

**Needham Finance Committee
Minutes of Meeting of February 7, 2011**

The meeting of the Finance Committee was called to order by the Chair, Richard Zimbone, at approximately 7:03 p.m. in the Community Room at the Needham Public Library.

Present from the Finance Committee:

Richard Zimbone, Chair; Matthew Borrelli, Vice Chair

Members: John Connelly (arrived 7:06 p.m.), Richard Creem, Richard Lunetta, Richard Reilly, Steven Rosenstock, Lisa Zappala (arrived 7:50 p.m.)

Also Present:

David Davison, Assistant Town Manager/Director of Finance

Richard Merson, Director of Public Works

Anthony Del Gaizo, Town Engineer

Louise Miller, Assistant Purchasing Agent / Office Manager, DPW

Citizen Requests

No citizens requested to speak.

Approval of Minutes

Mr. Reilly noted that there should be one change to the minutes of January 19, 2011 that were previously circulated. The word "Town" on page 2, line 6 should read "owner".

MOVED: By Mr. Reilly that the minutes of January 19, 2011, be approved as corrected. Mr. Borrelli seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0. (Mr. Connelly and Ms. Zappala had not yet arrived).

Mr. Creem stated that there should be a correction to the minutes of January 24, 2011 that were previously circulated. On page 3, in the second full paragraph, the phrase "highest level" should be replaced with "minimum step".

MOVED: By Mr. Reilly that the minutes of January 24, 2011, be approved as corrected. Mr. Borrelli seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0. (Ms. Zappala had not yet arrived.)

There were no comments or corrections regarding the minutes of January 26, 2011 as previously submitted.

MOVED: By Mr. Reilly that the minutes of January 26, 2011, be approved as submitted. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0. (Ms. Zappala had not yet arrived.)

Follow-Up Discussion of Department of Public Works Operating Budget Request

Mr. Reilly stated that p. 4-90 of the Town Manager's budget shows the consumption of gas and diesel. The disparity is high from year to year, so the data does not look logical. Mr. Merson agreed that it is not logical. The numbers capture the usage of fuel all in one place. Mr. Reilly stated that using the average of these numbers leads to distorted result. Mr. Merson stated that there is some misalignment of numbers since the sewer and drains fuel usage was not broken out.

Mr. Reilly pointed out that the cost of groundskeeping supplies has been mushrooming, from approximately \$28,000 in FY07, to \$51,000 in FY10, and a request \$70,400 for FY12, or more than \$90,000 including the DSR-4s. He understands that this is largely driven by the field maintenance, but noted that there is a need to offset these costs elsewhere.

Mr. Reilly stated that a third area of concern is the reduction in funding for Plow Damage, Bridge Repair and Shoulder Repair of \$20,850. He asked whether the expenses need funding, and if not, where the money is going. Ms. Miller stated that plow damage is covered by Town insurance, and that bridge repair was subsumed into capital budget for bridge repair. There is no work to fund. Mr. Davison stated that the department sought to make reductions in the budget, and this is one area reduced.

Mr. Reilly asked about the sidewalk program, and what the department would do with additional capital funding for sidewalks. Mr. Merson stated that Town Manager is not recommending the additional sidewalk work. He said that for the annual sidewalk program, the Town puts the work out to bid on an *à la carte* basis. He said that the work is in the Other Property Related Services line, and that there are contracts, so the numbers reflect actual costs.

Mr. Reilly asked about the jump in the gas and diesel usage in the water and sewer divisions, particularly in the water division. Ms. Miller stated that this was a result of the March storms. Mr. Reilly reminded Ms. Miller that she has indicated she would recalculate the FY10 fuel usage numbers in light of the changes in the department budgeting. Mr. Davison noted that the numbers being discussed are from the departmental request, and that the Town Manager made adjustments. She lowered the price assumption for electricity. As for fuel usage, Mr. Davison stated that the request is not out of the norm. Mr. Reilly stated that it appeared that they used a 2-year average of FY09 and FY10, and that FY10 seemed to be an outlier. Mr. Davison stated that the water numbers were based on a 2-year average. He was comfortable with this approach because FY09 numbers were actually low. He stated that it is possible that water trucks were used for sewer work since sewer numbers were lower. Mr. Merson stated that when fuel usage is logged, the unit number and the operator are entered, but that does not necessarily always reflect what work that fuel will go toward. Ms. Miller stated that 2-year averages of FY09 and FY10 were used in most places in the department's budget, but 3-year averages including FY08 were used where the information was available and made sense.

