

**Needham Finance Committee  
Minutes of Meeting of March 11, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:05 pm in the Selectmen's Meeting Room at Town Hall.

Present from the	David Escalante, Chair	Richard Reilly
Finance Committee:	Lisa Zappala, Vice Chair	Steven Rosenstock
	Scott Brightman	Michael Taggart
	Richard Creem	Richard Zimbone

Also Present: David Davison, Assistant Town Manager / Finance Director  
Evelyn Pones, Treasurer

There were no public comments.

**Discuss and Vote FY 2010 General Fund Operating Budget Recommendation:** Mr. Escalante asked Ms. Miller, Executive Secretary, to review FY 2010 revenue projections. There are items of additional revenue for FY 2010: \$24,000 in unexpended cash capital articles from prior Town Meeting appropriations. The \$24,000 in unexpended cash capital is proposed to be appropriated for Athletic Facilities Maintenance in the May 2009 Annual Town Meeting Warrant (2009 ATM). There is an additional \$53,000 in revenue being projected from the change in fee structure for street opening/excavation, street occupancy, and trench safety permits. The Board of Selectmen has voted the change in fee structure effective April 1, 2009.

Mr. Taggart commented on the Athletic Facilities Maintenance Warrant Article in the 2009 ATM. The Article proposes appropriating \$24,000 in unexpended cash from two prior cash capital articles to replace the backstop, perimeter fencing, player benches, and irrigation system at the Asa Small baseball diamond at DeFazio Park. The total amount of this work is \$107,200, with the balance of \$83,200 proposed to be funded from unexpended cash from Warrant Article 4 from the March 3, 2008 Special Town Meeting which funded the track at DeFazio. The Article as drafted does not seek appropriation of the \$83,200 of unexpended funds from the DeFazio track and field. Mr. Taggart stated that the funds appropriated for the DeFazio track were clearly presented to Town Meeting as limited to the track and sodded field encircled by the track. When the funds were appropriated, the Moderator limited the discussion of the Article to the track and sodded field encircled by the track, and prohibited discussion of any other proposed field improvements. Mr. Taggart believes that any unexpended funds from the Warrant Article providing for the construction of the track ought to be re-appropriated by Town Meeting if they are to be used for a different purpose, even if such unilateral reallocation by the town administration is not prohibited by law or the wording of the Article. The Park and Recreation Commission and the Town Manager will be asked to attend a Finance Committee meeting to provide further information about the Article.

Mr. Escalante polled the Committee to gauge the Committee's consensus on balancing the budget. The Minuteman Regional High School assessment was \$29,434 more than budgeted in the Finance Committee Draft Budget voted on February 11, 2009. In addition, since February 11, 2009, the Town Manager has proposed an additional construction inspector

for the Department of Public Works, with a salary of \$53,000, to be covered by the additional revenue from the street construction permit fees voted by the Board of Selectmen.

Mr. Creem stated that the simplest approach is to reduce the Municipal Lighting budget by \$4,000 and reduce the Reserve Fund by \$25,434. While the Reserve Fund is being depleted this year because of the amount needed for Snow and Ice Removal, historically the Reserve Fund has had remaining funds at year end.

Mr. Rosenstock agreed that Mr. Creem's proposal is the easiest way to balance the budget. Mr. Rosenstock stated that, for years, the Town has deferred maintenance to balance the budget instead of cutting services. He stated that, when cuts need to be made, he would prefer they be made across the different departments. Mr. Rosenstock submitted a document with his proposal for cuts to all departments, except for the Department of Public Works and the Department of Public Facilities, since these two departments are funding infrastructure and maintenance work. Mr. Rosenstock stated that the cuts would be to departmental expense lines, except for the School Department, which only has one budget number. The cuts are based on the Finance Committee draft budget of February 11, 2009.

Mr. Taggart stated that he is reluctant to take an additional \$25,000 from the Reserve Fund, even though it is not often that there are two years in a row with such a high expenditure for Snow and Ice Removal. Mr. Taggart proposed cutting the DSR-4s that were funded, with a smaller cut to the Reserve Fund.

Mr. Brightman agreed with Mr. Creem. Even if the additional \$25,434 is cut from the Reserve Fund, the Reserve Fund appropriation would increase 3.7% from FY 2009 to FY 2010. A 3.7% increase is a sustainable increase for the Reserve Fund and matches the increase in revenue.

