

**Needham Finance Committee
Minutes of Meeting of May 30, 2012**

The meeting of the Finance Committee was called to order by the Chair, Richard Reilly, at approximately 7:00 pm in the Great Plain Room, at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair; Rick Zimbone, Vice Chair

Members: Richard Creem, Richard Lunetta, Steve Rosenstock, Lisa Zappala

Also Present:

David Tobin, Town Counsel

David Davison, Assistant Town Manager/Director of Finance

Jon Mattleman, Director, Youth Services

Carl Rubin, Chair, Technology Advisory Board

Evelyn M. Pones, Town Collector/Treasurer

Chip Davis, Administrative Assessor

Michelle Vaillancourt, Town Accountant

Roger MacDonald, Director of Management Information Systems

Dan Gutekanst, Superintendent of Schools

Citizen Requests

No citizens requested to speak.

Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the Minutes of May 7, 2012, be approved as circulated. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

MOVED: By Mr. Lunetta that the Minutes of May 9, 2012, be approved as circulated. Mr. Creem seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

MOVED: By Mr. Zimbone that the Minutes of May 14, 2012, be approved as circulated. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Youth Commission Appointment

Mr. Reilly stated that under the Town By-Laws, the Finance Committee appoints one member of the Youth Commission. Mr. Mattleman stated that after 10 years, the current appointee, Cathy Lunetta, will be stepping down. He stated that Julie Stevens had called him to express interest in a position on the Youth Commission, and he had a follow-up meeting with her. He stated that she is a lawyer by training, and has worked with youth in the probation department, and has

experience with youth issues, and good ideas. Mr. Reilly stated that he spoke with Ms. Stevens by phone, and feels that she has some relevant experience and great interest in serving on the Youth Commission. He stated that it is important that Mr. Mattleman is in favor of her appointment. Mr. Creem confirmed that the appointment would be effective on July 1. Mr. Rosenstock stated that he would not vote because of his connection to Youth Services, but suggested that the Committee meet with Ms. Stevens. Mr. Reilly stated that he had a long conversation with her and is confident that her experience and interest make her well qualified to serve as the Finance Committee appointee on the Youth Commission.

MOVED: By Mr. Lunetta that the Finance Committee vote to appoint Julie Stevens to serve as a Member of the Youth Commission effective July 1, 2012.

DISCUSSION: Mr. Creem stated that he served on the Youth Commission and found that there were challenging issues, and that the position was rewarding. He was heartened to hear that someone with Ms. Stevens' background seeks to serve in this position. He stated that he fully supported the motion, and suggested that the Finance Committee meet with her annually.

VOTE: The motion was approved by a vote of 5-0. (Mr. Rosenstock did not participate in the vote.)

Requests for Reserve Fund Transfers

Legal Department/Town Counsel

Mr. Davison stated that the request is for an additional \$35,000 to be transferred to the Legal Department budget. The amount represents the best estimate of additional funds needed for the rest of FY 2012. \$230,000 was originally appropriated to this budget. The transfer would make the budget total \$265,000 for the year. This is a smaller-than-usual transfer for this budget line due to the fact that the FY12 budget was increased, recognizing it had been traditionally underfunded.

Mr. Reilly asked for an explanation of the most significant legal costs currently being incurred. Mr. Tobin stated that there were two avenues pursued by residents downstream of the lake. First, there is a Superior Court lawsuit appealing the by-law and suing for negligence, which the insurance company is defending. There is also a claim at the DEP which the Town has avoided due to a state extension of existing permits for three years. The Town has commissioned a study of the effect of draining the Pool on wildlife. Mr. Reilly asked whether the claims were based on harm to the claimants' own property or in general. Mr. Tobin stated they were claiming both damage to their own property because there is more wetland, and also harm to fish in the lake and fowl downstream. The latter issue spurred involvement of the DEP.

Mr. Tobin stated that there was also a dispute involving a seller and potential buyer and whether a house on Garden Street was a two-family or one-family house. Ultimately, the house was sold, and the case was withdrawn. Mr. Tobin stated that there are two other cases that may go to court. There is an issue regarding wetlands being filled at 350 Cedar Street for which the Town is currently gathering evidence. There is another situation where a Town employee, a firefighter, was indicted for tax evasion and taking money from a widow. The employee was suspended

without pay, and is suing for back pay. The criminal case was continued. The case may end with a plea, and the employee would be terminated. Mr. Tobin stated that these items have cost approximately \$35,000.

