

March 15, 2018

Fellow Town Meeting Members,

The Finance Committee is pleased to present its 107<sup>th</sup> Annual Report to Town Meeting and recommended operating budget for Fiscal Year 2019. Needham is currently in a position of fiscal strength. Several recent years of extraordinary growth have enabled the Town to reserve funds for several significant upcoming needs. Revenues continue to grow, albeit at a more moderate rate, due to new development and an expanded tax base. Budgetary expenses are increasing as well, but are carefully managed. As you will see, however, we urge caution, going forward.

The Town continues to make progress in implementing the Facilities Master Plan. The Rosemary Pool Complex is scheduled to open this summer. Construction of the new Sunita Williams Elementary School is well underway, looking to a fall 2019 opening. The designs for the new Public Safety headquarters and the renovation of Fire Station #2 are finishing up, as well as for the new Public Works storage facility. Construction is about to commence on the High School expansion project. This warrant seeks funding for construction of an upgraded Memorial Park Building, as well as for a feasibility study to determine the next step to address deficiencies at the School Administration's Emery Grover building.

The Town must continue its careful financial planning to be able to afford these significant projects, and the associated increases in operating costs while being mindful of the tax burden on residents. The Town is planning to expand services significantly to meet increased needs occasioned by new growth. The Town Administrators and the various boards and committees are working closely with the School Department to implement a new Full Day Kindergarten program and with the Public Safety departments to increase staffing in a way that meets the demands within budgetary constraints. The Town must also continue to maintain and update current facilities and services. The Finance Committee remains committed to addressing the growing needs of the Town without unduly burdening the taxpayers. The Town will need to take on additional debt to finance some of these projects, including debt exclusion financing that must be approved by the voters.

As we have noted previously, certain operating costs continue to outpace revenue growth, particularly health insurance costs and certain special education expenses. Both Town and School administrators have taken positive steps to restrain the growth of costs in these areas. The Town continues to consider myriad health insurance options for future years. The School Department continues to implement and expand "in-house" Special Education programs that meet the needs of students that might otherwise need to seek services outside of the district at a higher cost. The Finance Committee is confident that the recommended budget is reasonable and meets all critical needs of the Town, while exercising fiscal restraint and working to prepare for future expanding needs.

This letter has two sections. In the “Overview” section we take a macro look at the amounts available for General Fund appropriation as well as the main drivers of the proposed increase in the Operating Budget. This section of the letter closes with an expression of the Committee’s concerns looking forward. The second section of the letter looks at the changes in the individual segments of the Operating Budget.

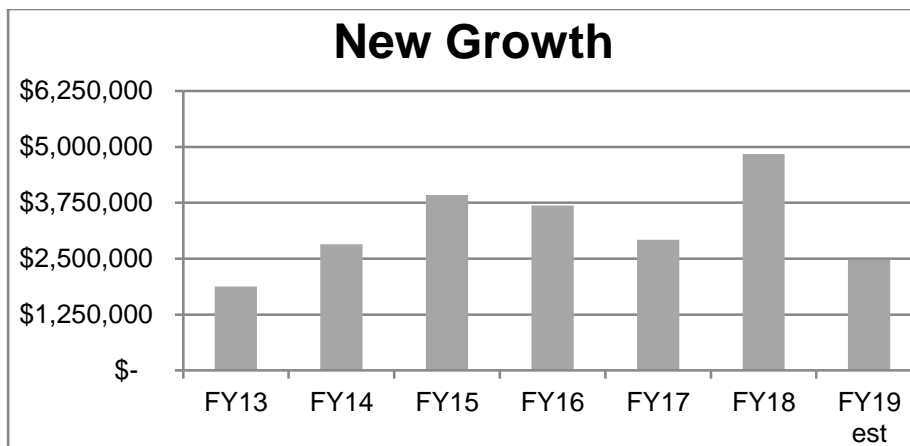
## I. Budgetary Overview

### A. Amount Available for General Fund Appropriation.

The amount available for General Fund Appropriation in the FY 2019 budget (\$180.1M) is \$11.2M, or 6.6%, greater than the corresponding amount available for the FY 2018 budget. The primary drivers of this growth are an increase of approximately \$9.0M in property taxes and a projected increase of \$1.1M in Free Cash. The components of the property tax increase are as follows:

