

Finance Committee
Town of Needham
1471 Highland Avenue
Needham, MA 02492

February 22, 2018

Kate Fitzpatrick
Town Manager
Needham Town Hall
1471 Highland Avenue
Needham, MA 02492

Re: Finance Committee Fiscal Year 2019 Draft Budget Recommendation

Dear Kate:

I am pleased to present the Finance Committee's voted draft budget recommendation for fiscal year 2019 totaling is \$162,720,589. The Finance Committee carefully considered the budget submissions from department managers and your Town Manager's balanced budget, as well as the School Superintendent's proposed budget and the budget voted by the School Committee. Please keep in mind that this is the initial draft budget, and that the Finance Committee will submit its final FY 2019 recommended budget next month as required by Town By-Law.

The attached draft budget shows the specific Finance Committee recommendations for the FY 2019 Townwide expenses budget and the operating budgets for each department including the recommended bottom line allocation for the School Department budget. We will explain below the differences between your proposed budget and the Finance Committee's recommendation. The Finance Committee believes that the enclosed budget is reasonable, prudent, and fiscally sound, and will allow the Town and the School Department to maintain the outstanding level of services currently being provided to residents, and will also provide funding for some modest enhancements. The Finance Committee's recommendation takes into account and prepares for the significant increases in capital and operating expenses that the Town plans to undertake in the next few years.

General Fund Operating Budget

Departments:

The Finance Committee's recommended draft budget is consistent with your balanced budget proposal with respect to the operating departments with the following exceptions:

- Planning and Community Development
- Fire Department
- Minuteman School Assessment
- Public Facilities Design and Construction
- Health and Human Services

In order to achieve a balanced budget for FY 2019 and to provide for increased services where there is a demonstrated need, the Finance Committee is recommending the following adjustments to Town departmental operations budgets.

Planning and Community Development: The Finance Committee voted to reduce the salary line in the Planning and Community Development budget by \$6,000, which is the funding requested for the Recording Secretary for the Conservation Commission. The function of the Recording Secretary, attending meetings and producing minutes, is a stated function of the Conservation Specialist. The Finance Committee was not persuaded that there is a need for additional staff for this work.

Fire Department: The Finance Committee reduced the Fire Department's salary line in the FY 2019 budget by \$10,000 for the funding of the Community Outreach Initiative. The Committee was not convinced that some of the described need is appropriate for the operating budget, and found that the department would likely have salary savings that could be used to cover additional outreach if such an expenditure were to be deemed appropriate.

Minuteman School Assessment: The Minuteman Regional Vocational Technical School District has updated the Town's estimated FY 2019 assessment since your recommended budget was released. The Finance Committee's voted draft budget includes the new estimate of \$914,236, a decrease of \$21,819.

Public Facilities Design and Construction: The Finance Committee's FY 2019 draft budget decreased the Public Facilities salary line by \$101,000 and the expense line by \$1,300, representing the costs associated with the proposed additional Project Manager position. The Finance Committee was not comfortable adding a new position into the operating budget for an admitted temporary need. The Finance Committee concluded that it would be more appropriate to fund the additional position for a limited two-year period through a financial warrant article at the May 2018 Special Town Meeting. This position should be considered an interim position to address a temporary need and should not be added to the operating budget. The person working in that capacity would, of course, have the opportunity to apply for a permanently funded position in the Department if one were to become available.

Department of Public Works: While the Finance Committee's draft budget echoes your recommended FY 2019 budget for the Department of Public Works, the Committee maintains some outstanding concerns regarding the requested new position of Compliance Coordinator. The Committee did find that there is an apparent need for additional management of certain compliance requirements, but the Committee would like additional information to clarify the functions that the requested position will execute before making a final decision on whether to include the funding in the final budget to be recommended to Town Meeting.

Health and Human Services: The Finance Committee's draft budget recommendation for the Health and Human Services Department reduced the salary line by \$25,617. The Finance Committee voted not to support the increase of the Emergency Management Program Coordinator position from part time to full time. This position was funded through a Town

Meeting warrant article for part-time work for two years. By all accounts, the person in that position has successfully revived the Town's Emergency Management Program. The Finance Committee agreed that the part-time position should be included in the operating budget moving forward. However, the Finance Committee was not convinced that there is a need to expand the position to full time. The Finance Committee firmly believes that decisions to add positions to the operating budget must be very carefully considered, as budgeted positions are generally assumed to recur annually. The Finance Committee also decreased the expense line in this budget by \$7,000 for a mistaken redundant expense. The Finance Committee allowed the request for \$7,000 in additional expenses to support the Emergency Management Program.

Townwide Expenses

The Finance Committee made a detailed review of the costs that make up the Townwide Expenses. The Finance Committee recommends changes to two lines in the Townwide Expenses portion of the FY 2019 recommended draft budget:

- Group Health Insurance, Employee Benefits & Administrative Costs
- Reserve Fund

The specific reasons are described below. The Committee is still reviewing aspects of the budget which may affect these budget lines further.

Group Health Insurance, Employee Benefits & Administrative Costs: The Finance Committee's draft budget decreased this line by \$37,089, which represents the benefits costs associated with the requests for additional positions or for increased hours for current positions that are not funded in this budget recommendation.

Reserve Fund: The Finance Committee is recommending that the Reserve Fund be increased by \$75,185, representing funds for costs that were in your budget recommendation but were not supported by the Finance Committee, with the exception of the funds associated with the Public Facilities Project Manager position. Those funds, totaling \$134,640, including the salary, expenses, and benefits costs of the Project Manager position, were deducted from the bottom line of the overall budget in order to provide the first year of funding for that position via a warrant article. The Finance Committee, as always, seeks to ensure that the Reserve Fund is ample to provide a funding source for extraordinary or unforeseen needs that may occur during the fiscal year. Fortunately, the Reserve Fund has been sufficient even in some recent years with substantial draws on the fund, such as extraordinary weather-related expenses or legal costs. The final recommended allocation to the Reserve Fund remains subject to further change depending on how the Finance Committee resolves other outstanding budget issues.

Conclusion

The Finance Committee plans to vote a final budget to recommend to Town Meeting for FY 2019 at its next meeting on February 28, 2018. If you have any questions, or would like to discuss any aspect of the Finance Committee's recommended budget, please contact me.

On behalf of the Finance Committee, I would like to thank you, as well as the Assistant Town Manager/Director of Finance, the Assistant Town Manager/Director of Operations, the Department Managers, the School Superintendent, the School Director of Financial Operations, the Board of Selectmen, the School Committee, and the School Central Administration for your hard work, candor, and invaluable support throughout the process of developing our FY 2019 operating budget recommendation.

Very truly yours,



Richard Reilly
Chair
Needham Finance Committee

Enclosure

Cc with enclosure:

Board of Selectmen
Assistant Town Manager/Director of Finance
Assistant Town Manager/Director of Operations
Finance Committee
School Committee
School Superintendent
School Department Director of Financial Operations