Follow-Up Discussion of Department of Public Works Capital Requests

Mr. Reilly discussed the capital items starting on p. 5-11 of the Town Manager's budget recommendation in the primary cash category. Mr. Reilly stated that the Committee previously

discussed the Core Fleet request, specifically the need for the Ford Expedition vehicle that is replacing one with low mileage. Mr. Merson stated that the vehicle being replaced had been a totaled in an accident. They have looked into other options and found the Ford Explorer is smaller, but meets their needs. The other Core Fleet vehicles are part of the usual replacement schedule.

Mr. Reilly stated there is a request for a mower-blower for grass cutting and snow removal to replace two pieces of equipment on the replacement schedule. Mr. Lunetta asked whether the Town could stretch out the timing in the replacement schedule by doing more outsourcing of work. Mr. Merson stated that the Town is trying to do work in-Town where possible, so the life expectancy of equipment would likely be lower. Mr. Reilly pointed out that this equipment is expected to reduce work hours.

Mr. Reilly stated there is a request for Salt Storage Feasibility and Design for \$75,000. In response to question from Mr. Zimbone, Mr. Davison stated that the Town would need to roll this request into the full design work in order to qualify for borrowing. This request covers only preliminary schematic drawings.

Mr. Reilly stated that the Public Works Infrastructure Program for roads request was reduced by the Town Manager from \$1.3 million to \$1.1 million. The additional \$200,000 would be funded if money were available later. Mr. Davison stated that the history of spending for this item is shown on p. 2-15 of the Capital Improvement Plan. Mr. Reilly stated it is a residual item. Mr. Davison agreed, noting that if other items are not recommended or moved forward, then the money falls to this area.

Mr. Reilly turned to the performance budget. The Town Manager put the Snow and ice Equipment Request for \$165,000 in the secondary budget recommendations. Mr. Davison stated that this expense would be primary if everyone agrees that the School Department can use the additional \$300,000 for school capital needs. Mr. Reilly stated that there is also a request for Large Specialty Equipment for mowers, and a request for a street roller replacement in the performance budget.

Ms. Miller stated that it would make sense to hold off on the replacement of Unit 9 in the Core Fleet request, the Six Wheel Dump Truck, since the spreader attachment for it is on the schedule for FY13 and these two items should go together. Mr. Borrelli asked why the 2006 Pickup Truck with low mileage needed replacing. Mr. Merson stated that it has four wheel drive and uses a plow, and the vehicle takes a beating in the work it does.

Mr. Connelly presented the capital requests for the Enterprise Funds, starting on p. 1-21 of the CIP. The RTS requested Construction Equipment for \$86,000 from retained earnings. Mr. Rosenstock asked whether it made sense to use retained earnings rather than debt. Mr. Davison stated that the plan is to use retained earnings rather than debt because the Town has a policy not to use debt for capital items under \$100,000. Mr. Rosenstock stated that the Town also has a policy as to the minimum level of the RTS retained earnings. Mr. Zimbone stated that this is an issue worth further discussion.

Mr. Connelly stated that there is an RTS request for a semi-tractor replacement, and that the age and mileage support the request. Mr. Merson stated that they plan to buy a new one for a longer life, though it is possible to buy a used one and get a few years from it.

Mr. Connelly stated that the Sewer Enterprise Fund made a Core Fleet request for a dump truck replacement for \$65,000 from retained earnings. There is also a request for \$185,000 for Large Specialty Equipment from retained earnings. Mr. Merson stated that the request is for the truck with the specialty equipment. Mr. Rosenstock stated that the equipment in the truck was replaced recently. Mr. Merson stated that technology is advancing so quickly that it does not make sense to put the 2008 equipment in the new truck. Mr. Connelly requested that Mr. Merson to find out how much the Town will get for trading in the 2008 equipment. Ms. Miller stated that the equipment on the truck has been down a lot and needed much repair. The camera is needed to see into pipes. Mr. Connelly stated that there is a request for \$575,000 from retained earnings in FY12 for the ongoing Infiltration and Inflow program.