MOVED: By Ms. Zappala that the Finance Committee approve of the request for a Reserve Fund Transfer in the amount of \$35,000 to increase budget 13B from \$230,000 to \$265,000. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Veterans' Services/Human Services

Mr. Davison stated that it was recently brought to his attention that the Town needs to make additional payments to the West Suburban Veterans' District because the amount of activity for Veterans Services has increased. There are fewer other sources of funds in the present economy, and there are increasing numbers of veterans. The request is for an additional \$2,650 that will provide sufficient funding for the balance of the fiscal year. He noted that the Town will be reimbursed by the state for these types of claims at the rate of 75% via the Cherry Sheet, but not until approximately 12-18 months later. Mr. Rosenstock asked what types of claims were made. Mr. Davison stated the claims are for medicines and food for people with no other resources.

MOVED: By Mr. Zimbone that the Finance Committee approve of the request for a Reserve Fund Transfer in the amount of \$2,650 to increase budget 30B, Human Services. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0. (Mr. Rosenstock recused himself.)

Reserve Fund Update

Mr. Davison updated the committee on budget areas of potential concern previously discussed. He stated that the unemployment budget will be sufficient. The Town Clerk will not need additional funds since the office has received grant money which will cover the additional costs incurred from redistricting. There was a spike in Public Safety overtime which caused concern, but things have settled, so it appears no Reserve Fund Transfer will be needed. Lastly, a transfer has been made to cover the Town's additional legal costs. Mr. Davison stated that therefore there are currently no further budgetary concerns, though an emergency or unforeseen issue could arise.

Finance Information System

Mr. Davison stated that a financial system has been selected, and the software procured. He stated that there will be operating budget implications and that it will be important to have the support of the Finance Committee at the fall Town Meeting in order to address these costs. He distributed a memorandum showing the additional expenses and indicating which will be recurring and which are temporary. There will be a \$70,000 recurring expense for an additional person in the IT Department for implementation and ongoing support of the new system. There will also be temporary overtime costs in Accounting, Human Resources, and IT for FY13 and FY14 to cover the conversion and implementation of the system. There will also be equipment purchases, indirect costs, and license fees associated with the change. He noted that there will be approximately two years of overlap where the Town is paying for old and new software licenses

at the same time in order to make the transition work, and allow for support. In FY15, there is expected to be only one license fee. Mr. Davison stated that the high estimate is that an additional \$148,000 will be needed for the conversion. Some of the cost might be absorbed from the Health Insurance budget, so it is possible that other funding won't be needed. Another funding source that might be available is recurring State Aid and General Government Aid, since the Town will be receiving \$108,000 more than the amount voted at Town Meeting. This money is part of the Cherry Sheet revenue. Mr. Davison stated that by October, he thinks there will be another \$40,000 of additional revenue. He stated that he would like to have the support of the Finance Committee to begin implementation of the new system. He stated if he were to wait until October, there would not be enough time to be ready for calendar year 2013. The delay would mean higher costs.

Mr. Davison explained the process of choosing the new financial system, in which a committee evaluated products from seven companies, and considered six proposals submitted through an RFP process. The process also involved testing with employees who will be end users. The committee found two products were unacceptable, two were not advantageous, and one was advantageous (Unifund), and one highly advantageous (Munis). When they opened the price information, the Munis product rating became "not advantageous." Unifund remained advantageous considering the price information, and was selected by the committee. There was some concern because Unifund was purchased by Munis' parent company. However, Mr. Rubin stated that they reviewed the Unifund financial data, and the company is profitable. Ms. Ponesse stated that the Unifund software will be used for accounting, not revenue, so the fact that the Treasurer Cash Book and Bank Reconciliation part of the software was not rated well was not important. Mr. Davison stated that the Unifund presentation was not strong, although the product was found to be good. They went on a site visit to see the product in use in both PC and Mac environments.

