zone feasibility analysis is recommended for funding in the amount of \$35,000. The evaluation will consider alternatives to train horns at the Town’s at-grade crossings and any impact on pedestrian and motorist safety.



Public Facilities Maintenance Program - A component of the FY2016 Capital Improvement Plan is the transition of items that do not meet the definition of capital from the CIP to the operating budget. Transitioning the Public Facilities Maintenance Program to a financial warrant article, in the amount of \$570,000 was deemed appropriate given that the program supports maintenance activities, and many of the projects do not meet the capital expenditure test. This warrant article covers annual necessary maintenance of public buildings throughout the Town and School department including but not limited to: asbestos abatement, duct cleaning, painting, and other repairs and necessary upgrades. Unless circumstances require otherwise, the FY2016 program will fund duct cleaning at the Pollard School, Fire Station #2, and Broadmeadow School; xeriscape gardening at the High School; wood floor refinishing in various school buildings; asbestos abatement at the Pollard School; flooring replacement at the Pollard School; renovation of two restrooms at the Pollard School; repairs to the auditorium at the Pollard School, and replacement of a portion of the lockers at the Pollard School.

Memorial Park Garden – The amount of \$20,000 is proposed for improvements to

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the Memorial Park Garden at the intersection of Highland Avenue and Rosemary Street. The funds would support the removal of most of the existing plant material that has become unsightly, and the planting of low maintenance and low water use varieties.

Sidewalk Needs Assessment – Originally requested in the FY2016 Capital Improvement Plan, this item was reallocated to a special warrant article and proposed for funding at \$100,000. The purpose of the assessment is to evaluate the Town’s sidewalk network to determine where sidewalks should be installed (numerous requests to improve pedestrian safety are received each year), and where there may be opportunities to remove sidewalks. The Department’s goal is to maintain the same or reduce the linear footage of sidewalks throughout the Town.



Planning Consulting – The Planning and Economic Development Department requested \$17,500 as part of its operating budget for professional and technical assistance in support of the Department’s evaluation of applications for projects and the development of new zoning proposals. In lieu of including the request in the operating budget, an allocation of \$25,000 is recommended as a special warrant article for this purpose. The funds will then be available for several years and used as projects arise.

RTS Roll-Off Replacement Catch-up – The roll-off container replacement catch-up originally requested in the RTS Operating budget is proposed for funding as a special warrant article. A roll-off replacement program was established in the operating budget in FY2015 to ensure appropriate replacement of the containers in future years. This funding will support the acquisition of six containers to replace the most severely deficient containers at the site in the amount of \$48,000.



OPEB Trust Fund The balanced budget includes an allocation of \$320,000 to the OPEB Trust Fund.

Athletic Facility Stabilization Fund The 2012 Annual Town Meeting approved the creation of an athletic facility stabilization fund to set aside capital funds for renovation and reconstruction of the Town’s athletic facilities and associated structures, particularly at Memorial and DeFazio. Replacement of the synthetic turf fields is estimated at \$2.4 million at the time of replacement in 2020.

The Town Manager’s recommendation for funding the Athletic Facility Stabilization Fund in FY2016 includes the traditional match of the Park and Recreation administrative fee receipts (\$45,700 in FY2014) and the unexpended balance of the Memorial Park Track warrant article in the amount of \$20,712. Additional funding is recommended on an annual basis in the amount of \$300,000 as circumstances permit, in order to achieve the \$2.4 million goal by 2020.

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Finally, the recommended budget includes an appropriation of \$500,000 to begin setting aside funds to support the renovation or reconstruction of the Memorial Park Building. It is expected that a combination of funding sources will be required to achieve that goal.

A request for a special warrant article for predictive catch basin cleaning in the amount of \$756,000 for a multi-year program has been deferred for further study based on pending NPDES compliance regulations.

In Conclusion

This balanced budget proposal is promulgated prior to the completion of the budget process for the Commonwealth. As revenue estimates are refined in the winter and spring, we will work with the various Town boards and committees in preparing the final budget to be presented to Town Meeting.

Our entire management team has worked collectively to implement creative ways of meeting the Town's sustainability goals. Efforts have been made to implement measures that will maximize the productivity of our organization and deliver the highest quality of services within available resources.

I applaud the commitment to sustainability and spirit of cooperation that has been demonstrated by the Board of Selectmen, School Committee, Finance Committee, Town Meeting, and ultimately the community. We are fortunate to have a dedicated and loyal staff who are working every day to maintain the high quality of life our residents expect and deserve. I thank you for the opportunity to serve the residents and businesses in the Town of Needham.

