

**Town Manager's FY2023 Budget Message:
Addendum 1/26/2022**

At its meeting on January 25, 2022, the Needham School Committee voted to approve an FY2023 operating budget request totaling \$87,277,798. This amount is within the availability of funds for appropriation for Fiscal Year 2023.

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**Town Manager’s FY2023 Budget Message:
Adaptability & Uncertainty**

“It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself.” Leon C. Megginson on Charles Darwin

**Table 1.1
Overall General Fund Budget Summary**

Description	FY2021 Actual	FY2022 Budget	FY2023 Proposed	\$ Change	% Change
Sources					
Property Tax	\$161,661,687	\$170,833,899	\$179,159,468	\$8,325,569	4.9%
State Aid	\$13,645,674	\$13,961,831	\$14,315,834	\$354,003	2.5%
Local Receipts	\$14,589,825	\$10,375,000	\$11,585,000	\$1,210,000	11.7%
Free Cash	\$7,862,473	\$11,526,630	\$12,000,000	\$473,370	4.1%
Other Funds	\$1,492,947	\$1,324,796	\$2,032,328	\$707,532	53.4%
Reimbursements	\$2,755,058	\$2,428,812	\$2,219,632	(\$209,180)	-8.6%
Total Sources	\$202,007,664	\$210,450,968	\$221,312,262	\$10,861,294	5.2%
Uses					
Municipal Departments	\$44,778,580	\$47,948,110	\$50,426,316	\$2,478,206	5.2%
Needham Schools	\$79,650,229	\$83,603,397	\$87,200,562	\$3,597,165	4.3%
Minuteman School	\$1,112,549	\$1,230,287	\$1,483,173	\$252,886	20.6%
Townwide Expenses	\$58,506,573	\$60,941,932	\$63,725,081	\$2,783,149	4.6%
Reserve Fund	\$0	\$2,077,091	\$2,225,913	\$148,822	7.2%
Capital Budget	\$3,939,433	\$6,849,744	\$9,472,814	\$2,623,070	38.3%
Financial Warrant Articles	\$1,869,177	\$2,034,337	\$1,810,000	(\$224,337)	-11.0%
Other Appropriations	\$544,698	\$1,569,083	\$1,055,773	(\$513,310)	-32.7%
Other Amounts to be Raised	\$2,953,797	\$4,196,987	\$3,912,630	(\$284,357)	-6.8%
Total Uses	\$193,355,035	\$210,450,968	\$221,312,262	\$10,861,294	5.2%

INTRODUCTION

In recent years, our budget message has highlighted the values and practices that guide our recommendations for the budget and our management of the Town. We value sustainability – meeting the needs of the present without compromising the ability of future generations to meet their own needs. We value resiliency – maintaining service levels that can withstand typical economic disruptions, meeting the demands associated with natural growth, decline, and change. The value that resonates this year is adaptability – changing and evolving in order to function in a new environment.

As we approach the second anniversary of the onset of the COVID-19 Pandemic, I am reflecting on the adaptations that have become the norm – mask wearing at the grocery store, residents working from home, unpredictable supply chains, virtual meetings, and constant attention to air exchanges per hour. Many of these adaptations have resulted in improved conditions, while others leave us longing for what has been lost – gatherings, connection, undisrupted schedules, and the ability to plan ahead with any degree of certainty.

In local government, while some processes may have shifted and become more efficient, most of the work landscape remains the same as it was in 2019. However, the services we provide are in higher demand than ever. In-school learning – once a given – now takes an all hands-on deck response from multiple departments. Use of and access to outdoor spaces is a high priority for residents, and the desire to use public land for dining is only increasing.

What has become clear is that this period of uncertainty is not going to disappear any time soon. Town staff will continue to pivot and adapt, planning for the coming year knowing that the plans will likely change. What we do know is that our goals are ambitious. It will take focus, determination and, a commitment to cooperation on the part of staff, elected and appointed officials, and the community to bring them to fruition.

BUDGETING BEST PRACTICES

1. Current revenues must be sufficient to support current expenditures. *The FY2023 operating budget is supported by current revenues. These are revenues that are reasonably expected to recur annually and can be relied on to fund on-going operations during strong and weak economic periods.*
2. The Operating and Capital Budgets must be developed in conformance with the Town's comprehensive financial policies and must not be reliant on one-time revenue or unsustainable practices. *Revenue that cannot reasonably be expected to recur annually is allocated to one-time costs and reserves and is not used to support the operating budget except as provided under the Town's Free Cash best practice.*
3. The five-year Pro Forma budget should be updated on a regular basis to ensure that the underlying assumptions are adjusted based upon changing conditions and data. *The Pro Forma budget is a planning tool that provides early opportunity for the Town to anticipate and prepare contingency plans for the operation of the government and the continuation of primary services. Updating the Pro Forma budget was deferred due to the response to the pandemic and will be re-started in the coming years.*
4. Debt must not be used to fund on-going operating expenses and will only be issued for capital improvements greater than \$250,000 with a useful life of five years or more. *The FY2023 – FY2027 Capital Improvement Plan includes one project funded by debt and is in compliance with this best practice.*
5. The use of Free Cash to fund operations will be minimized by limiting such use to no more than 2% of the prior year's appropriated operating budget, or the actual turn back, whichever is lower. *The amount of Free Cash used to support on-going operations for FY2023 is \$3,200,000, which is in compliance with this best practice.*
6. Adequate contingency funds must be maintained. *This proposed balanced budget allocates funding to the Athletic Facility Improvement Fund, the Workers Compensation Internal Reserve, and the Injury on Duty Reserve.*
7. Sufficient maintenance and replacement funds will be allocated to ensure that capital facilities and equipment are properly maintained. *The recommended operating budget and the Capital Improvement Plan include investment in facilities, equipment, and infrastructure, including a continued investment in the Facilities Maintenance Program.*
8. The Operating and Capital Budgets must be resilient and allow the Town to maintain existing service levels, withstand typical local and regional economic disruptions, and