Mr. Rubin stated that it will be a huge effort to implement the new program, and that additional support is needed. He noted that a new staff member can provide better training and support. If a consultant is used, the Town would lose the institutional knowledge when the person finished. He noted that it may be possible to reduce the overlap of the old and new systems with a new staff person.

Mr. Zimbone asked if the anticipated \$148,000 in additional operating costs includes incremental costs incurred by the School Department. Mr. Davison stated that the figure includes only costs borne by the Town. The School Department will pay for the purchase of the product and the initial training. Mr. Davison stated that the new IT position will support the high end users at the Town. He stated that there will not be much interaction with the Schools, since the Schools use Apple products and will have their own support. In response to a question from Mr. Lunetta, Mr. Rubin stated that the software provider will do the project management work during implementation

MOVED: By Ms. Zappala that the Finance Committee endorse moving forward with the implementation of the new financial information system and indicate to the Town Manager that the Committee expects to support the implementation of the new financial system and the necessary funding at the fall Town Meeting in October

2012. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0-1. Mr. Rosenstock abstained because he will not be on the Finance Committee in the fall.

Mr. Zimbone suggested that the Finance Committee Chair request that the Assistant Town Manager provide updates on the hiring of the additional staff person in Mr. Davison's department that was approved in the FY2013 budget. Mr. Reilly supported the request. Mr. Davison recognized the hard work of Mr. Davis, Mr. Pones, Ms. Vaillancourt, Mr. MacDonald, and Dr. Gutekanst, and noted they had all been present and available for questions.

Update on Mitchell/Hillside Project

Mr. Reilly stated that five possible scenarios were under consideration for solving the issues at Hillside and Mitchell Schools, with the cost differential between the scenarios ranging from \$3.5-\$5 million. The numbers include creating fields where necessary, but MSBA would not reimburse for field construction. He stated that important issues being considered are offering universal all-day kindergarten, reducing transportation costs, and minimizing redistricting. Mr. Reilly stated that he understands that Park and Recreation objects to building at Cricket Field. Dr. Gutekanst stated that Park and Rec has not discussed it or reached a formal decision, but that some members are concerned and resistant. He stated that no one is choosing or voting an option at this stage. The next step is to present a Statement of Interest to the MBSA which presents an issue and asks for help on a solution, but does not propose a solution. After that, there will be a feasibility study which will work off the information gathered in the pre-feasibility study. He noted that it will be a long time before deciding the options. He stated that the most aggressive time line would be opening a new or renovated building in fall of 2017, and then another building two years later.

Mr. Reilly stated that the MSBA does not favor two-school projects. Dr. Gutekanst stated that they have allowed two-school projects under one statement of interest, but those schools were on the same campus. They have not said they will not allow it, but it has not been done before. He stated that the Schools are pursuing this approach because the students will need to go somewhere during the projects, and there will be greater efficiencies and better use of resources if the school projects can be considered together. Mr. Reilly stated that he would like the Committee to continue to follow the progress of the project. Ms. Zappala stated that this would make the ultimate decision much more straightforward. Mr. Creem stated that he agrees, and that the Senior Center project might have been different if the Committee had been involved earlier in the process. Mr. Rosenstock noted that the decisions should consider the best long-term interests, and that the lowest cost option is not always best for the Town.

Nominating Committee

Mr. Reilly suggested that the immediate past Chair of the Committee Mr. Zimbone, and the previous Chair Ms. Zappala, serve as a nominating committee for the positions of Chair and Vice Chair for FY 2013. All agreed.

Finance Committee Updates

Mr. Reilly noted that Mr. Rosenstock would be unable to attend the Committee's last meeting of FY 2012 in June. He expressed appreciation for Mr. Rosenstock's significant contributions to the Committee with his hard work and valuable insights over the last nine years.

Adjourn

MOVED: By Mr. Rosenstock that the meeting be adjourned, there being no further business. Mr. Zimbone seconded the motion. The motion was approved by a vote of 6-0, at approximately 8:47 p.m.

Documents: Memorandum to Finance Committee from the Finance Director, May 30, 2012, Re: Accounting and Financial Software Project Operating Budget Implications.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved June 20, 2012