

Finance Committee
Town of Needham
1471 Highland Avenue
Needham, MA 02492

February 20, 2019

Kate Fitzpatrick
Town Manager
Needham Town Hall
1471 Highland Avenue
Needham, MA 02492

Re: Finance Committee Fiscal Year 2020 Draft Budget Recommendation

Dear Kate:

I have enclosed the Finance Committee's voted draft of the General Fund operating budget recommendation for fiscal year 2020 totaling \$178,185,874. The Finance Committee held hearings and analyzed the budget requests from each department manager, as well as your recommended balanced budget for FY 2020. The Finance Committee also carefully considered the School Superintendent's proposed FY 2020 budget and the budget voted by the School Committee. As you know, this is the Finance Committee's initial draft budget, and as such, it is subject to change. In March, we will submit our final FY 2020 operating budget recommendation to be included in the Annual Town Meeting warrant, as required by Town By-Law.

The Finance Committee's draft budget shows specific recommendations for the FY 2020 Townwide Expenses budget as well as the salary and expense budgets for each of the Town departments, along with a recommended bottom line allocation for the School Department budget. Below is an explanation of the variances between your proposed budget and the Finance Committee's recommendation. The Finance Committee sought to develop a budget that is reasonable, prudent, and fiscally sound, and that will continue to fund the same high level of service to residents, including some notable expansions of services in public safety and public education. Careful planning in recent years has provided the foundation to provide for these significant increases without cutting into other valuable services.

General Fund Operating Budget

Departments:

The Finance Committee's recommended draft budget corresponds with your balanced budget proposal with respect to the operating departments with the following exceptions:

- Select Board/Town Manager
- Public Library
- Park and Recreation

The Finance Committee is concerned about the significant burden on taxpayers relating to the ever-growing need for services as well as the upcoming increased in debt payments for ongoing capital projects, including the new Police and Fire headquarters, the rebuilt Fire Station 2, and the new Sunita Williams Elementary School. As noted above, the FY 2020 budget includes expanded services in both public safety and the schools, which will also drive up operating costs. Fortunately, the Fire Department secured a federal grant that is covering 75% of the salaries of eight new firefighter positions for three years. Following that period, the Town will need to be ready for a significant increase when the full salaries are fully funded in the operating budget. The FY 2020 budget also includes new funding the School Department budget for the inauguration of the new full-day kindergarten program. This significant increase for this program in FY2020 will be mitigated in the long term by a significant increase in state education aid that will kick in after the first year.

The Finance Committee's FY 2020 voted draft budget includes the adjustments to the department's requested budgets as described below, leading to a decrease to the operating budget bottom line.

Board of Selectmen and the Officer of the Town Manager: The Finance Committee voted to reduce the salary line in the Select Board/Town Manager budget by \$80,548, the funding requested for the Public Information Officer. The Finance Committee was not convinced that there is a sufficient need for an additional full time staff person in this role, particularly in light of other budgetary pressures.

Needham Public Library: The Finance Committee reduced funding for the Library's operating budget by \$45,472 of requested funding, including \$35,000 of expenses for online subscriptions and \$10,472 of salary costs for the Network Page position. The Committee does not doubt the need for these services, and would support including them in the operating budget if other funds were not available. However, these costs are currently covered by state aid and trust funds which the Committee found to be ample to provide the necessary funding in FY 2020.

Park and Recreation Department: The Finance Committee voted to remove the funding from the Park and Recreation operating budget's salary line totaling \$69,419 for the Pool Specialist, the Pool Staff, and the Lifeguard Retention program, and recommended that they be funded for one year via a financial warrant article. This will allow the department to experience a full season of operating the new pool facility, and to better assess the ongoing needs. An additional year could be funded through a warrant article next year if further consideration is needed.

Special note: The Minuteman School has updated Needham's estimated assessment for FY 2020. As a result, the Finance Committee's final FY 2020 recommendation will include an increase of \$28,660 for that budget line.

Townwide Expenses

The Finance Committee made a detailed review of the costs that make up the Townwide Expenses. Many of these costs are contractual or scheduled expenses and not discretionary. The

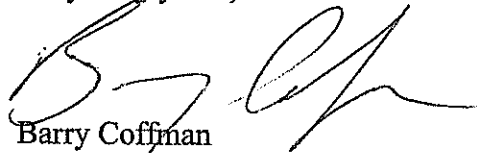
Finance Committee's draft FY 2020 budget does not include any changes to those budget lines. However, the final budget recommendation may amend the Group Health Insurance, Employee Benefits & Administrative Costs line to remove costs associated with proposed new or expanded positions that are not recommended for funding either through the operating budget or from other funding sources.

Conclusion

If you have any questions, or would like to discuss any aspect of the Finance Committee's recommended budget, please do not hesitate to contact me.

This budget represents the culmination of a substantial amount of thought and hard work on the part of many people. On behalf of the Finance Committee, I would like to thank you, as well as the Assistant Town Manager/Director of Finance, the Assistant Town Manager/Director of Operations, the Department Managers, the School Superintendent, the School Director of Financial Operations, the Board of Selectmen, the School Committee, and the School Central Administration for your cooperation, candor, and invaluable support throughout the process of developing our FY 2020 operating budget recommendation.

Very truly yours,



Barry Coffman
Chair

Needham Finance Committee

Enclosure

Cc with enclosure:

- Board of Selectmen
- Assistant Town Manager/Director of Finance
- Assistant Town Manager/Director of Operations
- Finance Committee
- School Committee
- School Superintendent
- School Department Director of Financial Operations