

**Needham Finance Committee
Minutes of Meeting of March 6, 2013**

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; Richard Lunetta, Vice Chair

Members: John Connelly, Richard Creem, Gary McNeill, Louise Miller (arrived 8:00 pm), Lisa Zappala, Richard Zimbone

Also Present:

David Davison, Assistant Town Manager/Finance Director

Evelyn Poness, Town Collector/Treasurer

Articles Discussed:

Accept Chapter 73, Section 4 of the Acts of 1986

Appropriate for Needham Property Tax Assistance Program

Appropriate for Warner Field Renovation

Appropriate for LED Conversion

Appropriate the FY2014 RTS Enterprise Fund Budget

Appropriate the FY2014 Sewer Enterprise Fund Budget

Appropriate the FY2014 Water Enterprise Fund Budget

Continue Departmental Revolving Funds

Authorization to Expend State Funds for Public Ways

Betterment Street Acceptance - Booth St.

Extinguish Sewer Easement - Dale St.

Amend General By-Law - Alcoholic Beverages on Public Property

Amend General By-Law – Type and Length of Contracts

Appropriate for Public Works Infrastructure Program

Appropriate for RTS Enterprise Fund Cash Capital

Appropriate for Sewer Enterprise Fund Cash Capital

Appropriate for Water Enterprise Fund Cash Capital

Appropriate for General Fund Cash Capital

Citizen Requests

There were no requests to address the Committee.

Minutes of Prior Meetings

Mr. Connelly stated that on page 4 of the circulated draft Minutes of February 27, 2013, “\$500 million” should be changed to “\$500,000.”

MOVED: By Mr. Connelly that the Minutes of February 27, 2013, be approved as amended. Mr. Creem seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

Discuss and/or Vote Draft 2013 Annual Town Meeting Warrant Articles

Mr. Reilly noted that as the Committee discussed the warrant articles, all votes to recommend adoption of an article and/or changes to an article are contingent upon the article's sponsor also recommending the article with such changes.

Accept Chapter 73, Section 4 of the Acts of 1986

Mr. Davison stated that this article would increase the statutory real property tax exemption by the amount in the article: 99%. Therefore an exemption of \$100 for a qualified recipient would be increased to \$199. Mr. Davison stated that this additional exemption must be voted annually at Town Meeting or the exemption would fall back to \$100, which would be 0% additional exemption. Mr. Davison stated that there are currently 200 properties receiving this exemption. Twenty years ago there were over 500 properties. The number of recipients was declining until recently.

MOVED: By Ms. Zappala that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Accept Chapter 73, Section 4 of the Acts of 1986. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for Needham Property Tax Assistance Program

Mr. Davison stated that this program provides for private tax assistance donations to be matched by the Town. He stated that in FY 2012, the Town received \$15,025 in donations, and this article would allow the Town to match that amount. Ms. Poness stated that last year 38% of awards were made to individuals making less than \$20,000 per year, and that 34% had incomes of less than \$30,000 per year. She stated that there is an application process and means testing to ensure need. She stated that the Town considers all assets and investments of the applicant plus other exemptions. She stated that the average amount of assistance last year was \$470. She stated that some get more than \$900. She stated that the minimum age is 60.

MOVED: By Mr. Zimbone that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate for Needham Property Tax Assistance Program. Ms. Zappala seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for Warner Field Renovation

Mr. Davison state that the funding will come from unexpended prior appropriations. He stated that the final article will clearly state the funding sources. He stated that the \$25,000 in this article will be used to rehabilitate portions of Warner Field that were not included in earlier projects. He stated that it was a DSR-4 request from the DPW described on page 4-141 in the Town Manager's Recommended FY14 Budget book. Mr. Reilly stated that the infield turf on the field is not consistent in quality compared to the rest of the turf.

MOVED: By Mr. Zimbone that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate for Warner Field Renovation. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for LED Conversion

Mr. Davison stated that this was also a DSR-4 request which is addressed in the budget book on page 4-138. Ms. Zappala stated that Ms. Miller had recommended that this be funded through a warrant article. Mr. Davison stated that the funds will come from unexpended prior warrant articles and will be used to convert the rest of the traffic signals from incandescent bulbs to LED. Ms. Zappala stated that the LED lights will have lower energy costs, and cost less to maintain.