meet the demands of natural growth, decline, and change. *The Town's ability to pivot and use alternative revenue sources to maintain the original approved budget for FY2021 during pandemic uncertainty is an example of budgetary resiliency.*

9. The Operating and Capital Budgets must be sustainable and meet the needs of the present without compromising the ability of future generations to meet their own needs. *Proposed increases in service delivery are focused and affordable within historical revenue growth assumptions. The Town's funding of its post-employment employee benefits liability is an excellent example of sustainability in that currently accruing expenses are being funded with current revenue.*

BUDGET DRIVERS: ENROLLMENT, EMPLOYEE BENEFITS, AND STAFFING

As is true every year, expenditures relating to growth in the population served and the costs associated with providing those services are key drivers of budget growth.

School Enrollment School enrollment declined by 0.2% in 2019/2020 and another 3.9% in 2020/2021. Enrollment ticked up 0.7% for the 2021/2022 school year. The current enrollment level may result from the lingering effects of the pandemic, and initial projections for the 2022/2023 school year are basically flat. While enrollment may be lower, school children remain impacted by the pandemic, requiring critical support services. Table 1.2 details school enrollment from 2012/2013 to 2021/2022.

Employee Benefits The *submitted* FY2023 employee benefits budget was recommended to increase by 1%. However, the recommended budget is up by 4.8% to reflect the proposed increase in employee headcount in both the School and Municipal budgets. Table 1.3 highlights group insurance enrollment for the last five years.

Staffing Targeted staffing increases are recommended to meet existing and growing service delivery needs, safety, and sustainability of Town assets. The recommended FTE increase is five (5) FTEs on the municipal side and 24.82 on the School side. Table 1.4 details the growth in Full-time Equivalent Employees from FY2018 to FY2022 – 21.5 or 5.9% on the municipal side, and 76.9 or 10.4% on the School side.

BALANCED BUDGET HIGHLIGHTS

The recommended FY2023 budget was developed with the Select Board's voted budget priorities in-mind. The Board has set priorities in the following general categories: recovery from the COVID-19 Pandemic; ensuring that Needham is a welcoming and inclusive community; recreational, cultural and educational opportunities; renovation, reconstruction and preservation of the Town's capital assets; economic opportunities and resources; sustainability and clean energy; multi-modal transportation systems; financial sustainability; avoiding operating overrides; coordination and efficiency among Town departments; service delivery and general administrative needs of the Town, and community engagement. A full list of the Select Board's Budget Priorities is included as Appendix A.

The following is a summary of significant changes from prior years and recommended changes to the submitted budget. A full discussion of each department is included in the submitted departmental spending requests in Section 3. All departmental salary and wage items listed are exclusive of employee benefits costs, which are included separately in Townwide expenses.

Casualty, Liability, Property, & Self-Insurance Program – \$834,262 The Insurance budget recommendation is 9.9% higher than FY2022 attributable primarily to increases in premium charged to the Town and the annualized cost of insuring Fire Station #2 and the new Police Station.

General Fund Debt Service - \$20,198,294 The recommended debt budget is 2.7% lower than FY2022, attributable primarily to the decline in both the excluded debt service and CPA debt service categories.

Group Insurance, Employee Benefits, and Administrative Cost – \$17,255,396 The recommended budget for this line represents an increase of 4.8% and is \$627,528 higher than the *submitted* FY2022 budget to reflect the increased cost of additional headcount contained in the FY2023 budget recommendation.

Needham Electric Light & Gas Program – \$4,121,023 This budget is 6.8% higher than FY2022. The primary factors that have influenced this budget submission are an increase in the assumed average rate per therm cost of natural gas, a higher consumption estimate for existing facilities, and the annualized addition of the new Fire Station #2 and Police Station in FY2023.

Retiree Insurance and Insurance Liability Fund - \$7,844,474 This line funds the on-going health insurance program for retirees and the reserve for Other Post-Employment Benefits (OPEB) liability. The funding schedule is consistent with the actuarial analysis as of June 30, 2020 (measurement date) and is increasing by 5.6%. The amount of \$83,448 was added to this line to reflect the increased cost of additional headcount contained in the FY2023 budget recommendation.

Contributory Retirement Assessment – \$11,407,096 The Retirement Assessment is based on the most recent actuarial analysis as of January 1, 2021 and is increasing by 9.5% over FY2022.