Increase in Base over 2018 tax levy limit	\$1.3M
2 1/2% allowable increase	\$3.2M
New Growth	\$2.5M
Excluded debt	\$2.0M

New growth results primarily from increases in assessed property values due to new development in both the residential and commercial sectors. The latter element, which has been particularly strong in recent years (Tripadvisor, Homewood Suites, and NBC Universal) is, by its very nature, sporadic, and not something that can be expected to grow, year over year. The following chart shows, not only the variability in the levels of new growth, but shows that it has been declining, in absolute terms.



Thus 50% of the components of the growth in the amounts available for General Fund appropriation in FY 2019 (new growth and excluded debt) are not elements which should be relied upon for purposes of setting the Operating Budget. In fact, the property taxes collected for excluded debt are revenue neutral to the Town as they constitute a temporary increase in taxes which are raised only in the amount needed to finance a capital expenditure approved by a voter referendum.

B. Allocation of amounts available for General Fund Appropriation

Operating Budget	\$162.7M
Cash Capital (including individual articles)	\$10.4M
Financial warrant articles	\$1.0M
Transfer to Enterprise Funds (RTS and drains)	\$2.0M
<u>Reserve/stabilization funds</u>	<u>\$4.0M</u>
Total	\$180.1M

C. Operating Budget

The amount allocated to the Operating Budget (\$162.7M) is \$9.5M, or 6.2%, greater than the Operating Budget for FY2018. The primary drivers of this increase are:

Townwide Expenses	Up \$5.0M, or 10.7%
Education	Up \$2.9M, or 4.1%

The increase in Townwide expenses is largely attributable to Debt Service, which is up by \$2.3M, or 18.5%, and Employee Benefit costs, which include benefits and retirement plans for both current employees and retirees, and which are up by \$2.1M, or 8.0%. While the increase in Education is, on its face, a large number, it constitutes an increase of only 4.1%, significantly less than the 6.2% increase in the Operating Budget as a whole.

D. Finance Committee Perspective

The “wind has been at our backs” for several years now, driven both by a strengthening overall economy and by a very healthy local economy, spurred by and contributing to growth in property values. Notwithstanding this, we believe that it is imperative that Needham be diligent in controlling the growth in its Operating Budget. At this point in time, no one can predict the impact which the provisions of the new tax law limiting the deductibility of State and Local Taxes (SALT) will have on property values and on municipal finance. Moreover, it may act as a practical constraint on the Town’s ability to fully implement a 2 1/2% tax increase, year over

year. In addition, it is not clear if changes in the federal budget could impact the ability of our state government to provide aid to the municipalities of the Commonwealth. The FY 2019 budget assumes that Needham will receive just under \$12M in state aid, or 6.6% of our total revenue. Needham also benefits from various federal grants and from contributions from private citizens. At the margin, a material change in these amounts of external revenue could be a significant constraint on our ability to grow the Operating Budget. Another factor to be considered in connection with the Operating Budget going forward is the major capital growth that we have experienced and which is contemplated in the capital plan. As noted earlier, the amount of debt service is growing. An expanded capital base may drive an increase in maintenance costs, and most certainly will require an increase in the stabilization funds which we have established to cushion against future budget shocks. While the funding for various projects contemplated by our Capital Facilities Master Plan has not yet been proposed, let alone approved, the projected costs of such projects, if approved, would drive an increase in our Total Debt Service from \$18.1M for FY 2019 to \$23.8MM in FY 2023.

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Total Debt Service	\$15.8M	\$18.1M	\$20.5M	\$22.7M	\$23.9M	\$23.8M
Total Debt Service to Total Revenue	9.2%	10.0%	10.9%	11.5%	11.6%	11.2%
Total Debt Service to Total Revenue (less MSBA)	8.8%	9.7%	10.6%	11.2%	11.3%	10.9%
General Debt Service to General Revenue	3.0%	3.0%	3.4%	3.6%	3.3%	2.9%

The Town has benefitted from low interest rates and a strong demand for municipal bonds in recent years. It is not a given that these conditions will persist.