MOVED: By Ms. Zappala that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate for LED Conversion. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0.

Appropriate the FY2014 RTS Enterprise Fund Budget

Mr. Davison stated that this budget will work since the Board of Selectmen voted to increase the RTS rates. Without the rate increases, that would not have been the case. Mr. Zimbone noted that in this article, the RTS budget will be funded with \$85,000 in retained earnings. He asked whether the Town would still be meeting the RTS retained earnings policy if it uses retained earnings to fund \$85,000 in this article in addition to the retained earnings being used in the RTS Cash Capital article. Mr. Davison stated that amount of retained earnings being used for both articles adds up to the maximum that can be used and still keep above the minimum level needed to stay within the stated policy.

MOVED: By Mr. Zimbone that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate the FY2014 RTS Enterprise Fund Budget. Mr. Creem seconded the motion. The motion was approved by a vote of 7-0.

Appropriate the FY2014 Sewer Enterprise Fund Budget

Mr. Reilly stated that when the Committee first reviewed this budget, Ms. Miller questioned the operating capital in the drains budget. The Town Manager reviewed the budget with her staff, and is now recommending that the Sewer Enterprise Fund budget be reduced by \$40,000. Mr. Reilly stated that the Capital Outlay line (201C) in the budget should be reduced to \$25,000. The total FY 2014 budget for the Sewer Enterprise Fund should be \$8,264,139. The amount that will be transferred from the tax levy to the Sewer Enterprise Fund will be \$468,936.

MOVED: By Ms. Zappala that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate the FY2014 Sewer Enterprise Fund Budget, with amendments to the draft as discussed. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0.

Appropriate the FY2014 Water Enterprise Fund Budget

Mr. Davison stated that next year's MWRA assessment will drop. There was more MWRA water usage than expected in 2012 because Well #1 was offline until late summer. Later, the Town needed to rely entirely on MWRA water while the backwash tank was repaired during late April and early May. In response to a question from Mr. Reilly, Mr. Davison confirmed that going forward, the MWRA assessment is expected to be closer to \$600,000.

MOVED: By Mr. Connelly that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate the FY2014 Water Enterprise Fund Budget. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0.

Continue Departmental Revolving Funds

Mr. Davison stated that this article remains mostly unchanged from prior years. The revolving funds must be authorized annually at Town Meeting. The one change was to delete the Senior Center Activity revolving fund which has a maximum limit of \$1,000 and has not been used in a meaningful way in approximately 10 years. Mr. Zimbone stated that he is not ready to vote on this article. He stated that he has asked the School Department to consider different approaches to transportation fee setting, such as a flat percentage of the cost, and has not yet received a response.

Authorization to Expend State Funds for Public Ways

Mr. Davison stated that the amount of funding is not yet known, but certain state aid cannot be spent by the Town unless this authorization is made. If there is no authorization, the funds would return to the state to be given to other communities.

MOVED: By Mr. Creem that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Authorization to Expend State Funds for Public Ways. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0.

Betterment Street Acceptance - Booth St.

Mr. Davison stated that Booth Street was a private way, and now changing to a public way. This is the last step in the process. Because of safety concerns, the Town has plowed the road even though it has been private. Mr. Davison stated that that Town is satisfied that the improvements to the road and the sewer are satisfactory. He stated that the road will be added to the Town inventory for determining Chapter 90 state aid. Mr. Creem stated that although the financial impact is minimal, the Committee has taken a position on this issue in the past because of the Chapter 90 funds.

MOVED: By Ms. Zappala that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Betterment Street Acceptance - Booth St. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0.

Extinguish Sewer Easement - Dale St.

Mr. Davison stated that there is a Town sewer easement on the property, but that a new sewer line was installed, and that as a result this easement is not needed. Mr. Creem questioned whether there would be a financial implication for the Town. Mr. Davison stated that it is a benefit to the owner, but that if the property value increased at all, it would be de minimus. Mr. Creem stated that the financial implication of the article was de minimus. Mr. Zimbone stated that he felt that the Committee should take no position. Mr. Creem stated that that has been the recent trend of the Committee.