Workers Compensation – \$732,070 The submitted Workers Compensation budget is recommended to decline by 11.7% to reflect the separation of the Workers Compensation and Public Safety Injury on Duty programs into separate budget lines. In addition, a financial warrant article is proposed to provide additional funding for the Workers Compensation Internal Reserve to meet the funding target. The submitted budget was increased by \$21,295 to reflect the cost of additional headcount contained in the FY2023 budget.

Injury on Duty & 111F – \$151,105 As noted above, the Workers Compensation and Injury on Duty & 111F programs have been separated in FY2023. A recommended appropriation for the Public Safety Injury on Duty Reserve will be included as a warrant article in the 2022 Annual Town Meeting Warrant. The May 1, 2021 Special Town Meeting approved the creation of this fund.

Classification, Performance, and Settlements (CPS) – \$1,332,466 This line provides a reserve for funding General Government personnel-related items as they occur during the year and fluctuates annually depending on the number of collective bargaining agreements that have not been settled for a given year. Those not settled for FY2023 include the Needham Police Union (contract expired in FY2021), the Needham Police Superior Officers Association (contract expired in FY2021), the Needham Fire Union (contract expired in FY2020), Needham Independent Public Employee Association (contract expires FY2022) and the Building Custodian and Trades Independent Employee Association (contract expires in FY2022). With the exception of the Needham Independent Town Workers Association, the recommended

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budgets for individual departments do not include any general wage increase amounts for FY2023 – any such increases would be funded through the CPS line.

Reserve Fund – \$2,225,913 The recommended Reserve Fund Budget is consistent with the Finance Committee’s method for projecting the Reserve Fund and represents a 7.2% increase over FY2022.

Office of the Town Manager/Select Board – \$1,265,405 The recommended budget for the Office of the Town Manager/Select Board is increasing by 2.6%. The increase is primarily attributable to salary increases for existing personnel, and software and recruiting expense increases in Human Resources.

Town Clerk/Board of Registrars - \$488,266 The recommended budget for the Office of the Town Clerk/Board of Registrars is 13.2% higher than FY2022, primarily attributable to the fact that there will be three elections in FY2023 – only one election was budgeted in FY2022.

Legal Services – \$329,140 The amount recommended for Legal Services in FY2023 is the same as FY2022. The entire amount is allocated to the expense line reflecting the decision by the Select Board to hire a law firm – not an individual – to serve as Town Counsel.

Finance Department – \$3,730,435 The recommended Finance Department budget is increasing by 3.6%. In addition to salary increases for existing personnel, the recommendation includes the addition of a second Applications Administrator position (\$81,132) to support the Town’s enterprise-wide applications, reflective of the increased workload in the Information Technology Center. A request for an intern for the Accounting Division in the amount of \$11,707 has been deferred.

Finance Committee – \$43,364 The recommended budget for the Finance Committee is increasing by 5.6% in FY2023 to account for salary and wage increases for existing personnel and a modest increase in expenses.

Planning & Community Development – \$552,799. The recommended budget is 4.5% higher than the current budget and includes an increase in hours for the Zoning Specialist from 25 to 30 hours per week in response to the needs of the Zoning Board of Appeals (\$9,021).

Police Department – \$7,901,280 The Police Department budget is proposed to increase by 2.8% and includes new funding for clinical support services in the amount of \$45,000 funded through a financial warrant article in FY2022.

Fire Department – \$9,884,326 The recommended budget for the Fire Department budget is 5.0% higher than FY2022 and assumes that the final portion of the eight firefighters funded by a Federal grant in FY2019 have been phased into the budget over three years. The budget also includes a performance improvement increase of \$20,000 for enhanced fire records management software.

Building Department – \$848,757 The recommended budget for the Building Department is 1.1% higher than FY2022 attributable to salary and wage increases for existing personnel.

Minuteman School Assessment - \$1,483,173 The estimated assessment from the Minuteman School is 20.6% higher than the FY2022 assessment based on budget growth assumptions and Needham’s share of the total enrollment, as well as Needham’s share of the

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capital investment in the new High School. The amount of the assessment may change once the Minuteman School Committee votes its final budget for FY2023.

Needham Public Schools – \$87,200,562 The Superintendent’s budget request represents an increase of 4.3% over FY2022 and includes an increase in headcount of 24.82 FTEs. The Superintendent has stated that he believes the needs of our students and schools have been exacerbated by the pandemic, and he expects these needs to continue into the next academic year and beyond. The voted budget of the Needham School Committee was not available at the time of the distribution of this proposed budget and will be included as an addendum if the voted budget is different from this recommendation, in accordance with the General By-laws of the Town.

Building Design & Construction – \$357,564 The recommended Building Design & Construction Department budget is 8.9% lower than FY2022 due to the reduction of a portion of one FTE that was funded in FY2022.