Mr. Connelly asked for an update on the Sewer Pump Station Improvements at Reservoir B. Mr. Creem commented that he received a call from a constituent concerning the status of the project. He noted that Town Meeting had approved a debt authorization for design at the May 2009 Annual Town Meeting and that, according to the Town's recently released FY10 audit report, the debt remained authorized, but unissued, as of June 30, 2010. Mr. Creem asked why there has been such a long delay for the bond authorization. Mr. Merson stated that they were faced with ground rule changes. The department thought that the bidding process was governed by Chapter 30, Section 39M and put the project out to bid. They were challenged by a bidder who claimed that it fell under Chapter 149. They had consulted with the Attorney General's office, but the AG changed during that time. As a result, the department needed to restructure the bidding process which delayed the entire project. Also, they had looked into having a private firm fund the design as part of a business partnership. When the economy declined, the offer was pulled, and they started again. They expect to be ready to seek funding at the November 2011 Special Town Meeting. A design firm was chosen under the new ground rules. There was an RFP, they put a committee together that conducted interviews and selected a firm. They are putting together a contract. They will not be requesting the \$5 million this coming May.

Mr. Connelly stated that the Water Enterprise Fund requested a Utility Body Vehicle for \$69,500 and Filter Media Replacement for \$70,000, both from retained earnings. In response to a question from Mr. Rosenstock, Mr. Merson stated that the water treatment plant will not be shut down for filter replacement, since they can organize it in such a way to replace one filter at a time. In response to a question from Mr. Creem, Mr. Merson stated that this is different from the issue at the Special Town Meeting in March which deals with a ruptured filter in one of the Town's wells. Mr. Connelly stated there is a request for \$40,000 for a SCADA System and Video Surveillance, the last item in the water system rehab. Mr. Merson stated he will be meeting with people from Mass. Highway and the City of Newton to determine the timing of the design work. Mr. Merson stated that there is currently no video surveillance at all, although it has been recommended by the EPA and Homeland Security. Additionally, there has been evidence of vandalism at the St. Mary pumping station.

Discuss Finance Committee Initial Draft Budget

Mr. Zimbone stated that he had asked Committee members to consider the Town Manager's proposed budget, particularly for the departments where they were the liaison. He asked whether any members wished to point out an area where there was a priority for additional funding or the funding of a DSR-4 not recommended in the Town Manager's proposed budget.

Mr. Reilly stated that if there is money available, it would be worthwhile to consider allocating it toward the Workers' Compensation Fund, which is part of the Townwide Expenses. It is underfunded, and will not go away. While this area is not necessarily a higher priority than other budget areas, it does need to be funded. Mr. Davison stated that the Town Manager's budget does increase the workers' compensation budget to \$450,000. There will also be a Special Town Meeting financial warrant article to restore an additional \$175,000 to the fund as a one-time or sporadic cost to replenish the fund.

Mr. Lunetta state that the Fire Department overtime budget is terribly underfunded, and that he agrees with the Town Manager's recommendation to increase the Fire overtime budget by \$100,000 in light of the decision to eliminate two firefighter positions.

Mr. Borrelli stated that he had thought that the Finance Department's request for Copy and Mail Support Services seemed like a good idea since it would increase efficiency. Mr. Creem agreed, saying that it does not make sense for senior staff to be spending time on functions such as copying. Mr. Davison stated that while the office will not be as well-staffed, they can make do.

Mr. Borrelli asked about the Building Inspector's request for additional hours for Weights and Measures: whether there was a potential for fines for the Town if certain inspections were not completed or whether there might be additional revenue from fees if more inspections could be done. Mr. Davison replied that there are fees for inspections that are part of the Town's revenue stream. He stated that while there could be action taken against the Town if the Town knows of a need to re-inspect something and fails to do so, he was not aware of fines.

Mr. Zimbone asked for comments on the Town Manager's performance items not included in her balanced budget, as shown in order of priority on p. 1-15. Mr. Reilly stated that the Crowd Control Fencing shows a cost of \$11,400, but that is offset by \$2,400 savings in rental costs. The net cost is \$9,000. He felt that it makes sense to fund that item.