Mr. Reilly stated that he would cut the Public Facilities Department (PFD) budget in anticipation of energy savings. Mr. Reilly stated that, if a target for savings by the PFD is set, then the Department can reach it. If the Committee is not in favor of cutting the PFD budget, then Mr. Reilly would agree with Mr. Creem's proposal. Mr. Reilly stated that the role of the Finance Committee is to make specific cuts. He does not favor Mr. Rosenstock's proposal of making across the board cuts. The decisions may be difficult, but the Finance Committee must make the difficult decisions.

Mr. Zimbone stated that he is not inclined to take the \$25,434 out of the Reserve Fund but neither is he in favor of cutting from every department.

Ms. Zappala stated that it appears that the Committee is in agreement that the Municipal Lighting budget can be cut by \$4,000. Ms. Zappala stated that she would cut the \$3,500 for the Conservation Department's DSR-4 for hours to either fund additional hours for Ms. Phelps or for a recording secretary for the Department. Ms. Zappala stated that the DSR-4 for the Conservation Department is not a critical need. Ms. Zappala proposed that the Finance Committee cut half of the Information Technology Center's (ITC's) DSR-4 for the municipal departments' computer equipment replacement, changing the amount to \$12,500, cut the DSR-4 for the Conservation Department of \$3,500, and take the remainder of \$9,434 out of the Reserve Fund.

Mr. Escalante stated that he would prefer not funding any of the ITC's DSR-4, resulting in a \$25,000 cut. Mr. Escalante stated that he has no problem with cutting \$3,500 out of the Conservation Department's budget. Mr. Escalante proposed in the alternative cutting \$12,500 from the ITC's computer equipment replacement and approximately \$15,000 from the Fire Department's budget request for mattress and bureau replacement.

Mr. Davison stated that Departments do not know that their budgets may be cut. Departments may have wanted to speak to their need for funds had they been aware that they may be cut. The ITC is one of Mr. Davison's departments. Mr. Davison suggested that the Finance Committee could cut up to the \$25,000 of computer equipment replacement from the ITC to balance the operating budget.

Mr. Rosenstock stated that cutting \$25,000 from the ITC's budget would be deferring capital, which he does not favor.

Mr. Creem stated that he is not willing to cut into capital. Mr. Creem also is not willing to make changes to departmental budgets without hearing from department managers.

Mr. Taggart stated that he is more inclined to cut the ITC's budget by \$12,500 rather than \$25,000.

Mr. Brightman stated that the Town Manager, in her budget recommendation, had only funded \$12,500 of the ITC's \$25,000 request. Mr. Brightman would recommend cutting \$12,500 from the ITC budget, \$4,000 from Municipal Lighting budget, and the balance of \$12,934 from the Reserve Fund.

Mr. Reilly stated that he supports Mr. Brightman's proposal.

Mr. Zimbone stated that Mr. Brightman's proposal is a fair compromise between cutting the Reserve Fund and cutting capital.

Ms. Zappala stated that she could support Mr. Brightman's proposal. She understands that it is not fair to cut the Conservation Department's budget in its absence.

Mr. Escalante stated that he is fine with the cuts proposed by Mr. Brightman.

Mr. Rosenstock stated that he would prefer cutting the Conservation Department's budget by \$3,500 and reducing the cut to the Reserve Fund to \$9,434.

There was consensus to fund the \$53,000 for the construction inspector.

Mr. Creem moved that the Finance Committee recommend to Town Meeting adoption of the 2009 Annual Town Meeting Warrant article entitled, "appropriate the FY 2010 Operating Budget", in the amounts set forth in, and in substantially the form of, the document previously transmitted by the executive secretary to the Committee entitled "Town of Needham / General Fund – draft for discussion 3/11/09 / FY 2010 Budget Recommendation – Submitted by the Finance Committee", with the following changes:

1. That line item 25a, department of public works – salaries & wages, be increased by \$53,000 from \$3,171,668 to \$3,224,668, in order to fund the position of construction inspector in the highway department, such increase to be funded through a projected commensurate increase in revenues from the town's street opening permit fees; and
2. That the following line items be reduced:
  - a. Line item 10, reserve fund, reduced by \$12,934 from \$1,269,442 to \$1,256,508;
  - b. Line item 15c, Finance Department Capital, reduced by \$12,500 from \$50,000 to \$37,500; and
  - c. Line item 27, municipal lighting program, reduced by \$4,000 from \$289,300 to \$285,300;