Public Works – \$18,917,853 The proposed Department of Public Works General Fund operating budget is increasing by 6.9%. The budget includes several performance improvement requests: an HVAC Supervisor (\$101,369), a Civil Engineer/equipment (\$132,756), a Laborer 3/Highway (\$67,404), and Building Maintenance overtime associated with new facilities (\$17,332). Additional program requests have been deferred including an Administrative Analyst/Fleet (\$85,756), overtime associated with early release days and High School games (\$7,211) that will be absorbed into the budget, an Administrative Analyst in Engineering (\$82,606), summer seasonal help in Engineering (\$4,284), and an additional custodian (\$58,048). The submitted budget was reduced by \$75,000 in operating capital for an open top trailer unit also included in the Capital Budget. The DPW submission includes identification of future Town needs, including a Sustainability Coordinator and additional Heavy Motor Equipment Operators for the Highway Division.

Municipal Parking - \$151,818 The recommended Municipal Parking budget is 12.8% higher than FY2022, attributable to increases in wage rates, leases, and contractual expenses.

Health & Human Services (HHS) Department – \$2,420,292 The recommended FY2023 budget reflects an increase of 2.2%, primarily attributable to salary increases for existing personnel, and costs associated with software license fees.

Commission on Disabilities – \$2,050 There is no change proposed to the Commission on Disabilities budget for FY2023.

Historical Commission – \$1,050 There is no change proposed to the Historical Commission budget for FY2023.

Public Library – \$2,116,799 The recommended Library budget is 3.0% higher than FY2022, partially attributable to salary increases for existing personnel (including the impact of increases to the State minimum wage). The Library budget was submitted during the transition of the Library Director. The submitted budget has been updated to absorb a portion of the performance increase requested for Overdrive software. The recommended budget includes \$15,000 to fund this program entirely within the operating budget. The recommended budget also includes additional hours for the Administrative Assistant (\$30,352). Other performance improvement requests have been deferred, including: OverDive Advantage program enhancement (\$22,000), On-line Computer Library Center WorldCat subscription (\$3,500), a Reference Librarian/Digital Communications Specialist (\$65,543 exclusive of benefits), and Library Pages (\$14,415 exclusive of benefits).

Park and Recreation – \$1,339,368 The Park and Recreation budget is proposed to increase by 12.6%. This increase is attributable primarily to salary increases for existing personnel, including the impact of the State minimum wage increase, and performance increases for an Outdoor Facilities Specialist (\$69,429) and additional summer program staff (\$34,171). A funding request for an additional Outdoor Facilities Specialist (\$67,254) has been deferred.

Memorial Park Trustees – \$750 There is no change proposed to the Memorial Park Trustees budget for FY2023.

ENTERPRISE FUNDS

Sewer – \$8,966,628 The recommended Sewer Enterprise Fund budget is 1.1% higher than in FY2022 primarily attributable to increases in wages for existing personnel and contractual expenses. The MWRA Sewer Assessment, which represents a significant portion of the Sewer Enterprise Fund Budget, has been level-funded as preliminary assessments are not yet available. During FY2023, we will once again consider recommending a dedicated funding source for stormwater expenses to account for increased revenue that will be necessary to accommodate the significant and growing complexity of complying with Federal and State stormwater regulations.

Water – \$5,849,310 The recommended Water Enterprise Fund budget is 1.1% higher than the FY2022 budget, attributable primarily to increases in wages for existing personnel and contractual expenses, and a reduction in operating capital. The MWRA Water Assessment, which represents a significant portion of the Water Enterprise Fund Budget, has been level-funded as preliminary assessments are not yet available.

BEYOND THE OPERATING BUDGET

Capital Improvement Budget The Capital Improvement Plan Executive Summary is contained in Section 4 of this document. The recommended FY2023 Capital Budget has been updated to include the following items previously included under the “Tier 2” category:

- Library Space Planning – \$60,000;
- Bigbelly Trash Receptacles –\$135,000;
- Public Works Facilities Improvements Feasibility– \$60,000;
- Pollard School Locker Room Retrofit – \$1,068,500; and
- Public Works Infrastructure – Additional \$1,296,000.

In addition, we recommend that any Free Cash in excess of our estimate be allocated to the Emery Grover project to reduce the amount of borrowing needed.

Other Financial Warrant Articles Given the amount of Free Cash available for appropriation, and consistent with the Town’s policy to minimize the use of Free Cash for recurring operating expenses, the FY2023 proposed budget includes the allocation of funds to one-time programs, projects, and reserves. Changes to the funding recommendations may be made during the coming months depending on updated revenue estimates.

Facilities Maintenance Program – \$1,000,000 This recurring warrant article funds the annual maintenance of public buildings throughout the Town and School department, including, but not limited to asbestos abatement, duct cleaning, painting, and other repairs and necessary upgrades.

Compensated Absences Fund – \$250,000 Upon retirement, certain employees are compensated for a portion of their unused sick leave. All employees are entitled to payment of unused vacation leave upon termination of Town service.

Town Owned Land Surveys – \$ 100,000 (Deferred).

RTS Service Model Study – \$50,000 This funding will support the Select Board’s goal of evaluating the service delivery model of the Recycling/Transfer Station prior to recommending significant capital investment in the facility.