Given these factors, continued discipline is called for with respect to our Operating Budget. From a macro viewpoint, some 75% of the Operating Budget involves personnel costs, both compensation and benefits. (Another 10% is for debt service, leaving 15% for everything else.) Given that the Town is in a “service business,” this is not surprising. Moreover, we can assure Town Meeting that managing headcount is a major focus of Town government and the Finance Committee in the budget deliberations. Nonetheless, staffing additions continue, year over year, to meet certain needs. To that end, we encourage both the Town government and, more importantly, its citizenry, to be alert to and accepting of the potential for substituting delivery of services through technological rather than human sources.

## II. Examination of Components of Proposed FY 2019 General Fund Operating Budget

This section addresses the details of the Finance Committee's recommended General Fund operating budget for FY 2019. The total recommended operating budget for FY 2019 is \$162,720,589, an increase of \$9.5M, or 6.2%, over the current FY 2018 operating budget. Please note, for FY 2019 the Town has is diverting some incremental recurring funds from the operating budget into "one time" uses in order to have funds available for known future increases in operating needs, rather than commit those funds to an expansion of the current operating budget. This was also done in the FY 2018 budgeting process. These steps are being taken specifically to have funds to cover known upcoming operating needs and to avoid the need to seek an override under Proposition 2 1/2 that would create an additional tax burden on residents. The School Department plans to institute a full-day kindergarten program that will require an increase in the operating budget, likely in FY 2020. In addition, the Town plans to increase staffing in both the Police and Fire Departments to improve service and keep up with the additional pressure placed on these departments due to expanded development in Needham Crossing. We are recommending one additional Police Officer in the FY 2019 budget, and plan to consider additional officers in upcoming years. The Fire Department plans to add an ambulance with additional staffing once the new facilities are available. The Finance Committee remains committed to the principle that each new position should be carefully deliberated before being added to the operating budget.

### A. Townwide Expenses

Townwide expenses are costs that are incurred by the Town or that apply across many or all departments. Townwide expenses are increasing 10.7% in the FY 2019 budget recommendation. The primary driver of the increase is a significant increase in debt service payments. Other notable increases include OPEB, Retirement Assessments, and Classification, Performance and Settlements.

The Casual, Liability, Property and Self-Insurance line item accounts for the insurance coverage that the Town receives through the Massachusetts Inter-local Insurance Agency (MIIA) for buildings, vehicles, property damage, and liability, as well as a small contingency for non-covered claims. This line item is increasing by 3.4% in FY 2019, to cover premiums for the Town's growing inventory of facilities and equipment.

The Debt Service budget line is increasing significantly in FY 2019, on top of a large increase last year. Prior to that, Debt Service had decreased for three consecutive years. These fluctuations are due to the borrowing schedules for the Town's significant capital projects. This line item covers payments for outstanding debt obligations for excluded debt, Community Preservation Act debt, and debt within the levy. The FY 2019 Debt Service line is increasing by 18.5%, or over \$2.3 million. This substantial increase is primarily attributable to increased debt payments for the construction of the Sunita Williams elementary school. It does not include any new borrowing that may be approved at this Town Meeting.

The Employee Benefits line (known as Group Insurance, Employee Benefits and Administrative Costs) is increasing by 5.7%, or \$827,274. This line also increases when the Town increases staffing, and includes increases for added benefit eligible positions in FY 2019. The Employee Benefits budget assumes a 7.5% increase in health insurance premium costs for FY 2019. The Town continues to evaluate different options for health insurance in order to keep health premium increases as sustainable as possible. This line is expected to increase in the coming years as medical cost inflation continues to increase, and with the significant increases in staff that are planned for the start of full-day kindergarten in the School Department, and in both the Police and Fire Departments.

