

Sustainable Needham

A Bridge to 2013

“Bridge: **a:** a structure carrying a pathway or roadway over a depression or obstacle **b:** a time, place, or means of connection or transition” – Merriam Webster

As required by the General By-laws of the Town of Needham, and after consultation with the Board of Selectmen, School Committee and Finance Committee, we present our fifth balanced budget proposal based on the principles of sustainability – meeting the needs of today without compromising the ability of future generations to meet their own needs.

The Town is faced with the stark reality of insufficient revenue to fund the services that our residents and businesses have come to expect. In FY2009, the Town collected \$1.8 million less in local receipts than the prior year, and this amount serves as the basis for our FY2011 projection. Moreover, we are projecting an additional \$1.1 million reduction in State Aid. Crafting a budget for services that are inherently more expensive in FY2011 with \$3 million less revenue is certainly a challenge.

As we evaluated the departmental spending requests and Townwide expenses, our primary concerns were fourfold: first, to limit as much as possible the impact on direct service delivery, creating a “bridge to FY2013” when we expect that the Town’s revenue will begin to grow at its historical rate; second, to take steps to mitigate (and not worsen) the structural budget gap created for FY2012 by use of one-time revenue to support on-going operations; third to maintain investment in capital facilities and equipment, and fourth, to continue to strive to achieve sustainability in all Town operations.

All department managers and the School Superintendent submitted spending requests with very modest increases, and in some cases submitted spending requests that were lower than their FY2010 budgets. None of the base budget requests include increases in headcount (benefit-eligible employees) or any allocation for cost-of-living increases. As a result, the submitted base budgets were significantly lower than the estimate contained in the August, 2009 pro forma budget, which was based on an estimate historical salary growth.

In total, the balanced budget includes \$1,321,509 in budget request reductions (net of proposed increases), and \$65,750 in financial warrant article reductions. In terms of base operating budget requests, the plan includes targeted reductions in the amount of \$929,198 (or \$707,998 net of proposed increases). In general, these reductions have limited impact on direct service delivery.

The School Superintendent’s submitted budget includes no allocation for cost-of-living increases and targeted spending cuts. The budget submission relies on a 1% increase from the operating budget (\$454,994) and an additional \$837,000 in Federal stimulus and other one-time sources. In making this recommendation, the Superintendent was mindful of the structural budget gap created for the FY2012 budget. We agree with the Superintendent’s approach, as it is part of the bridge to 2013, providing more time for the Town to devise strategies for continuing service delivery in FY2012.

After identifying areas for budget reduction that have limited impact on service delivery, we propose to increase the amount of operating budget revenue allocated to the Needham Public Schools solely to reduce the reliance on one-time revenue to support operations in the amount of \$221,200. Use of the additional allocation to increase staffing or restore programs would be inadvisable and, rather than mitigating the budget gap in FY2012, would worsen it. We propose that the remaining Federal stimulus funds not used to support the operating budget (\$221,200) be used to fund School-related cash capital, which in turn enables us to recommend funding for other urgently needed capital equipment, specifically the first priority in the secondary cash capital category – DPW core fleet replacement. The proposal also has the effect of aligning one-time revenue with a one-time expense – a sustainable approach.

The proposed balanced budget includes several initiatives aimed at improving efficiency, which will, in the long-term, have a positive impact on efforts to achieve sustainability, including the creation of a Department of Planning and Community Development, and the creation of a regional veteran’s district, as discussed below.

Table 1.1
Needham Public Schools Enrollment
2000/2001 - 2009/2010

	Enrollment	Percentage Change
2000/2001	4,374	0.9%
2001/2002	4,439	1.5%
2002/2003	4,565	2.8%
2003/2004	4,667	2.2%
2004/2005	4,838	3.7%
2005/2006	4,915	1.6%
2006/2007	4,979	1.3%
2007/2008	5,003	0.5%
2008/2009	5,059	1.1%
2009/2010	5,238	4.7%
2000/2001 to 2009/2010		
Increase:		19.8%

Source: Future School Needs Committee Annual Reports

The most important aspects of the sustainability effort are those that remain tried and true: refraining from appropriating any portion of the Stabilization Fund toward operating expenses, even in years of fiscal distress; building up reserves to meet known future needs, such as for post employment benefits and capital facility maintenance; and allocating only the recurring portion of the free cash reserve to operations.

Resisting the temptation to allocate a greater share of non-recurring revenue in the face of a growing demand for services and capital needs has not been and will not be easy. The Town’s willingness to do so over

the past decade, however, is symbolic of its commitment to sustainability.

Coupled with modest revenue growth, the Town is grappling with growing service demands in all sectors – calls for emergency services, demand on Library circulation, interest in Park and Recreation programs, and increasing senior population (one in four residents will be over the age of 60 by the end of 2010, according to projections), and most visibly a growing school age population. Over the past ten years, the number of students attending Needham Public Schools grew by almost 20% (Table 1.1).

This balanced budget proposal is promulgated prior to the start 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.