NPDES Permit Compliance – \$195,000 This funding will allow the Town to comply with the National Pollutant Discharge Elimination System (NPDES) permit. Needham is subject to a Total Maximum Daily Load (TMDL) requirement for phosphorus and pathogens. All stormwater discharges from urbanized areas must reduce the amount of phosphorus discharging to waterbodies and the tributaries thereto by 45% and pathogens must be eliminated and/or reduced to the maximum extent practicable through the use of enhanced structural and non-structural Best Management Practices (BMPs). This funding will be sought on an annual basis to inspect and evaluate all BMPs Town-wide, clean and inspect brooks and culverts, rehabilitate and/or replace catch basin and drainpipes, and respond to findings from CCTV inspections. This maintenance work will be performed in conjunction with capital funding project requests.

Property Tax Assistance Program – \$50,000 The Property Tax Assistance Program provides small grants to taxpayers in need.

Small Repair Grant Program – \$50,000 The Small Repair Grant Program provides financial assistance to low- and moderate-income Needham residents to make repairs and alterations to their homes for health and safety reasons. Up to \$5,000 in grant funding is available per participant, and applications will be evaluated and prioritized based on the extent of the health and safety problems and the financial need of the applicants.

Drains/Sewer Contribution – \$587,928 The annual contribution to the Sewer Enterprise Fund offsets the cost of the Drains program. The Drains program, which is a General Fund expense, is appropriated to the Sewer Enterprise Fund as it is more efficient to account for the program in that manner. We continue to evaluate the benefits and challenges of funding the drains/stormwater program within the General Fund and will be recommending changes to the financial structure in the coming years.

Athletic Facility Improvement Fund – \$33,533 The purpose of the Athletic Facility Improvement Fund is to set aside capital funds for renovation and reconstruction of the Town’s athletic facilities and associated structures. Table 1.5 outlines appropriations to the fund over the past five years and is included at the end of this section. The funding recommendation is based on the five-year average of field administration fee collections.

Workers Compensation Internal Fund – \$130,000 The Workers Compensation Internal Fund is a reserve for work-related medical and indemnity payments for injured employees.

Public Safety Injury on Duty Fund – \$300,000 The May 1, 2021 Special Town Meeting approved the creation of this fund to build reserve for the Public Safety Injury on Duty Program.

Allowance for Abatements and Exemptions – \$2,200,000 These funds are reserved for property tax abatements and statutory exemptions. After the actual new growth revenue

for FY2023 is known, the amount of overlay may be increased. The final amount of the reserve is determined by the Department of Revenue when it approves the tax rate in December.

Needham Council for Arts and Culture (NCAC) Programs – \$25,000 The NCAC supports community-based projects and activities in the performing and visual arts, humanities, and interpretive sciences. The requested funding supplements funding received from the Commonwealth and will be used over a period of several years to allow the Council to support more programs in the community.

Diversity, Equity and Inclusion Program – \$100,000 Funding for this program will allow the Town to continue to implement the recommendations of the Needham Unit Against Racism Working Group on a community-wide basis and for Town staff on a multi-year basis.

Parking Study – \$135,000 The Select Board voted to seek funding for a study of the parking needs in Needham Center and Needham Heights. The purpose of the study is to help guide decision-making with respect to public parking options aligned with streetscape improvements, outdoor dining, and overall community interest in pedestrian-friendly and age-friendly amenities and infrastructure.

CONCLUSION

This balanced budget proposal is promulgated prior to the completion of the budget process for the Commonwealth. As revenue estimates are refined in the winter and spring, we will work with the various Town boards and committees in preparing the final budget to be presented to Town Meeting.

Our entire management team has worked collectively to implement creative ways of meeting the Town's sustainability goals. Efforts have been made to implement measures that will maximize the productivity of our organization and deliver the highest quality of services within available resources, aligned with stated goals of elected and appointed boards, committees, and commissions. I would especially like to thank Superintendent of Schools Dan Gutkanst, Assistant Town Manager David Davison, Assistant Town Manager Katie King, and Support Services Manager Myles Tucker for their work in the development of this budget.

I appreciate the spirit of cooperation that has been demonstrated by the Select Board, School Committee, and Finance Committee in the development of this budget, and applaud the commitment to sustainability on the part of Town boards and committees, Town Meeting, and ultimately the community. We are fortunate to have dedicated staff working every day to maintain the high quality of life our residents expect and deserve.

I couldn't be prouder to be associated with local government and the Town of Needham during these turbulent days. I thank you for the opportunity to serve the residents and businesses in the Town of Needham.

Respectfully submitted,



Town Manager

Appendix A Select Board Budget Priorities

The Select Board has adopted the following core budget priorities for general government operations. These priorities served as a key guideline in our evaluation of departmental spending requests.

