

**Needham Finance Committee  
Minutes of Meeting of April 11, 2012**

The meeting of the Finance Committee was called to order by the Vice Chair, Richard Reilly, at approximately 7:10 pm in the Selectmen's Chambers, at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Vice Chair

Members: John Connelly, Richard Lunetta, Lisa Zappala, Rick Zimbone

Also Present:

David Davison, Assistant Town Manager/Director of Finance

Articles Discussed

**Annual Town Meeting:**

Article 30: Appropriate for General Fund Cash Capital  
Article 34: Appropriate for DPW Complex Renovations  
Article 40: Appropriate to Capital Improvement Fund  
Article 41: Appropriate to Capital Facility Fund

**Special Town Meeting:**

Article 10: Appropriate to Workers Compensation Fund  
Article 11: Appropriate to Capital Improvement Fund  
Article 12: Appropriate to Capital Facility Fund

**Citizen Requests**

No citizens requested to speak.

**Finance Committee Update**

Mr. Reilly reported that Mr. Borrelli had been elected to the Board of Selectmen and had resigned as Member and Chair of the Finance Committee.

MOVED: By Mr. Zimbone that the Finance Committee elect Mr. Reilly to serve as Chair through the end of Mr. Borrelli's unexpired term. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 4-0-1, with Mr. Reilly abstaining.

Mr. Reilly stated that it would be appropriate to have a Vice Chair for the rest of the term who had experience chairing the Committee.

MOVED: By Mr. Reilly that the Finance Committee elect Mr. Zimbone to serve as Vice Chair through the end of Mr. Reilly's unexpired term. Ms. Zappala seconded the

motion. There was no further discussion. The motion was approved by a vote of 4-0-1, with Mr. Zimbone abstaining.

## **Free Cash and Reserve Fund Balance**

### **DPW Complex Renovations**

Mr. Reilly stated that the Town Manager had sent a memorandum to the Finance Committee regarding the proposed eight bay garage construction project. He stated that she would like to have an idea of the Finance Committee's position before the Board of Selectmen votes. Mr. Davison stated that that article will be amended to reflect the \$100,000 which would cover design instead of \$580,000. The language would stay the same. Mr. Davison stated that the Town will seek the funding for construction at the Special Town Meeting in October. Mr. Davison stated that approximately \$72,000 is definitely needed, and that \$100,000 would cover the architect and design work. He added that he wanted the \$100,000 amount because it is easier to bond with bond counsel. Ms. Zappala asked why the price per square footage has increased. Mr. Davison stated that the original estimate of \$25 per square foot was not well researched. Mr. Zappala noted that the total price remained the same, but now the estimate is more reliable. Mr. Connelly stated that he has two concerns. \$100,000, or 15%, for the design of a modular building seems excessive. Also, he is concerned that there is not a coordinated approach to the project that considers the salt shed and other potential uses of the surrounding area, such as for a school. He stated that the Town needs a more holistic plan for the future. Mr. Zimbone asked if he would prefer to see a site layout with other options. Mr. Connelly stated that he would, since land is a limited resource, and the Town must find the best possible use. He stated that he needs to see where this project fits with the other pieces.

Mr. Reilly stated that the DPW seems flexible as to where the building would be placed. Mr. Davison stated that they know where they want to put it, but they do not yet know all the restrictions, and will need to work with the Conservation Commission to determine the placement and expense of permitting. Mr. Lunetta asked if the \$100,000 would be sufficient to cover the design of the project, plus a site study as proposed by Mr. Connelly. Mr. Davison stated that this cannot be done under the current language of the warrant article, so it would need to be rewritten.