Kate Fitzpatrick

Town Manager

Fiscal Year 2016 Proposed Budget

Budget	FY2014 Expenditures	FY2015 Current 12/2014	Department Submission			Town Manager Recommendation		
			FY2016 Department Request	FY2016 \$ Change	FY2016 % Change	FY2016 Balance Budget	FY2016 \$ Change	FY2016 % Change
Retirement Assessments	5,358,572	5,656,200	6,185,312	529,112	9.4%	6,185,312	529,112	9.4%
Employee Benefits and Employer Assessments	10,044,397	11,085,124	11,838,657	753,533	6.8%	11,913,909	828,785	7.5%
Retiree Insurance Program & Insurance Liability Fund	5,535,139	4,940,198	5,336,302	396,104	8.0%	5,336,302	396,104	8.0%
Debt Service	12,129,006	11,587,884	11,224,301	(363,583)	-3.1%	11,224,301	(363,583)	-3.1%
Casualty, Liability, Property and Self Insurance Program	507,278	542,000	560,000	18,000	3.3%	560,000	18,000	3.3%
Classification, Performance and Settlements*	see note	4,035	175,000	170,965	#####	175,000	170,965	#####
Reserve Fund*	see note	1,489,657	1,515,267	25,610	1.7%	1,515,267	25,610	1.7%
TOTAL	33,574,392	35,305,098	36,834,839	1,529,741	4.3%	36,910,091	1,604,993	4.5%
*This is a budget reserve and therefore no direct expenditure from this line is allowed, only transfers to other budget lines.								
Board of Selectmen & Town Manager								
Salary & Wages	685,666	715,158	793,991	78,833		778,991	63,833	8.9%
Expenses	94,873	109,741	111,312	1,571		111,312	1,571	1.4%
Capital	75,000	-	-	-		-	-	
TOTAL	855,539	824,899	905,303	80,404	9.7%	890,303	65,404	7.9%
Town Clerk and Board of Registrars								
Salary & Wages	266,643	312,927	312,414	(513)		312,414	(513)	-0.2%
Expenses	32,823	47,450	45,520	(1,930)		45,520	(1,930)	-4.1%
Capital	-	-	-	-		-	-	
TOTAL	299,467	360,377	357,934	(2,443)	-0.7%	357,934	(2,443)	-0.7%
Town Counsel								
Salary & Wages	71,790	73,584	75,422	1,838		75,422	1,838	2.5%
Expenses	231,525	254,000	254,000	-		254,000	-	
TOTAL	303,315	327,584	329,422	1,838	0.6%	329,422	1,838	0.6%
Personnel Board								
Salary & Wages	-	-	-	-		15,000	15,000	
Expenses	-	15,000	15,000	-		-	(15,000)	
TOTAL	-	15,000	15,000	-		15,000	-	
Finance Department								
Salary & Wages	1,563,941	1,690,829	1,701,565	10,736		1,701,565	10,736	0.6%
Expenses	704,654	783,479	813,261	29,782		813,261	29,782	3.8%
Capital	37,044	37,500	38,475	975		38,475	975	2.6%
TOTAL	2,305,639	2,511,808	2,553,301	41,493	1.7%	2,553,301	41,493	1.7%
Finance Committee								
Salary & Wages	31,295	32,462	34,000	1,538		34,000	1,538	4.7%
Expenses	814	1,225	1,225	-		1,225	-	
TOTAL	32,109	33,687	35,225	1,538	4.6%	35,225	1,538	4.6%
General Government	-	4,073,355	4,196,185	122,830	3.0%	4,181,185	107,830	2.6%