1. Supporting items that contribute to the Town's recovery from the COVID-19 Pandemic.
2. Support for initiatives that ensure that Needham is a welcoming and inclusive community that fosters personal and community safety and ensures that all residents are secure and cared for during emergencies and natural disasters.
3. Supporting initiatives to ensure that Needham residents enjoy high levels of physical and mental well-being and abundant recreational, cultural and educational opportunities in an environment where human rights are respected, diversity is celebrated, and neighbors feel connected.
4. Supporting the renovation, reconstruction and/or preservation of the Town's capital assets in the most prudent, realistic, and efficient manner, including continued investment in buildings, infrastructure, and parks, along with the resources to support adequate staffing to accomplish this goal, particularly in Public Works and Park & Recreation.
5. Ensuring that Needham has the economic opportunities and resources for residents and businesses to thrive in our community.
6. Ensuring that Needham is a sustainable, thriving and equitable community that benefits from and supports clean energy; preserves and responsibly uses the earth's resources; and cares for ecosystems.
7. Creating or strengthening a multi-modal transportation system that gets people where they want to go, when they want to get there, safely and cost-effectively.
8. Support for initiatives that contribute to financial sustainability, including the maintenance of a debt service plan that balances capital needs with the Town's ability to pay, identification of alternative funding sources for traditional cash capital needs, evaluation of financing alternatives, and alignment of capital and maintenance needs with appropriate funding sources.
9. Achieving greater coordination and efficiency among Town departments and providing adequate resources to address identified service delivery and general administrative needs of the Town in a cost-effective manner.
10. Supporting excellent customer service, responsible management of the Town's assets, data-driven decision-making, and community engagement.
11. Maximizing resources within the limits of Proposition 2 ½ to avoid operating overrides.

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**Table 1.2
School Enrollment 2012/2013 to 2021/2022**

School Year	Enrollment	Percentage Change
2012/2013	5,476	1.2%
2013/2014	5,523	0.9%
2014/2015	5,519	-0.1%
2015/2016	5,581	1.1%
2016/2017	5,588	0.1%
2017/2018	5,665	1.4%
2018/2019	5,721	1.0%
2019/2020	5,707	-0.2%
2020/2021*	5,486	-3.9%
2021/2022	5,526	0.7%

*Restated Enrollment
Source: Needham Public Schools

**Table 1.3
Group Health Insurance Enrollment FY2018 to FY2022**

Fiscal Year	Town	% Increase over Prior Year	School	% Increase over Prior Year	Total Actives	% Increase over Prior Year
FY2018	291	1.75%	540	-0.74%	831	0.12%
FY2019	291	0.00%	540	0.00%	831	0.00%
FY2020	298	2.41%	557	3.15%	855	2.89%
FY2021	293	-1.68%	563	1.08%	856	0.12%
FY2022	288	-1.71%	565	0.36%	853	-0.35%

Total Change FY2018-FY2022		-1.03%		4.63%		2.65%
Total Change FY2021-FY2022		-1.71%		0.36%		-0.35%

Table 1.4

**General and Enterprise Fund Full-time Equivalent Benefit-Eligible Positions
FY2018 – FY2022 (excluding grant funded positions)**

Function	Funded FY18	Funded FY19	Funded FY20	Funded FY21	Funded FY22	FY18 - FY22 # Change	Proposed FY2023
General Government & Land Use	41.8	42.9	43.3	43.4	43.4	1.6	44.4
Public Safety	139.8	140.8	144.8	148.8	150.8	11.0	152.8
Public Works and Facilities	148.0	149.0	150.0	152.0	152.3	4.3	155.0
Community Services	33.7	36.6	37.1	38.0	38.3	4.6	40.3
Municipal Departments	363.3	369.3	375.2	382.2	384.8	21.5	392.5
School Department#	739.4	749.3	794.2	808.4	816.3	76.9	841.1

Proposed FY23 reflects the Superintendent's submitted budget

Table 1.5

Athletic Facility Improvement Fund					
Year	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2018	\$4,346,708	\$62,313			\$4,409,021
2019	\$4,409,021.00	\$68,829.98	\$63,378.00	(1,855,000.00)	\$2,686,228.98
2020	\$2,686,228.98	\$8,468.72	\$75,000.00	(2,500,000.00)	\$269,697.70
2021	\$269,697.70	\$505.57			\$270,203.27
2022*	\$270,203.27	\$151.85	\$705,715.00		\$976,070.12
* Balance as of December 31, 2021					

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Table 1.6

Capital Facility Fund					
Year	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2018	\$1,830,675.31	\$13,249.37		(\$1,817,000.00)	\$26,924.68
2019	\$26,924.68	\$42,451.07	\$1,817,000.00		\$1,886,375.75
2020	\$1,886,375.75	\$31,712.43			\$1,918,088.18
2021	\$1,918,088.18	\$3,597.51			\$1,921,685.69
2022	\$1,921,685.69	\$977.69			\$1,922,663.38
* Balance as of December 31, 2021					

Table 1.7

Capital Improvement Fund					
Year	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2018	\$735,557.37	\$11,669.27			\$747,226.64
2019	\$747,226.64	\$21,937.27	\$141,413.00		\$910,576.91
2020	\$910,576.91	\$17,827.24	\$166,612.00		\$1,095,016.15
2021	\$1,095,016.15	\$2,053.78			\$1,097,069.93
2022*	\$1,097,069.93	\$557.98			\$1,097,627.91
* Balance as of December 31, 2021					

Table 1.8

Debt Service Stabilization Fund					
Year	Start	Interest	Appropriations to the Fund	Appropriations from the Fund	Balance
2018	\$938,934.72	\$32,143.38	\$1,091,874.00		\$2,062,952.10
2019	\$2,062,952.10	\$51,553.84			\$2,114,505.94
2020	\$2,114,505.94	\$35,544.67			\$2,150,050.61
2021	\$2,150,050.61	\$4,032.50			\$2,154,083.11
2022	\$2,154,083.11	\$1,095.87			\$2,155,178.98
* Balance as of December 31, 2021					