The Needham Electric Light and Gas Program covers the costs relating to electricity and natural gas usage, the costs of maintenance and repair of street lights, and the costs of producing solar electricity that is sold to the grid. This line has a small increase of 0.8%, or \$28,219, in FY 2019. This year's increase includes additional costs for the new Rosemary Pool Complex and the High School addition, which are being offset by a reduction in the cost of natural gas. Also, these costs are mitigated by revenue received from the solar electricity project which is generated both by lease payments for property use, and by the sale of electricity generated by the solar array.

In the FY 2019 budget, Retirement Assessments are increasing by 8.2%, or \$602,205. This line item covers pensions for retirees as well as unfunded pension liability. The Retirement Board reduced the assumed rate of return for pension assets from 7.75% to 7.50% for FY 2019, following a similar reduction two years ago with respect to the Retiree Insurance and Insurance Liability Fund. These reductions parallel actions taken by many other private and municipal entities. Given the reduction in the assumed rate of return, the funding schedule in the most recent actuarial analysis requires these increases to the Town's annual contribution. Making these increased contributions now, avoids the need of making substantially greater contributions at a later date when the shortfall in investment return has become manifest. In this regard, the Town expects to make further reductions in the assumed rate of return on a gradual basis over the next several years, in order to avoid the possibility of a major funding gap in these accounts.

The Retiree Insurance and Insurance Liability Fund line is increasing by 12.9%, or \$791,250. The program, also known as "OPEB" (other post-employment benefits), funds benefits other than pensions, such as health insurance, that are provided to eligible retirees. As noted, the assumed rate of return for OPEB funds was reduced from 7.75% to 7.5% in the FY 2018 budget, which necessitated a budget increase to keep up with the funding schedule. The FY 2019 OPEB budget is based on a 2016 actuarial analysis that is currently being updated.

The Classification, Performance, and Settlements line item serves as a reserve for personnel-related needs during the fiscal year, including performance-based salary increases for managers, or increases resulting from new collective bargaining agreements. This line item is budgeted at \$527,090, approximately double the amount budgeted for FY2018. As of this writing, the collective bargaining agreements for the Needham Independent Public Employee Association/DPW, the Independent Town Workers' Association, and the Building Custodians

and Trades Independent Association have not yet reached agreements with the Town for FY 2019. Therefore, the FY 2019 departmental budgets do not include funding for salary increases for positions covered by those the unions.

The Reserve Fund provides funds that may be used for extraordinary or unforeseen budget needs that arise during the fiscal year. In the past, the Reserve Fund has been used to fund expenses such as unexpected legal costs or costs associated with extraordinary snow and ice removal. This year the recommended Reserve Fund appropriation is \$1,859,891, an increase of 2.6% over the FY 2017 budget. The Finance Committee expects that this funding level is sufficient to protect the Town from budgetary overages, without tying up funds unnecessarily.

#### B. Municipal Departments (excluding Education)

The Municipal Departments category includes 18 different budgets encompassing operational departments, boards and committees, as well as the municipal parking program. This report groups the Municipal Departments by functions. It is important to note that these budget lines do not include salary or wage increases for employees whose positions are covered by the unions which have not yet reached agreements with the Town, specifically: the Needham Independent Public Employee Association/DPW, the Independent Town Workers' Association, and the Building Custodians and Trades Independent Association, primarily impacting the DPW and Enterprise Fund budgets. If any departments need additional funding for related salary increases in FY 2019, funds will be transferred from the Classification, Performance and Settlements line in Townwide Expenses.

#### General Government

The FY 2019 proposed budget for all General Government departments is 5.8% higher than the FY 2018 budget. The Board of Selectmen/Town Manager budget line item is increasing by 3.3%. This increase includes funding for the additional assessment protocols used in the hiring process for public safety employees. The budget includes the expenses for classification and compensation studies that were previously in a separate budget for the Personnel Board. The Town Clerk and Board of Registrar's budget is increasing by 13.3% due to election-related wages and expenses. In FY 2019 the Town will conduct three scheduled elections, including a federal election with early voting, compared to one scheduled election in FY 2018.