Fiscal Year 2016 Proposed Budget

Budget	FY2014 Expenditures	FY2015 Current 12/2014	Department Submission			Town Manager Recommendation		
			FY2016 Department Request	FY2016 \$ Change	FY2016 % Change	FY2016 Balance Budget	FY2016 \$ Change	FY2016 % Change
Planning & Economic Development								
Salary & Wages	259,250	267,920	300,901	32,981		300,901	32,981	12.3%
Expenses	13,372	16,460	33,960	17,500		16,460	-	
Capital	-	-	-	-		-	-	
TOTAL	272,622	284,380	334,861	50,481	17.8%	317,361	32,981	11.6%
Community Development								
Salary & Wages	128,440	135,795	160,055	24,260		160,055	24,260	17.9%
Expenses	7,796	11,858	11,858	-		11,858	-	
Capital	-	-	-	-		-	-	
TOTAL	136,236	147,653	171,913	24,260	16.4%	171,913	24,260	16.4%
Land Use								
	-	432,033	506,774	74,741	17.3%	489,274	57,241	13.2%
Police Department								
Salary & Wages	5,077,759	5,581,122	5,660,317	79,195		5,660,317	79,195	1.4%
Expenses	235,422	306,930	331,885	24,955		331,885	24,955	8.1%
Capital	152,918	174,724	166,964	(7,760)		166,964	(7,760)	-4.4%
TOTAL	5,466,098	6,062,776	6,159,166	96,390	1.6%	6,159,166	96,390	1.6%
Fire Department								
Salary & Wages	6,502,790	6,758,282	6,890,572	132,290		6,890,572	132,290	2.0%
Expenses	218,142	288,907	308,090	19,183		308,090	19,183	6.6%
Capital	-	32,831	20,311	(12,520)		20,311	(12,520)	
TOTAL	6,720,932	7,080,020	7,218,973	138,953	2.0%	7,218,973	138,953	2.0%
Building Department								
Salary & Wages	510,630	553,286	575,454	22,168		575,454	22,168	4.0%
Expenses	25,780	31,040	31,040	-		31,040	-	
Capital	-	-	-	-		-	-	
TOTAL	536,410	584,326	606,494	22,168	3.8%	606,494	22,168	3.8%
Public Safety								
	-	13,727,122	13,984,633	257,511	1.9%	13,984,633	257,511	1.9%
Minuteman Assessment								
Minuteman Assessments	733,961	893,211	729,726	(163,485)	-18.3%	700,000	(193,211)	-21.6%
Needham Public Schools								
Needham Public Schools	53,673,463	57,961,288	61,073,288	3,112,000	5.4%	61,497,808	3,536,520	6.1%
Education								
	4,237	58,854,499	61,803,014	2,948,515	5.0%	62,197,808	3,343,309	5.7%
Department of Public Works								
Salary & Wages	3,188,307	3,339,322	3,461,561	122,239		3,461,561	122,239	3.7%
Expenses	1,392,377	1,485,421	1,576,633	91,212		1,576,633	91,212	6.1%
Capital	7,750	6,284	18,000	11,716		18,000	11,716	186.4%
Snow and Ice	1,106,635	400,000	404,000	4,000		404,000	4,000	
TOTAL	5,695,069	5,231,027	5,460,194	229,167	4.4%	5,460,194	229,167	4.4%

Fiscal Year 2016 Proposed Budget

Budget			Department Submission			Town Manager Recommendation		
	FY2014 Expenditures	FY2015 Current 12/2014	FY2016 Department Request	FY2016 \$ Change	FY2016 % Change	FY2016 Balance Budget	FY2016 \$ Change	FY2016 % Change
Municipal Parking Program								
Municipal Parking Program	67,590	71,445	97,730	26,285	36.8%	97,730	26,285	36.8%
	-	-	-	-	-	-	-	-
Municipal Lighting Program								
Municipal Lighting Program	163,881	221,153	254,951	33,798	15.3%	254,951	33,798	15.3%
	-	-	-	-	-	-	-	-
Public Works	136,236	5,523,625	5,812,875	289,250	5.2%	5,812,875	289,250	5.2%
Department of Public Facilities								
Salary & Wages	3,181,814	3,512,871	3,596,277	83,406		3,576,277	63,406	1.8%
Expenses	4,552,301	4,559,068	5,065,136	506,068		5,034,086	475,018	10.4%
Capital	-	-	-	-		-	-	
TOTAL	7,734,115	8,071,939	8,661,413	589,474	7.3%	8,610,363	538,424	6.7%
	-	-	-	-	-	-	-	-
Public Facilities	-	8,071,939	8,661,413	589,474	7.3%	8,610,363	538,424	6.7%
Health Department								
Salary & Wages	409,300	483,055	-	(483,055)		-	(483,055)	-100.0%
Expenses	95,851	100,874	-	(100,874)		-	(100,874)	-100.0%
Capital	-	-	-	-		-	-	
TOTAL	505,151	583,929	-	(583,929)	-100%	-	(583,929)	-100.0%
	-	-	-	-	-	-	-	-
Health & Human Services								
Salary & Wages	505,865	599,275	1,290,965	691,690		1,186,457	587,182	98.0%
Expenses	112,170	131,841	240,770	108,929		245,245	113,404	86.0%
Capital	-	-	-	-		-	-	
TOTAL	618,035	731,116	1,531,735	800,619	109.5%	1,431,702	700,586	95.8%
	-	-	-	-	-	-	-	-
Commission on Disabilities								
Salary & Wages	-	1,500	1,500	-		1,500	-	
Expenses	100	550	550	-		550	-	
Capital	-	-	-	-		-	-	
TOTAL	100	2,050	2,050	-		2,050	-	
	-	-	-	-	-	-	-	-
Historical Commission								
Salary & Wages	-	-	-	-		-	-	
Expenses	34	1,050	1,050	-		1,050	-	
Capital	-	-	-	-		-	-	
TOTAL	34	1,050	1,050	-		1,050	-	
	-	-	-	-	-	-	-	-
Needham Public Library								
Salary & Wages	1,103,803	1,156,157	1,255,403	99,246		1,242,035	85,878	7.4%
Expenses	313,209	319,043	328,793	9,750		328,068	9,025	2.8%
Capital	-	-	-	-		-	-	
TOTAL	1,417,012	1,475,200	1,584,196	108,996	7.4%	1,570,103	94,903	6.4%
	-	-	-	-	-	-	-	-
Parks and Recreation Department								
Salary & Wages	441,151	483,633	495,453	11,820		493,953	10,320	2.1%
Expenses	84,379	114,000	114,000	-		114,000	-	
Capital	-	-	-	-		-	-	
TOTAL	525,531	597,633	609,453	11,820	2.0%	607,953	10,320	1.7%
	-	-	-	-	-	-	-	-