Fiscal Year 2023 Proposed Budget

							Town Manager Recommendation			
Line #	Description	FY2021 Expended	FY2022 Current	Total Request	Change from FY2022	Total Reductions	Balanced Budget	Change from FY2022		
Townwide Expenses										
1	Casualty, Liability, Property & Self-insurance Program	667,584	758,900	834,262	75,362	9.9%	834,262	75,362	9.9%	
2	Debt Service	21,091,658	20,764,142	20,198,294	(565,848)	-2.7%	20,198,294	(565,848)	-2.7%	
3	Group Health Insurance, Employee Benefits & Administrative Costs	15,925,132	16,462,059	17,437,463	975,404	5.9%	(182,067)	17,255,396	793,337	4.8%
4	Needham Electric, Light & Gas Program	3,509,568	3,858,097	4,121,023	262,926	6.8%		4,121,023	262,926	6.8%
5	Retiree Insurance & Insurance Liability Fund	7,197,713	7,426,237	7,865,336	439,099	5.9%	(20,862)	7,844,474	418,237	5.6%
6	Retirement Assessments	9,368,084	10,417,439	11,407,096	989,657	9.5%		11,407,096	989,657	9.5%
7	Workers Compensation	746,833	828,731	738,285	(90,446)	-10.9%	(6,215)	732,070	(96,661)	-11.7%
8	Injury on Duty & 111F			151,105	151,105			151,105	151,105	
9	Classification Performance & Settlements	Transfers Only	426,327	1,332,466	906,139	####		1,332,466	906,139	####
10	Reserve Fund	Transfers Only	2,077,091	2,225,913	148,822	7.2%		2,225,913	148,822	7.2%
Group Total		58,506,573	63,019,023	66,311,243	3,292,220	5.2%	(209,144)	66,102,099	3,083,076	4.9%
Select Board and the Office of the Town Manager										
11A	Salary & Wages	937,843	1,040,373	1,060,329	19,956			1,060,329	19,956	
11B	Expenses	129,758	192,519	205,076	12,557			205,076	12,557	
	Total	1,067,601	1,232,892	1,265,405	32,513	2.6%		1,265,405	32,513	2.6%
Office of the Town Clerk										
12A	Salary & Wages	397,426	367,637	406,546	38,909			406,546	38,909	
12B	Expenses	55,283	63,525	81,720	18,195			81,720	18,195	
	Total	452,709	431,162	488,266	57,104	13.2%		488,266	57,104	13.2%
Legal Services										
13B	Expenses	325,323	329,140	329,140				329,140		
	Total	325,323	329,140	329,140				329,140		
Finance Department										
14A	Salary & Wages	2,041,300	2,181,197	2,315,869	134,672		(10,125)	2,305,744	124,547	
14B	Expenses	1,273,020	1,324,540	1,331,273	6,733		(1,582)	1,329,691	5,151	
14C	Capital	93,249	95,000	95,000				95,000		
	Total	3,407,568	3,600,737	3,742,142	141,405	3.9%	(11,707)	3,730,435	129,698	3.6%

Fiscal Year 2023 Proposed Budget

							Town Manager Recommendation	
Line #	Description	FY2021 Expended	FY2022 Current	Total Request	Change from FY2022	Total Reductions	Balanced Budget	Change from FY2022
Finance Committee								
15A	Salary & Wages	39,677	39,682	41,904	2,222		41,904	2,222
15B	Expenses	461	1,400	1,460	60		1,460	60
	Total	40,138	41,082	43,364	2,282	5.6%	43,364	2,282 5.6%
Planning and Community Development								
16A	Salary & Wages	544,414	494,404	515,949	21,545		515,949	21,545
16B	Expenses	28,359	34,450	36,850	2,400		36,850	2,400
	Total	572,773	528,854	552,799	23,945	4.5%	552,799	23,945 4.5%
Police Department								
17A	Salary & Wages	6,345,278	7,160,476	7,135,569	(24,907)		7,135,569	(24,907)
17B	Expenses	334,221	414,650	507,827	93,177		507,827	93,177
17C	Capital	263,388	113,156	257,884	144,728		257,884	144,728
	Total	6,942,888	7,688,282	7,901,280	212,998	2.8%	7,901,280	212,998 2.8%
Fire Department								
18A	Salary & Wages	8,469,678	8,979,502	9,403,525	424,023		9,403,525	424,023
18B	Expenses	338,437	401,179	445,467	44,288		445,467	44,288
18C	Capital	18,000	32,784	35,334	2,550		35,334	2,550
	Total	8,826,114	9,413,465	9,884,326	470,861	5.0%	9,884,326	470,861 5.0%
Building Department								
19A	Salary & Wages	647,418	788,542	797,717	9,175		797,717	9,175
19B	Expenses	12,279	51,040	51,040			51,040	
	Total	659,697	839,582	848,757	9,175	1.1%	848,757	9,175 1.1%
Minuteman Regional High School Assessment								
20	Assessment	1,112,549	1,230,287	1,483,173	252,886		1,483,173	252,886
	Total	1,112,549	1,230,287	1,483,173	252,886	20.6%	1,483,173	252,886 20.6%
Needham Public Schools								
21	Budget	79,650,229	83,603,397	87,200,562	3,597,165		87,200,562	3,597,165
	Total	79,650,229	83,603,397	87,200,562	3,597,165	4.3%	87,200,562	3,597,165 4.3%
Building Design and Construction Department								
22A	Salary & Wages	461,925	377,112	342,389	(34,723)		342,389	(34,723)
22B	Expenses	11,061	15,175	15,175			15,175	
	Total	472,986	392,287	357,564	(34,723)	-8.9%	357,564	(34,723) -8.9%