The Finance Department budget includes a 7.0% increase. This budget funds a new Administrative Analyst position which will assist with reconciliation work and help the department meet increasing demands from state and federal agencies, as well as Town departments, boards, and residents. The Finance Committee budget includes a 2.3% increase in salary and expenses. The Planning and Community Development budget is increasing by 2.6%, which includes funding for a part-time Recording Secretary position for the Conservation Commission. The Town Counsel's budget remains flat for FY 2019.

## Public Safety

The Public Safety category, which includes the Police, Fire, and Building Departments, has a combined increase of 2.9% in the FY 2019 budget. The Police Department budget is increasing 3.0%. The Police Department capital expenses line is decreasing, since the vehicle replacement schedule included an additional vehicle in FY 2018. The Police Department FY 2019 budget salary line includes funding for an additional Police Officer to help address growing service needs. The department intends to establish a Community Support Officer position that will focus on sensitive cases that require follow-up with members of the community and thereby avoiding the need to take an officer off patrol. In accordance with a staffing study, the Police Department plans for one additional officer in FY 2020, and two additional officers in FY 2021.

The Fire Department budget is increasing by 2.9% in FY 2019, reflecting increases in salaries and expenses, and a decrease in capital expenses. The FY 2019 budget includes funding for additional equipment to improve mobile communications, as well as a new CPR assist device for use in ambulances. The budget does not include additional funding requested for expanding hours for community service work, as the requested budget should cover that work as needed. The Fire Department has reiterated that it expects to request a significant staffing increase when the new headquarters and Fire Station #2 are completed. As noted above, increases in staffing in both the Police and Fire Departments will affect not only the operating budgets of those departments, but will also increase costs of employee benefits in Townwide Expenses.

The FY 2019 budget for the Building Department is increasing 1.5%. The Finance Committee is recommending an increase in expenses to fund an electronic scanner for large building documents that will ultimately save space and make documents more easily accessible.

## Public Facilities and Public Works

Since many of the functions historically performed by the Public Facilities Department have been transferred to the Department of Public Works (DPW), looking at these departments on a consolidated basis gives the best picture of the overall increase in the operating costs of these departments. The total combined budget for the Public Facilities Department and the DPW is increasing by 3.7%. This increase does not reflect whatever wage increases may be agreed upon between the Town and the representatives of the Building Custodians and Trades Independent Association (BCIA) and the Needham Independent Public Employee Association (NIPEA)/DPW. As noted previously, provision for such increases are reflected in the Classification, Performance and Settlements line under Townwide Expenses.

The Public Facilities Design and Construction budget for FY 2019 appears as a 92.4% decrease compared to the FY 2018 budget. The FY 2018 budget included two divisions, Construction and Operations, under one Public Facilities umbrella. The FY 2019 budget retains only one of those divisions, called Public Facilities Design and Construction. Looking at just these design and construction costs, there is a slight decrease of 0.5% from FY 2018 to FY 2019. Notably, the Public Facilities Design and Construction budget includes the full salaries of Project Managers, which can often be charged, at least partially, to the budgets of the projects that they manage. Any remaining funds in the department budget at the end of the year are turned back to the



Town. There had been a request to add an additional Project Manager position because of the multiple construction projects both currently under way and planned over the next several years. The Finance Committee viewed the need for this position as a temporary consideration, so is proposing that this position be funded for a two-year period through a separate warrant article, rather than through a staff increase in the Operating Budget.

The Public Facilities Operations division, with 49 FTEs performing building repairs and maintenance work, was shifted into the FY 2019 Department of Public Works budget as the new Building Maintenance Division, which includes some new positions. Because of this transfer, the FY 2019 budget for the Department of Public Works shows an increase of 115.4% compared to FY 2018. The FY 2019 budget for the DPW building repair and maintenance functions is increasing only 0.8% compared to those costs in the FY 2018 Public Facilities Operations division. That budget includes three additional staff: one tradesperson and two custodians to meet the increased workload with the new Rosemary Complex and the High School expansion. As mentioned, this low increase reflects the fact that there is not yet a settled agreement between the Town and the union representing custodians and trades workers. The remainder of the Public Works budget is increasing 7.8%, due to the addition of a Compliance Coordinator to manage regulatory requirements, as well as increased expenses for inspectional services, field and park maintenance and minor improvements, as well as additional street sweeping.

