

**Needham Finance Committee
Minutes of Meeting of January 8, 2014**

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:00 pm at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair

Members: Richard Creem (arrived 8:10 pm); James Flinton, Louise Miller (arrived 7:10 pm), Richard Reilly, Lisa Zappala, Richard Zimbone

Also present:

David Davison, Assistant Town Manager/Finance Director

Patricia Carey, Director of Park and Recreation Department; Staff Liaison to Community Preservation Committee

Janet Carter-Bernardo, Chairman, Community Preservation Committee

Lita Young, Vice Chairman, Community Preservation Committee

Ann MacFate, Director, Needham Public Library

Thomas Harkins, Chair, Library Trustees

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of December 16, 2013 be approved as most recently distributed. Mr. Zimbone seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller and Mr. Creem had not yet arrived.)

MOVED: By Mr. Reilly that the minutes of December 18, 2013 be approved as most recently distributed. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller and Mr. Creem had not yet arrived.)

Review of FY 2015 Budget Requests

Trustees of Memorial Park

Ms. Carey stated that the budget of the Trustees is used some years by Parks and Forestry for new plantings. She stated that this year they intend to buy new American and POW flags. She stated that since the flags generally do not last a whole year, so they may buy replacements as well. Mr. Reilly asked if the Trustees are involved in issues regarding the fields, such as the DPW's current request to strip and replace the fields. Ms. Carey stated that they are sometimes involved, depending on the circumstances, but that they are not involved in issues that involve artificial turf.

Community Preservation Committee

Ms. Bernard stated that the Community Preservation Committee does not typically spend the money in this budget other than for salary expenses. She stated that they have increased the hours for the support liaison, so the salary expenses will increase going forward. She stated that the funding for this budget, 5% of the CPA revenues, will be the same. It is set aside for administrative and operating needs. She stated that if the funds are not used, they will be returned to the CPA funds. She stated that the CPC's needs are off-cycle, so some flexibility is needed. Ms. Carey noted that sometimes the funds are used as a deposit to hold a piece of property so that Town Meeting can vote whether to authorize the purchase.

In response to a question from Mr. Lunetta, Ms. Bernardo stated that she would have to follow up to provide the fund balance. Mr. Lunetta asked about the long-term planning. Ms. Bernardo stated that there have been several meetings with stakeholders over the past year which have been very helpful for the CPC to understand the different interests throughout the Town and to determine priorities. She stated that the CPC does not want to work in isolation from the other Committees and wants other committees to know that the CPC has funds available for eligible projects. Mr. Lunetta asked if there are large upcoming projects. Ms. Bernardo stated that there are several projects being reviewed. The Ridge Hill trail for \$183K, now being called the Timothy Otis Fuller Trail, was held off in the fall. The Town Commons design project for \$20K would remove the dying Blue Tree and redesign the area. These funds could come from Historic as well as Open Space Funds. A project at Memorial Park seeks for \$257K for soil restoration and to address storm water issues. The Town Clerk has requested \$5,250 for binding vital records. Funds are also designated for purchase of property that may become available. Mr. Reilly asked whether the Mills Field project that is in the Capital Improvement Plan will use CPC funds. Ms. Bernardo stated that the project is in the CIP, and also in the CPC's plan, but that it has not yet been discussed. Mr. Bernardo stated that the Park and Recreation Department has requested funds for Cricket Field, but that the CPC has not yet discussed the eligibility.

Snow and Ice Removal – Overdraft Authorization

Mr. Davison described the law which allows Towns to deficit spend for snow and ice removal under certain circumstances. He stated that the Town usually covers the deficit with the Reserve Fund at year-end in June, but that if there are insufficient funds, the deficit must be covered with tax revenue from next year. He stated that this request is for authorization to overdraw the \$400,000 FY14 budget by an additional \$476,000. He is estimating that the snow and ice expenses for the rest of the fiscal year will be \$343,000, which would allow for 4 smaller storms, and 2 mid-sized storms, plus 2,000 tons of salt. He stated that the Town Manager has already approved the overdraft request and that the Finance Committee must also approve it.

MOVED: By Mr. Zimbone that the Finance Committee approve the Request for Snow and Ice Removal overdraft, authorizing additional expenditures in the amount of \$476,000. Ms. Miller seconded the motion. The motion was approved by a vote of 6-0. (Mr. Creem had not yet arrived.)

Needham Public Library

Ms. Miller introduced the budget. She described the staffing levels and stated that there is not heavy coverage considering the number of hours the Library is open. She stated that the Sunday non-salaried employees are paid time-and-a-half, even though they are part time. Mr. Lunetta asked why there can't be a swing shift to avoid the overtime. Ms. Miller stated that there is no

overtime pay at the Library except for this work on Sundays, and there is a policy that the Town must pay time-and-a-half for work at the Library on Sundays. Ms. MacFate said that she would have trouble staffing the Library on Sundays without the additional pay.

Ms. Miller noted that there may be a need soon to upgrade the historical document room. She said that many people go to the Library to research public records rather than Town Hall. She stated that the state provided about \$30,000 in aid because the Library is certified, and that the requested FY15 budget increase is just enough to maintain certification. She stated that the Finance Committee has asked the department to spend some state aid for salaries, and it is being done. Last year, the Library spent more state aid than it took in. Ms. MacFate stated that the Library equipment upgrade cost more than expected. Ms. Miller stated that the budget includes information about encumbrances on the state aid funds for FY14, and noted that there will remain more than \$17,000 unspent, with no plans, in the Library reserves. Ms. MacFate stated that the practice is not to spend the principal of the trusts, but to spend 90% of the interest and to add 10% back to principal.