MOVED: By Mr. Creem that the Finance Committee take no position with respect to the 2013 Annual Town Meeting Draft Warrant article: Extinguish Sewer Easement - Dale St. Ms. Zappala seconded the motion. The motion was approved by a vote of 7-0.

Amend General By-Law - Alcoholic Beverages on Public Property

Mr. Davison stated that the article would amend the By-Laws to increase the fee for using alcoholic beverages on public property to \$200, which would be the same as a proposed fee for marijuana use on public property. Mr. Reilly stated that for both articles, the Committee will want to know the basis for amount of the \$200 fee. He stated that the Committee should hold off voting until there is further information.

Amend General By-Law – Type and Length of Contracts

Mr. Davison stated that as the By-Laws currently read, the Town can enter contracts for a maximum term of 3 years, unless it is otherwise specified. The Town can lease out its property to other parties for 10 years, but the Town can lease private property from others only for a maximum of 3 years. This has proven to be difficult, and will affect the upcoming leases for library parking, and for additional parking in Needham Center. The article would allow the Town to lease property from others for 10 years.

Mr. Davison stated that the article also would increase the length of time that the Town can lease property from a public agency for recreational purposes to a maximum of 99 years. The MBTA will only consider a 99 year lease, and the Town is seeking to rent MBTA property for a rail trail. Mr. Connelly asked if the word license should be included. Mr. Davison stated that licenses are different, and the Inspector General is seeking to make that towns are not using long-term licenses where they should be using leases.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the 2013 Annual Town Meeting Draft Warrant article: Amend General By-Law – Type and Length of Contracts. Ms. Zappala seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for Public Works Infrastructure Program

Mr. Reilly stated that the article provides for \$600,000 to be appropriated to the public works infrastructure program, which is consistent with the Capital Improvement Plan. Mr. Zimbone asked if there was money from projects that finished under budget that could be applied to this article. Mr. Davison stated that the current budget numbers reflect all of those projects. Mr. Zimbone asked if there was any reason that the infrastructure budget could not be increased. Mr. Davison stated that there is no additional money, and that the DPW's workload would not allow them to do additional work. He added that the budget for this program is scheduled to increase in FY15. Mr. Creem stated that he understands the arguments in favor of this appropriation, but feels that \$600,000 is woefully inadequate. He stated that, as a matter of principle, he cannot support the article at this level of funding.

MOVED: By Mr. Zimbone that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate for Public Works

Infrastructure Program. Ms. Zappala seconded the motion. The motion was approved by a vote of 6-1, with Mr. Creem dissenting.

Appropriate for RTS Enterprise Fund Cash Capital

Mr. Zimbone asked about the 2009 warrant article that is the funding source for this article. Mr. Davison stated that the 2009 article appropriated funding for equipment that was not purchased, and the amount here represents the full amount of the 2009 article, not a residual amount. He stated that the request is in the budget book on page 5-23. Mr. Zimbone asked if the item should be financed instead. Mr. Davison stated that it could be financed, but the RTS Enterprise Fund has the cash available.

MOVED: By Mr. Zimbone that the Finance Committee recommend the adoption of 2013 Annual Town Meeting Draft Warrant article: Appropriate for RTS Enterprise Fund Cash Capital in the amount of \$218,100. Ms. Zappala seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for Sewer Enterprise Fund Cash Capital

Mr. Connelly stated that \$600,000 is proposed for the Inflow and Infiltration Program for FY14. He stated that he would like to see a presentation of the results of the program so far. Mr. Zimbone stated that the liaisons discussed the program with the department, and they have made significant progress to cut down on the water improperly in the system. He stated that the dollar value buys them a certain length of additional pipe to study. Mr. Reilly stated that the Committee will wait to vote on this issue.

Appropriate for Water Enterprise Fund Cash Capital

Mr. Reilly stated that this is a substantial budget, and the Committee should have a presentation before voting.

General Fund Cash Capital

Mr. Reilly stated that the level of free cash now available to be appropriated for FY14 is much lower than usual at \$534,584. He stated that the Town expects the level of free cash certified in the next fiscal year to be several million dollars higher than usual, as it represents free cash that the Town would have had available this year if there had not been certain timing issues. He stated that the Town is proposing that \$500,000 from the Overlay that was going to be used for a study at the Hillside School to be appropriated at the Annual Town Meeting for FY14 cash capital. Then when there is more Free Cash available in the fall, \$500,000 in Free Cash can be applied to outstanding FY14 cash capital items. Mr. Reilly stated that there have been discussions between Town Administration and the School Department and DPW over which items needs to be funded before the summer. Mr. Davison stated that priority was given to items needed for public safety, as well as those that could be done only in the summer.