#### Community Services

The Community Services section of the budget constitutes only 2.7% of the overall operating budget, but the seven Community Service departments provide important services to residents and businesses throughout the community and receive substantial funding from fees, grants, and donations, as well as support from volunteer services. This group of budgets is increasing by 10.8% overall, driven mainly by the resumption of staffing costs for the new Rosemary Pool, costs which were suspended while the pool was closed for the summer in FY 2018.

The Health Department, Emergency Management Program, Council on the Aging, Youth Commission, and Veteran Services divisions all comprise the Health and Human Services (HHS) Department budget. The HHS budget is increasing 9.3% in FY 2019. The FY 2019 budget includes the annual salary for the part-time Emergency Management Program Coordinator which had been funded on a two-year trial basis via a warrant article in 2016. There have been great improvements in emergency preparedness, and it is important that the position continue as a regular part of the operating budget. The position was not expanded to full-time, however, as there is a clear plan to continue the progress without the need to increase staffing levels. The Finance Committee is recommending a modest increase in expenses for the Emergency Management Program. The budget includes funding for a Recording Secretary for the Youth Commission and the Council on Aging, as there is no current position that is responsible for those that function. The requests for a Director of Public Health and an Administrative Analyst were not included in the FY 2019 budget as there was not sufficient need for the additional staff at this time. The HHS expense budget was increased to provide additional funding for

certain Aging Services needs, including a space assessment at the Center at the Heights, and for additional mental health clinical services in Youth Services.

The Library budget is increasing 5.7% for FY 2019. The budget includes funding for additional hours for a Children's Librarian, a priority of the Library Trustees. Based on the high utilization by residents, funding for expanded Sunday hours for the Library was also included in the operating budget as part of an effort to gradually transition needs that are critical to the mission of the library to the operating budget rather than to continue to rely on external funding. Requests for additional expenses for a wireless internet service, book and DVD downloading subscriptions, and an online reference database, as well as the salary of a part-time position for packing and unpacking deliveries will continue to be funded through the State Aid account in FY 2019. A request for funding the salary of an additional Reference Librarian was deferred.

The Park and Recreation Department line is increasing by 35.0% in the FY 2019 budget, due to the staffing needed for the anticipated opening of the Rosemary Pool Complex in 2018. This increase follows a significant reduction in the FY 2018 budget due to the closing of the Rosemary Pool during the summer of 2017. The Park and Recreation Commission has reviewed the fee structure for the pool in an effort to increase revenue in light of increased operating expenses, and is considering the fees for the use of the rooms in the buildings. Expenses for the Park and Recreation Department are decreasing due to decreased maintenance costs for the new pool, and for playground surfacing and maintenance.

The Municipal Parking budget is increasing by 2.4% due to an increase in the contracted cost for lot maintenance. The budgets for the Commission on Disabilities, the Historical Commission and Memorial Park Trustees are level-funded for FY 2019.

### C. Education

The recommended FY 2019 budget for public education, including the operating budget for the Needham Public Schools, and the Minuteman Regional School Assessment, budget is \$72,020,179, an increase of 4.1%. The Minuteman Regional High School's estimated assessment for FY 2019 is \$914,236. The assessment is increasing 13.4% in FY 2019 and is expected to continue to increase in the coming years as the Minuteman District has begun borrowing to fund new capital building project, the costs of which will be apportioned among member towns in accordance with the District Agreement.