Mr. Zimbone asked the status of the school building study. Mr. Davison stated that there has been one preliminary meeting where they were shown multiple options for Hillside and Mitchell. One option at Cricket Field seemed to draw attention. There was discussion of redistricting to make Newman into a 5<sup>th</sup> and 6<sup>th</sup> grade school. He stated that the School Department does need a new building. Hillside could be razed and rebuilt, but the new building would be quite different because of the constraints of the lot, or there could be a new building elsewhere. There will be more conversations over the next eight weeks. Mr. Zimbone asked about the DPW/DeFazio site. Mr. Davison stated that there has been discussion of using the area for a middle school. Mr. Reilly asked whether there is any compelling need to construct the DPW garage now, other than to protect the equipment from the weather, which does not seem very compelling. Mr. Davison stated that the project has been part of the Town's capital plan for five years. Mr. Connelly stated that he is not looking to delay the project, but he just wants to make sure there is a

comprehensive look and an understanding of how this will affect future plans. Mr. Davison stated that there is no need to vote tonight. Mr. Reilly stated that there had been reservations about the \$100,000 for design. Mr. Connelly stated that it is not a huge amount, but the estimate seemed out of bounds.

### **Cash Capital and Reserves**

A spreadsheet was handed out showing a possible allocation of Free Cash for FY13 and of the FY12 Reserve Fund Balance that had been discussed at the prior meeting. The Free Cash of \$5,366,720 was allocated as follows: \$1,379,717 to the FY13 Operating Budget, \$250,000 to the Athletic Facility Fund, \$125,000 to the Workers Compensation Fund, \$750,000 for the Fire Truck, \$2,774,133 for Cash Capital, \$50,000 for the CIF, and \$37,870 to the CFF. The FY12 Reserve Fund balance was allocated as follows: \$150,000 for the DeFazio Parking Lot, \$30,352 for Minuteman School capital assessment, \$50,000 to the CIF, \$400,000 to the CFF and \$200,000 to the Workers Comp Fund, with a balance of \$49,648.

Mr. Reilly asked if there are any anticipated needs for transfers from the Reserve Fund for the rest of the year. Mr. Davison stated that there is \$93,000 of exposure. There are four areas that he may draw from the fund: Unemployment, Town Clerk's Office for elections and redistricting, Public Safety, and Legal. If all goes the worst way, those budgets would need a total of \$93,000. After that, there would be approximately \$880,000 remaining.

Mr. Reilly stated that he considered various approaches for funding the Capital Improvement Fund and the Capital Facility Fund. He stated that he found a way to get the CIF and the CFF each to a level that is approximately 82% funded. He stated that he recommended the allocations on the spreadsheet be changed by moving \$50,000 of Reserve Fund balance from the CIF and adding it to the CFF to bring the CFF to a balance of \$1,221,987 which would be an unfunded balance of 18.5%. The CIF would then remain 18.4% unfunded. Ms. Zappala asked Mr. Davison his opinion. He stated that adding to any of the reserves is good. Mr. Zimbone stated he found the suggestion reasonable. Ms. Zappala agreed.

Ms. Zappala moved that the Committee recommend adoption of the allocations indicated by Mr. Reilly. Mr. Connelly seconded the motion. There was discussion that the Committee should wait until more members could express opinions. Ms. Zappala withdrew the motion.

Mr. Davison stated that the PPBC would be taking over the project at St. Mary's, which would decrease the Water Enterprise Fund Cash Capital article by \$350,000 (Fire Flow Improvements.) He stated that the DPW planned to withdraw the \$72,500 request for funding for greensand (Filter Media Replacement) in that article.

### **Adjourn**

MOVED: By Mr. Zimbone that the meeting be adjourned, there being no further business. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0, at approximately 7:47 p.m.

Documents: Memorandum re: DPW Complex Phase II Proposed Funding for FY 2013 – Eight-Bay Garage, from Kate Fitzpatrick to Finance Committee, dated February 10, 2012; Town of Needham 2012 Annual Town Meeting Warrant, draft dated March 20, 2012; May Special Town Meeting Warrant, draft dated March 23, 2012; Town of Needham Capital Improvement Plan, FY 2013 – FY 2017, dated January 3, 2012; Spreadsheet: Free Cash for FY13, Reserve Fund FY2012.

Respectfully submitted,

Louise Mizgerd  
Executive Secretary/Staff Analyst

*Approved April 25, 2012*