The total operating budget being \$ 106,369,194, subject to such technical corrections as the chair and the executive secretary deem necessary and appropriate. Ms. Zappala seconded the motion. Discussion: Mr. Brightman asked the percentage increase in the Reserve Fund under the budget proposed. Ms. Miller stated that it is 4.7%. Mr. Rosenstock stated that the Finance

Committee is missing an opportunity to make a statement about the budget for the sake of expediency. Times will be miserable. The Town should start looking at ways to cut the operating budget now. Mr. Zimbone stated that the Finance Committee can make a statement in other ways that would have the same impact. The amount that is being discussed is too small to worry about. Mr. Brightman stated that he is more concerned about the financing of Town Hall than the operating budget. Mr. Escalante stated that other communities have not budgeted well. Needham has budgeted conservatively and is currently in a stable situation. Mr. Reilly stated that he agrees with Mr. Rosenstock conceptually but that the Finance Committee needs to make the hard decisions and identify cuts to the budget, not simply make across the board cuts. Mr. Rosenstock stated that the Finance Committee should not micromanage. Mr. Creem's motion passed by a vote of 7-1 (Mr. Rosenstock dissented).

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article 25 - Appropriate to Council on Aging Trust Fund:** Mr. Davison requested that the Finance Committee hold off voting anything other than a recommendation to be made at Town Meeting to give the Selectmen an opportunity to withdraw the Article if appropriate. Mr. Escalante stated that he would be offended if a funding source were identified for this Article at Town Meeting. Mr. Creem stated that information about the Council on Aging Trust Fund had been requested of the Town Manager, and that he would like the information before voting.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article 46: Appropriate for General Fund Cash Capital:** The Town Manager's recommendation of what items to fund in the General Fund Cash Capital are those listed as funded through primary cash in the Capital Improvement Plan. Mr. Escalante stated that there will not be time to discuss the Cash Capital recommendation until April. The recommendation will be through an amendment to the Article at Town Meeting. Mr. Davison stated that the recommended capital plan is what is in the Article. The Selectmen have yet to make their recommendation. All items that can be discussed must be included in the Warrant, which is why all items in the recommended capital plan are included. Mr. Escalante stated that it would be helpful to mention to Town Meeting members in the Warrant that Cash Capital will be cut from the amount set forth in the Warrant.

Mr. Creem moved that the Finance Committee recommendation in the Annual Town Meeting Warrant read as follows: "recommendation to be made at Town Meeting, but it is anticipated that the 'Total Amount' will be substantially less than in the printed Warrant." Lisa Zappala seconded the motion. Discussion: none. The motion was passed by unanimous vote: 8-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article 52 - Appropriate for RTS Enterprise Fund Cash Capital:** There is no additional information for this Article. This Article will be discussed at a later meeting.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article 51 – Appropriate for Athletic Facility Maintenance:** Mr. Brightman stated that the Asa Small field has been neglected for a long time. Mr. Escalante polled Committee members concerning this Article. Mr. Creem stated that there has been no Article presentation so that he does not have information on which to base a vote. Mr. Creem would like to know why this is a priority

now. Mr. Taggart stated that \$83,200 is being proposed to be funded from unexpended funds from Warrant Article 4 from the March 3, 2008 Special Town Meeting which funded the track at DeFazio. The Article explanation for Article 4 of the March 3, 2008 Special Town Meeting made clear that the funds were being appropriated for the track and the sodded field encircled by the track. The funds ought to be reallocated by Town Meeting. Mr. Taggart stated that he does not doubt that the Asa Small field needs maintenance, but he would like to know if this is the right time. Mr. Taggart also noted that there are other requests for fencing of fields by Park and Recreation and suggested that the Town may be able to get better pricing if the projects are done together. Mr. Brightman stated that he is uncomfortable prioritizing the Asa Small field over other items, such as the Library request for additional books, which are deteriorating more rapidly with increased circulation. Mr. Reilly stated that he is sympathetic to the argument that the funds sought to be used to do work at the Small field are a like use of the funds. He wants to encourage efficiency in completing projects. Mr. Reilly is open to hearing about other possible uses for the funds. Mr. Zimbone agreed with Mr. Reilly. He stated that he does know the condition of the Small field. He would like the Park and Recreation to make a presentation to determine if that is the best use of the funds. Ms. Zappala stated that she needs more information to vote on this Article. Mr. Creem stated that the funds used for the track were extraordinary Free Cash in FY 2008. Mr. Creem stated that a case could be made that the unexpended funds should be appropriated to the Capital Facilities Fund or the Capital Improvement Fund. Park and Recreation will be asked to attend a meeting of the Finance Committee to provide further explanation of this Article and to provide a list of its priorities.