The FY 2019 budget for the Needham Public Schools totals \$71,105,943 and represents almost 44% of the total operating budget. [Note: This figure does not include the costs of health insurance for School Department personnel, which are carried under Townwide Expenses.] The Finance Committee's recommended budget for the School Department in FY 2019 includes an increase of \$2,755,860, or 4.0%, and fully funds the School Committee's voted budget. For the second year, the School Department has moderated its budget increase in FY 2019 in order to allow the Town to set aside some recurring operating funds in preparation for the start of the full-day kindergarten program. In FY 2018, Town Meeting appropriated recurring funds

attributable to new growth which came on stream that year to the Debt Service Stabilization Fund with the expectation that in a future year, this on-going revenue stream could be channeled back to the operating budget to help fund this new program. (The DSS Fund will also help fund a temporary bubble in debt service payments that the Town expects to see during the height of the payments for the capital projects in the facilities master plan.) The School Department and School Committee have indicated that it remains a top priority to be ready to fund the additional operating costs that will be needed to launch and sustain the long-planned full-day kindergarten program, expected in fall of 2019 (FY 2020.) The School Department budget also includes contractual increases needed to achieve level services for FY 2019, including additional staffing needed to address growth in enrollment and higher special education costs caused by both increasing needs and possible decreased outside funding. The FY 2019 budget also includes some modest improvements such as an additional bus to decrease the current wait-list, and adding a late bus from the High School to allow more students to access after school help and extra-curricular programs.

The Finance Committee commends the progress made to address escalating costs in transportation and special education. Several new programs have successfully strengthened and broadened special education programs, allowing more needs to be met within the district, which ultimately saves on out-of-district tuitions. The School Department convened a transportation study group to assess the costs of school transportation and recommend steps for containing costs without overburdening families who pay bus fees, while serving more students. This budget includes one additional yellow bus as recommended by the study group, deferring a second bus that may be needed to address the existing demand and alleviate the wait list. Next year, we expect to see a request for an additional \$1.5-\$2 million in School Department operating costs to fund the new full-day kindergarten program in addition to any increases that will be needed for contractual increases and other additional needs.

### **Closing Comments**

The Finance Committee is confident that the FY 2019 budget recommendation reflects the priorities of the Town and provides the resources needed to maintain the same high level of Town wide services to local residents and businesses. The budget shows the fiscal restraint and careful planning needed to address not only the needs of FY 2019, but to prepare for upcoming demands. This will prove particularly important as the Town initiates a number of significant capital facilities projects which will require increases in both capital and operating costs. It is critical that the Town continues to carefully consider not only the benefit of each capital project, but also the effects on the Town's overall debt capacity, the long-term implications to the operating budget, and the burden on individual taxpayers. The Debt Service Stabilization Fund will help the Town manage its debt payments in the few years when the Town would otherwise not be able to keep costs within the debt policy. The Town has used the DSS Fund as a repository for recurring funds from the revenue stream rather than committing those amounts to fund higher increases in the operating budgets for both the Town side and the Schools in FY 2018 and FY 2019. The Town plans to channel these recurring funds into the

operating budget at the appropriate times to fund the significant increases in the operating budget that will be generated by the implementation of full-day kindergarten and to expand the staffing in the Fire and Police departments to meet growing needs attributable to the expansion at the Needham Crossing. The continually expanding residential, commercial and other development throughout Town has led to rising demands for increased services, but has also increased the fee revenue and the tax base. The Finance Committee looks forward to working closely with the other Town Boards and Committees as well as Town and School administrators during this process.

The Finance Committee appreciates the hard and excellent work of Town and School Administration, the Directors of Finance for the Town and Schools, and the department heads and managers who all worked closely with the Finance Committee throughout the budgeting process. The Finance Committee greatly values the creative and constructive approaches often presented to address competing operational needs. The Finance Committee would also like to recognize the residents who dedicate their time and effort to serving our community through elected and appointed positions. We could not accomplish our mission effectively without their generous assistance and support.

Finally, I would also like to thank each member of the Finance Committee for their dedication and meticulous work examining and prioritizing financial issues, balancing the budget, and reviewing the Town's capital plans and investments. It has been a privilege and a pleasure to serve with such dedicated and talented people as we strive to achieve the best for the Town and its residents.

Respectfully submitted on behalf of the Finance Committee,



Richard Reilly, Chair

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