Ms. Miller stated that the School Department's capital request should not be recommended without some itemization of the proposed purchases. Mr. Davison stated that the Schools were not ready to make such a list when the budget was made. He stated that they gave only a bottom line. Ms. Zappala stated that the Schools plan to spend the money designated for Technology and Equipment on the 1:1 technology initiative, related infrastructure, and replacement computers, if possible.

Ms. Miller stated that she looked into the two-way radios, and the cost differs depending on what they need to do with the radios. She stated it was not clear whether the requested cost covers the need or is too much. For the Core Fleet replacement, Ms. Miller stated that it would be helpful to know which DPW vehicles were broken and in need of immediate replacement. Mr. Davison stated that the request was recommended for Tier 2 by the Town Manager which suggests that that, while it was recommended, there was no compelling argument for the items to be purchased before any items on Tier 1.

Ms. Miller asked why the Police Station gas tank removal was a priority. Mr. Davison stated that the tank removal is tied to when the nearby buildings are being knocked down because the Town is concerned about complaints about the visibility of the tank when the buildings are not there to block the view of the tank, and because it will be less expensive to do it when the other work is done. Ms. Miller asked whether the police would be using 87 octane gas from the DPW tanks, and how they could access the tanks. Mr. Davison stated that the Police could be given keys to the tanks like the Fire Department have, so that they can access the tanks at all hours. He added that the police have not decided on the new vehicle model, but if they need higher than 87 octane, the Town will contract with a local gas station. The Town would get an abatement of certain fuel taxes, but a discount would not be given up front. Ms. Zappala stated that the removal of the gas tank at this point would cause operational issues, while the main benefit is not to be an eyesore to the neighbors. She asked if the tank could be covered. Mr. Davison stated that putting in a shed would cause zoning issues, and that space could be a problem. Mr. Connelly stated that the abutters have been able to see the tank for years, and asked why there is concern at this time. Mr. Davison stated that there would be economies of scale to remove the tank when the other buildings are removed. Ms. Zappala stated that the reasons stated are not compelling. Mr. Connelly agreed that the timing of the work is not compelling. Mr. Reilly stated that there are questions that need more explanation.

Mr. Zimbone requested that the Town Manager put all of the Tier 1 and Tier 2 capital items into the General Fund Cash Capital article, if the Board of Selectmen agrees. He stated that this would allow the Finance Committee and others the flexibility to continue to discuss all of the recommended items after the final warrant comes out. The other Committee members supported Mr. Zimbone's request.

Updates

Mr. Creem stated that he attended an ATFC Board meeting. The Board met with MMA staff who reported on the Governor's budget and their work on OPEB legislation. Mr. Creem distributed a letter from the MMA to the Ways and Means Committee describing its positions on various parts of the budget. He stated that the MMA does not support the Governor's proposed \$2 billion tax increase, and expects that there is no chance of it getting through the legislature. He stated that certain enhancements are likely to be targeted for cuts.

Mr. Creem also distributed a summary of the OPEB reform law which was prepared by the MMA. He stated that the MMA representative was the sole dissenting member on a commission to study OPEB. Mr. Creem stated that no change in the law is expected soon, as the legislature will be focusing on the budget, and then next year is an election year. Therefore it is likely this would be taken up in FY15. He stated that many of the changes in the legislation would be multi-year, so would not be instituted right away.

Adjourn

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Ms. Miller seconded the motion. The motion was approved by a vote of 8-0, at approximately 9:10 p.m.

Documents: Proposed Annual Budget FY2014, January 29, 2013, Town of Needham, Office of the Town Manager; Capital Improvement Plan, FY2014-FY2018, Town of Needham, Office of the Town Manager/Board of Selectmen, dated January 8, 2013; Letter from MMA to Senate and House Ways and Means Chairpersons, dated February 26, 2013; Summary of An Act Providing Retiree Healthcare Benefits Reform, by MMA, dated February 2013.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved March 13, 2013