**Citizens' Petitions Update:** Mr. Zimbone asked about the citizens' petitions on the Annual Town Meeting Warrant. Mr. Creem stated that the petition for a quiet zone study has been brought to the Transportation Committee. The Transportation Committee should be asked to join the discussion of the petition. The true financial costs are much higher than stated in the petition. The citizens' petition concerning natural resources will be taken up at the March 18 meeting of the Finance Committee.

**Vote All Recommendations to Be Included in Town Meeting Warrant:** Mr. Rosenstock moved that the Finance Committee state: "recommendation to be made at Town Meeting" for all Annual Town Meeting Warrant articles for which a recommendation has not yet been voted. Mr. Brightman seconded the motion. Discussion: Mr. Reilly stated that perhaps the Finance Committee should state that it does not have enough information to make a recommendation at this time. Mr. Creem stated that he opposes stating that there is not enough information because it implies that someone is at fault for not providing the information. The motion was passed by unanimous vote: 8-0.

**Discuss Globe Articles re. Town employees' salaries:** Mr. Escalante stated that it would be helpful to collect information on Town salaries and the salaries in similar towns. Mr. Brightman stated that the article highlighted police officers' pay, but that the pay is not in the Police Department budget. Mr. Creem stated that there is no context to the article. Most salaries result from the collective bargaining process. What was printed is part of the public record. There is not a lot to debate or change in Needham. The cost of living adjustments in Needham are reasonable. Needham finds itself about mid-point among communities with which it compares itself. The Town management does a very good job. As a Town, we

receive good services, and pay reasonable compensation for those services. Mr. Reilly asked whether overtime compensation is included in the base salary on which pension benefits are computed. Mr. Rosenstock stated that overtime is not part of the pension base salary. Mr. Escalante stated that the Finance Committee should be ready to answer questions at Town Meeting regarding salaries and that more data is needed to be prepared to answer those questions. Perhaps the Finance Committee needs a discussion with Ms. Fitzpatrick and Mr. Coleman.

**Finance Committee Updates:** Mr. Creem reported on Permanent Public Building Committee meetings that he had attended. The High Rock School construction is proceeding and has made up some of the delay that it had incurred. Teachers are slated to be in the building on August 17, 2009. The contingency for the project is approximately \$2.3 million. The Newman School phased project estimates have been received. The phased construction would cost approximately \$20.5 million versus \$16 million for construction and \$4 million for relocation for the non-phased project. The financing of the relocation costs was clarified. If the construction and relocation questions are coupled, then the entire costs can be bonded. If construction and relocation are decoupled, then the relocation would need to be paid for from cash and the operating budget. A maintenance template for High Rock will be developed from the High Rock construction funds as part of the project. The Town will look for funding for developing templates for its other buildings.

Various members updated the Committee on the Board of Selectmen meeting. Some amendments were made to the ATM zoning articles based on feedback from the public hearing. Costs of infrastructure and traffic flow management have not been established. The Planning Board is presenting the plan as a 30% build-out over 20 years. Questions about the Parking Fund have not been answered. The Board of Selectmen discussed the cost of the upgrades to the Town Hall HVAC and other components. The total cost is \$110,000, which some citizens are trying to raise. There was no conveyance of the Finance Committee concerns to the Board of Selectmen on the Property Tax Assistance Program.

Mr. Zimbone moved to adjourn the meeting at approximately 9:45 pm, seconded by Mr. Taggart. The meeting was adjourned by unanimous vote: 8-0.

Respectfully submitted,

Louise Miller  
Executive Secretary