

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

February 20, 2020

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

Re: Finance Committee Fiscal Year 2021 Draft Budget Recommendation

Dear Kate:

I have enclosed the Finance Committee's voted draft of the General Fund operating budget recommendation for fiscal year 2021 totaling \$190,247,810. The Finance Committee held hearings and analyzed the budget requests from each department manager, as well as your recommended balanced budget for FY2021. The Finance Committee also carefully considered the School Superintendent's proposed FY2021 budget as well as the School Committee's voted budget. As you know, the Finance Committee will be submitting a final FY2021 operating budget recommendation in March, as required under the Town By-Laws. Thus, this initial draft budget is subject to change.

The Finance Committee's draft budget shows specific recommendations for the FY2021 Townwide Expenses budget as well as the salary and expense budgets for each of the Town departments, and a recommended bottom line allocation for budget for the Needham Public Schools. The Finance Committee appreciates the hard work and careful thought you and your staff have made to create your FY2021 budget recommendation. The Finance Committee carefully considered your recommendations, and voted a draft budget which mirrors your budget to a great extent, but has some recommended changes. 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. While the Town has enjoyed some significant growth in the tax base in recent year allowing for significant budgetary expansions, in the coming years, the Finance Committee urges that the Town, including the public schools and the municipal services, are mindful of sustainability and the need to keep increases within the rate of revenue growth.

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:

- School Department
- Department of Public Works
- Municipal Parking
- Health and Human Services
- Public Library

The Finance Committee remains concerned about the tax burden on residents as debt payments continue to increase due to the ongoing and recently completed capital projects, and as school enrollment and the need for municipal services expand. Requests for growth in employee headcount must always be carefully vetted and assessed. The FY2021 budget includes a notable increase in special education staffing as the School Department continues to strengthen certain specialized programming and to meet target caseloads for staff. The final phase of a planned staffing increase in the Police Department is funded, as well as increased staffing in both the DPW and Health and Human Services Department to meet growing demands for services. The Finance Committee is not recommending a decrease in staffing in FY2021, but continues to monitor the staffing level in the Building Construction and Design Department, where the workload is expected to decrease as some significant construction projects are wrapping up.

The Finance Committee's FY2021 voted draft budget includes the adjustments to the department's requested budgets as follows:

Minuteman Regional High School Assessment: The Town received an updated of the FY2021 assessment for Needham after you prepared your recommended budget. With the revised estimate, this line decreased \$105,099.

Needham Public Schools: The School Committee was considering the budget for the Schools at the same time that you were developing your budget. The School Committee considered the requests from the various administrators as well as certain proposed reductions. The School Committee's voted budget was \$3,307 less than your recommended budget. The Finance Committee is recommending the same bottom line for the Needham Public Schools as the School Committee voted.

Department of Public Works: The Finance Committee felt that there was insufficient information to support the creation of a new position Fleet Service and Parts Manager at this time. The Committee is open to hearing additional information in support of this position. The draft budget reduced the DPW line by \$81,385 for the salary and expenses relating to this position. The Committee would also be interested to hear more information regarding why your budget did not recommend funding the requested HVAC Technician position.

Municipal Parking Program: The Finance Committee budget voted to remove \$15,000 from this budget line for the proposed Pest Control Program and add it to the Health and Human Services budget, as the Public Health division handles other pest control activities.

Health and Human Services Department: As noted above, the Finance Committee is recommending the consolidation of the pest control expenses in this budget. Thus, this budget was increased \$15,000 to implement pest control services in municipal parking lots. The Finance Committee also voted to increase this budget by \$18,200 to cover the request to fund additional hours of Environmental Health Inspections.

Needham Public Library: The Finance Committee has decreased the recommended Library budget by \$24,000, representing the funding for the OCLC WorldCat and OverDrive Basic subscriptions, which have been funded from State Aid. The Committee does not dispute the value of these programs. Because there is sufficient funding in the State Aid to cover these costs for FY2021, the Committee has opted to defer moving these costs into the annual operating budget until the Board of Trustees of the Needham Free Public Library has issued its policy for the use of its State Aid that is currently planned.

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 2021 budget does not include any changes to those budget lines, except for the Reserve Fund.

Reserve Fund: As you know, the Reserve Fund provides funds for expenditures that are extraordinary or are unforeseen when the budget is developed. By statute, the Finance Committee may authorize transfers to other budget lines during the fiscal year as needed. In this draft budget, the Finance Committee is recommending that the Reserve Fund be increased by \$195,591 compared to your proposed budget. This represents \$213,791 of reduced expenditures that were in your proposed budget which are not currently being recommended the Finance Committee (as described above), offset by an increase of \$18,200 in the Health and Human Services budget to fund requested additional Environmental Health Inspections. The final recommended appropriation to the Reserve Fund may change, depending on the Finance Committee's final recommendations for other budget lines.

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 consideration 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 Department Managers, the School Superintendent, the School Director of Financial Operations, the Board of Selectmen, the School Committee, and the School

Kate Fitzpatrick
February 20, 2019
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Central Administration for your cooperation, candor, and invaluable support throughout the process of developing our FY 2021 operating budget recommendation.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Tom Jacob', with a stylized flourish at the end.

Tom Jacob
Chair
Needham Finance Committee

Enclosure

Cc with enclosure:

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