Ms. Reilly asked how the trust is invested. Ms. Miller stated that the Trust Commissioners have a policy, designed for growth, and the funds are managed professionally. She stated that the investments are reviewed from time to time. Mr. Davison stated that the trust funds are under the purview of the Town Treasurer, who is the custodian of the funds, but the Commissioner makes the decisions.

There was a discussion of the DSR4 requests. The first three are for work that is currently ongoing at the Library but that is currently funded by state aid. Mr. Harkins commented that that the three requests total over \$45,000 and state aid is \$30,000, so the aid cannot fully cover this work going forward. Ms. Miller stated that the fourth DSR4 request, for museum pass software, is also paid by state funds. Mr. Lunetta asked if digital media has reduced the need for paper materials. Ms. MacFate stated that there is a slow shift to more digital information and fewer books. Ms. Harkins stated that the biggest change is in reference books, since people now tend to use databases for research. Mr. Reilly asked what kinds of material circulate most. Ms. MacFate stated that the most popular items are “how-to” books, novels, and DVDs. Mr. Lunetta asked if libraries would benefit from becoming more centralized and having fewer regional locations, and whether Minuteman would achieve that. Ms. MacFate stated that Minuteman only manages the database with all the materials in the member libraries for borrowing from other places. She stated smaller towns should combine libraries for economies of scale, though some efforts to do that have not worked. She stated that the idea has been discussed, but Needham’s Library is too big to try to combine with another community. Ms. Miller stated that in addition to books and media, the Library offers programs such as children’s storytelling, crafts and after-school activities. Mr. Reilly asked if there has been strategic planning for the digital age as is going on at colleges. Ms. MacFate stated that there have been meetings, but that the colleges are ahead on this. She stated that the Town has a member on the Minuteman committee addressing this issue. Mr. Harkins stated that the Commissioners have been holding workshops. Mr. Reilly stated that it would be helpful to have a presentation about the Library’s digital plan.

Ms. Miller stated that after conducting her review, she feels that the Library is not overstaffed, and that the Director is very careful with the budget. She stated that she is not sure if the positions are paid appropriately. Mr. Lunetta stated he did not recall the Sunday time-and-a-half policy. Mr. Davison stated that he would provide it. Mr. Reilly stated that he felt the policy on the trust funds is too conservative. He stated that in his experience, a trust should spend 5% of

the corpus, the principal plus interest, each year. Ms. Miller stated that the Library Director should be directed to spend more of the trust funds. Mr. Reilly stated that they do not seem to be functioning as the funds were intended to. He stated that if more of the trust funds were spent, money could be freed up for other uses. Mr. Davison stated that the Library could risk losing certification if the funding source for operating expenses was switched to state aid. Mr. Davison confirmed that spending more from the trust funds would not increase the hurdle for receiving state certification.

Finance Committee Updates

Mr. Lunetta stated that Mr. Zimbone has been reviewing the Schools' proposed override. He stated that he would also like the Town to initiate a discussion regarding what the ideal school system would look like given the Town's financial resources. He feels that the Finance Committee, as a non-elected board, could be instrumental in initiating this discussion.

Mr. Zimbone circulated a spreadsheet showing that in the past six years, the School Department has consistently received a higher percentage of the Town's revenue than the rest of the Town departments. He stated that the Town is requesting only 1.28% increase for FY15 without DSR4s. Ms. Miller stated that it would be helpful to break out the Townwide expenses from the municipal departments. He stated that based on his estimates of the projected FY15 revenue, there is a \$2 million deficit if the Schools override was incorporated into the budget in one year. In the liaison meeting on Monday, he asked the Schools to put together a budget that incorporates the override into the operating budget over two years. Mr. Zimbone suggested that there are some areas that allow for flexibility such as savings in staff turnover, prepaid SPED tuitions, substitute teachers, and SPED contingency. He felt that the best way to review the override request is the same as a DSR4 for \$2 million. He noted that the Town budgets have DSR4s totaling \$235 thousand. He believes that the School budget has some contingency available, and that if the contingency is stripped away, the Reserve Fund would be available to back them up.

Mr. Reilly stated that the Finance Committee needs to make it clear from the start that the override is not sound financial policy.

Ms. Zappala stated that the Committee needs to be firm in saying that the override is not needed, and that the changes can be built into the budget over two years. Ms. Miller stated that she agreed that the override is not needed. She noted that the Schools work off the previous budget every year rather than building up a budget based on what is needed. She stated that the Schools should be told that the Finance Committee can use the Reserve Fund if the budget does not cover some needs. She stated that the Hillside School needs to be fixed, and that it is a top priority. She does not want an override for that project to fail because of this one. Mr. Creem also agreed, stating that the Schools need to focus on capital improvements. Mr. Flinton stated that he agreed that the focus needs to be on capital and that the Schools should not build their budget off the prior one, but looking at their needs, and should look into efficiencies. Ms. Miller stated that the Committee needs to ask what the requested extra money will buy, and a way to determine how that will be measured. Mr. Creem stated that he reviewed the Schools' chart from the last meeting showing the annual hours in various local communities, and found that there was no correlation between perceived quality of schools and the educational hours.

Mr. Reilly stated that it is important that the Town does not become divided between the fixed-income seniors and young families. The Committee should say that the Town needs to figure out a way to make it work for everyone.

Adjourn

MOVED: By Mr. Zimbone 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 7-0, at approximately 8:52 p.m.

Documents: Town of Needham Departmental Spending Requests, FY2015, December 11, 2013; General Fund Operating Budgets spreadsheet.

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved January 29, 2014