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Budget			Department Submission			Town Manager Recommendation		
	FY2014 Expenditures	FY2015 Current 12/2014	FY2016 Department Request	FY2016 \$ Change	FY2016 % Change	FY2016 Balance Budget	FY2016 \$ Change	FY2016 % Change
Memorial Park								
Salary & Wages	-	-	-	-	-	-	-	-
Expenses	722	750	750	-	-	750	-	-
Capital	-	-	-	-	-	-	-	-
TOTAL	722	750	750	-	-	750	-	-
Community Services	62	3,391,728	3,729,234	337,506	10.0%	3,613,608	221,880	6.5%
Department Budgets	88,063,031	94,074,301	98,694,128	4,619,827	4.9%	98,889,746	4,815,445	5.1%
Townwide Expense Group	33,574,392	35,305,098	36,834,839	1,529,741	4.3%	36,910,091	1,604,993	4.5%
TOTAL	121,637,423	129,379,399	135,528,967	6,149,568	4.8%	135,799,837	6,420,438	5.0%
Recycling and Transfer Station Enterprise								
Salary & Wages	602,290	731,026	739,993	8,967		739,993	8,967	1.2%
Expenses	1,157,133	1,225,721	1,287,160	61,439		1,187,160	(38,561)	-3.1%
Capital	60,000	81,000	134,000	53,000		86,000	5,000	6.2%
MWRA								
Debt Service	149,147	150,000	150,000	-		150,000	-	
Reserve Fund	transfers only	25,000	25,000	-		25,000	-	
TOTAL	1,968,570	2,212,747	2,336,153	123,406	5.6%	2,188,153	(24,594)	-1.1%
Sewer Enterprise								
Salary & Wages	902,486	962,166	987,170	25,004		987,170	25,004	2.6%
Expenses	355,518	352,958	417,763	64,805		407,763	54,805	15.5%
Capital	24,799	25,000	50,000	25,000		50,000	25,000	100.0%
MWRA	5,423,810	5,466,144	5,466,144	-		5,466,144	-	
Debt Service	1,390,516	1,500,000	1,500,000	-		1,500,000	-	
Reserve Fund	Transfers only	35,000	35,000	-		35,000	-	
TOTAL	8,097,129	8,341,268	8,456,077	114,809	1.4%	8,446,077	104,809	1.3%
Water Enterprise								
Salary & Wages	1,014,577	1,077,972	1,105,680	27,708		1,105,680	27,708	2.6%
Expenses	990,584	1,079,548	1,063,541	(16,007)		1,043,541	(36,007)	-3.3%
Capital	31,500	40,200	10,500	(29,700)		30,500	(9,700)	-24.1%
MWRA	1,271,018	1,193,697	1,193,697	-		1,193,697	-	
Debt Service	1,535,767	1,550,000	1,550,000	-		1,550,000	-	
Reserve Fund	Transfers only	75,000	75,000	-		75,000	-	
TOTAL	4,843,445	5,016,417	4,998,418	(17,999)	-0.4%	4,998,418	(17,999)	-0.4%