Fiscal Year 2023 Proposed Budget

							Town Manager Recommendation			
Line #	Description	FY2021 Expended	FY2022 Current	Total Request	Change from FY2022	Total Reductions	Balanced Budget	Change from FY2022		
Department of Public Works										
23A	Salary & Wages	9,013,508	9,740,095	10,512,812	772,717	(309,061)	10,203,751	463,656		
23B	Expenses	7,172,270	7,351,890	8,180,064	828,174	(14,600)	8,165,464	813,574		
23C	Capital	149,330	178,000	190,499	12,499	(75,000)	115,499	(62,501)		
23D	Snow and Ice	800,711	428,850	433,139	4,289		433,139	4,289		
	Total	17,135,819	17,698,835	19,316,514	1,617,679	9.1%	(398,661)	18,917,853	1,219,018	6.9%
Municipal Parking Program										
24	Program	128,274	134,592	151,818	17,226		151,818	17,226		
	Total	128,274	134,592	151,818	17,226	12.8%	151,818	17,226	12.8%	
Health and Human Services Department										
25A	Salary & Wages	1,815,797	1,946,383	1,985,557	39,174		1,985,557	39,174		
25B	Expenses	359,368	422,488	434,735	12,247		434,735	12,247		
	Total	2,175,165	2,368,871	2,420,292	51,421	2.2%	2,420,292	51,421	2.2%	
Commission on Disabilities										
26A	Salary & Wages	1,500	1,500	1,500			1,500			
26B	Expenses	15	550	550			550			
	Total	1,515	2,050	2,050			2,050			
Historical Commission										
27B	Expenses		1,050	1,050			1,050			
	Total		1,050	1,050			1,050			
Public Library										
28A	Salary & Wages	1,432,841	1,680,645	1,835,517	154,872	(109,581)	1,725,936	45,291		
28B	Expenses	366,932	374,631	437,623	62,992	(46,760)	390,863	16,232		
	Total	1,799,772	2,055,276	2,273,140	217,864	10.6%	(156,341)	2,116,799	61,523	3.0%
Park and Recreation Department										
29A	Salary & Wages	583,470	967,003	1,166,086	199,083	(67,229)	1,098,857	131,854		
29B	Expenses	186,017	222,200	240,511	18,311		240,511	18,311		
	Total	769,486	1,189,203	1,406,597	217,394	18.3%	(67,229)	1,339,368	150,165	12.6%
Memorial Park Trustees										
30B	Expenses	750	750	750			750			
	Total	750	750	750			750			
Department Budget Total		125,541,357	132,781,794	139,668,989	6,887,195	5.2%	(633,938)	139,035,051	6,253,257	4.7%
Total Operating Budget		184,047,929	195,800,817	205,980,232	10,179,415	5.2%	(843,082)	205,137,150	9,336,333	4.8%

Fiscal Year 2023 Proposed Budget

							Town Manager Recommendation		
Line #	Description	FY2021 Expended	FY2022 Current	Total Request	Change from FY2022	Total Reductions	Balanced Budget	Change from FY2022	
Sewer Enterprise									
201A	Salary & Wages	890,210	1,041,733	1,080,247	38,514		1,080,247	38,514	3.7%
201B	Expenses	409,924	513,076	575,691	62,615		575,691	62,615	12.2%
201C	Capital	45,000	51,000	51,000			51,000		
201D	MWRA	6,399,895	6,614,690	6,614,690			6,614,690		
201E	Debt Service	645,377	610,000	610,000			610,000		
202	Reserve Fund		35,000	35,000			35,000		
Total		8,390,406	8,865,499	8,966,628	101,129	1.1%	8,966,628	101,129	1.1%
Water Enterprise									
301A	Salary & Wages	1,187,267	1,457,409	1,492,528	35,119		1,492,528	35,119	2.4%
301B	Expenses	986,127	1,294,764	1,361,349	66,585		1,361,349	66,585	5.1%
301C	Capital	15,000	40,000		(40,000)			(40,000)	
301D	MWRA	1,122,902	1,670,433	1,670,433			1,670,433		
301E	Debt Service	1,244,543	1,250,000	1,250,000			1,250,000		
302	Reserve Fund		75,000	75,000			75,000		
Total		4,555,839	5,787,606	5,849,310	61,704	1.1%	5,849,310	61,704	1.1%