Ms. Zappala stated that it is important for the Library to become less dependent on other funding, such as the state and Friends of the Needham Library, for regular operating costs. She felt it would be good to fund the library performance items: the 9 a.m. Opening Time, and the Part-Time Children's Librarian. Mr. Rosenstock stated that there was a need to get the appropriation level higher in order to comply with the annual State certification, however the Town Manager's balanced budget accomplished that need. We have to increase appropriations each year by at least 2 ½% to continue to meet the State requirement so the funds for this increase will be there in a future year. Mr. Davison stated that the Town Manager's proposed budget accomplishes two goals with respect to the library: reaches the state's minimal level of required funding, and supports the Community's interest in the library and its programs. Mr. Borrelli stated that when Ms. MacFate met with the Finance Committee, it seemed that the additional \$30,000 for meeting

the certification level of funding was not her priority. She seemed most interested in the 9 a.m. opening and the PT Children's Librarian. Mr. Davison stated that the Town Manager's operating budget includes additional funding for books in order to move away from outside funding for the Library operating budget, and because annual capital expenditures for the library are not counted toward the State's funding requirement for certification. Mr. Rosenstock stated that once the money is put into the operating budget, it will remain there. Mr. Lunetta stated that he spent hours with Ms. MacFate. She assured him that the waiver would be granted, and that if the \$30,000 was needed elsewhere this year, the Library could wait a year. Mr. Davison stated that the Town Manager's knew that the waiver would be granted, but she is committed to getting more resources to the Library. This was just about the only discretionary item in the Town Manager's budget.

Mr. Reilly noted that the Town Manager chose to increase the Parks and Forestry supplies line by \$20,000 for the turf nutrition program. He stated that the Retaking Monumentation/Street Layouts project seems to be the type of infrastructure that needs to be done. Mr. Borrelli asked whether it made sense to do the Monument Grid system work at the same time as the Monumentation/Street Layout. Mr. Del Gaizo stated that the work that needs to be done does not overlap, and there is no savings by doing the two parts of the project together.

Mr. Creem asked Mr. Davison whether the Town was planning to reconfigure the vacant Trades Supervisor position in Public Facilities. Mr. Davison stated that the Town is currently proceeding with the new job description, rank and rating before it can be posted. They do not want to fill a position that was not working. Mr. Creem asked whether the salary of the new position was reflected in the budget. Mr. Davison stated that it will not be significantly different.

Mr. Creem asked how comfortable Mr. Davison was with the electricity usage figures, given that it is unknown what the Town Hall costs will be and the fact that the Newman modulars will be entirely electric. Mr. Davison stated that is he comfortable with the numbers since the supply price is contracted, the Newman building will be offline, and they used a prior actual usage for Newman in estimating the electricity costs for the modulars.

Mr. Rosenstock stated that two Parks and Forestry positions were being eliminated, and replaced with \$55,000 of contracted work. He asked whether those positions were responsible for more than the work being contracted out. Mr. Davison stated that they did do additional work, but that work has been restructured so that all the functions are covered. Mr. Merson stated that the positions being eliminated are vacant. He also noted that there are areas of the department where workload has been reduced such as the installation of low maintenance benches in Memorial Park where the old ones had needed regular refinishing.

Finance Committee Updates

Ms. Mizgerd stated that the Needham Education Foundation is seeking teams for their annual spelling bee fundraiser.

Mr. Borrelli reported that he and Ms. Zappala e-mailed the School Department expressing concerns about their proposed iPad pilot program. They requested more information regarding

the program, but are concerned that there are more questions than answers about the program at this time. Ms. Zappala stated that she and Mr. Borrelli have indicated in many ways that the Finance Committee is not likely to support this request.

Ms. Zappala stated that she attended a Minuteman committee meeting earlier that evening, and there was not much new. There is a new preliminary assessment which is expected to be the final number. The Needham students at the school are happy. There is increased enrollment from Needham. The school has cut \$1 million in salaries to fit the programs with the enrollment. Minuteman is planning a capital project for FY14 or FY15.

Adjourn

MOVED: By Mr. Lunetta, that the meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 7-0, at approximately 8:40 p.m. (Mr. Zimbone had left at 8:20 pm for an emergency.)

Documents: Departmental Spending Requests, Fiscal Year 2012, Town of Needham; Proposed Annual Budget FY 2012, Town of Needham, Office of Town Manager, dated January 31, 2011; Capital Improvement Plan FY2012-FY2016, dated January 4, 2011

Respectfully submitted,

Louise Mizgerd
Executive Secretary

Approved February 16, 2011