During this week when Americans remember and honor Martin Luther King, Jr., I am reminded of his words: "The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."¹

These are certainly challenging times for local government. While we are taking the first steps to build a bridge to 2013, we are certain that the bridge is unlikely to lead us to comfort and convenience. I continue to be impressed with the courageous commitment to sustainability that has been demonstrated by the Board of Selectmen, School Committee, Finance Committee, Town Meeting, and ultimately the community, and am confident that together we can meet the challenges and controversies that arise.

We also fortunate as a community to have a dedicated, loyal, and hardworking staff who, like board and committee members, often put the needs of the community ahead of their own personal interests.

Thank you for the opportunity to serve the Town of Needham and to participate in our experiment in sustainable living.

Kate Fitzpatrick

Town Manager

State of the Commonwealth

Uncertain

“Even with this revenue growth, the state faces an estimated \$3 billion structural deficit in fiscal 2011. Balancing the 2011 budget will require significant cuts across all of state government.”²

Aid from the Commonwealth to cities and towns is a critical component of the partnership between the State and local communities. State to local revenue sharing was an important factor in the passage of local property tax limits under proposition 2½. Significant gains in local aid were made during the 1990’s after the passage of the Education Reform Law, and more recently, the Governor and Legislature made a commitment to assist those communities that fell below “foundation level,” many of whom saw their “Chapter 70” education aid reduced by more than 20% in FY2004. The Town’s aid from the Commonwealth declined significantly in FY2004, then grew steadily until being cut again in FY2010. (Table 1.2)

**Table 1.2
Major Local Aid Categories FY03 - FY10**

Fiscal Year	Additional Assistance	Chapter 70	School Transportation	Lottery/UGGA*	Total
FY03	\$242,345	\$4,504,997	\$149,373	\$1,669,029	\$6,565,744
FY04	\$205,993	\$3,603,998	\$0	\$1,418,675	\$5,228,666
FY05	\$205,993	\$3,603,998	\$0	\$1,418,675	\$5,228,666
FY06	\$205,993	\$3,838,948	\$0	\$1,619,031	\$5,663,972
FY07	\$205,993	\$4,366,273	\$0	\$1,935,797	\$6,508,063
FY08	\$205,993	\$5,124,207	\$0	\$1,966,680	\$7,296,880
FY09	\$205,993	\$6,118,846	\$0	\$1,966,680	\$8,291,519
FY10	\$0	\$5,996,469	\$0	\$1,538,073	\$7,534,542
Total Change	-100.0%	33.1%	-100.0%	-7.8%	14.8%

Additional Assistance and Lottery Categories were combined in FY2010 to create "Unrestricted General Government Aid" (UGGA)

Given the continued, dire fiscal challenges faced by the Commonwealth, we are projecting a 20% reduction in non-School aid, and a 12% reduction in School aid in FY2011 – a loss of more than \$1 million. Under this scenario, the Town’s aid from the Commonwealth would represent only 6.6% of total revenue available for appropriation – down from 8.6% in FY2006 – a 30% decline in five years.

Key Budget Components

Energy, Infrastructure & Human Resources

"When Mozart composed his String Quartet in G Minor (K.516), in 1787, you needed five people to perform it – two violinists, two violists, and a cellist. Today, you still need five people, and, unless they play really fast, they take about as long to perform it as musicians did two centuries ago. So much for progress."³

Key budget drivers in local government remain the unpredictable cost of energy, aging infrastructure and capital facilities, and the large share of human resources costs that grow faster than the rate of inflation.

Energy

The balanced budget includes a welcome reduction in the projected cost of energy. This reduction stems from three major sources: a worldwide reduction in wholesale energy prices, special pricing agreements that the Town has entered into, and energy conservation efforts within the Town. As will be outlined below, the balanced budget includes a corresponding reduction of **\$400,000** from the energy line item.

In recent years, the Town has taken many steps to reduce energy consumption. The Public Facilities Department has begun the process of evaluating the Town's oldest and least efficient buildings, identifying areas for modest investment that will translate into immediate energy savings. The Department is in the process of tightening building envelopes, upgrading equipment, adjusting and improving remote building management systems, and installing better controls on heating and cooling systems.

The Department of Public Works recently oversaw the complete replacement of mercury vapor streetlights with the much more energy efficient high pressure sodium fixtures. Over the next few years, all of the traffic signals will be converted to LED fixtures and all incandescent bulbs will be removed.

The heating and cooling system at the new Public Services Administration Building will be a geothermal system, which will be used as a trial of this technology with the hope of attaining an overall energy reduction. The Town's Public Library is LEED certified, and most new construction includes significant "green design" elements.

As part of our Sustainable Needham Initiative, the Town committed to reducing its energy consumption by 5% in fiscal year 2010 (2009/2010 school year). The School

Superintendent and I challenged all Town staff to participate in three basic initiatives, including adherence to new policies on lighting, temperature, and appliances.

Infrastructure

We are faced with insufficient revenue to achieve all of our infrastructure objectives, and difficult decisions about prioritization remain ahead. Over the past five years, the Town has invested \$5,280,700 in roadway improvements including streets, sidewalks, bridges, intersections, and drainage; \$7,871,800 in sewer infrastructure investment; and \$10,961,800 in water infrastructure investment. The Capital Improvement Plan includes \$28,771,300 in recommended projects in these three categories over the next five years, beginning in FY2011.

In the past ten years, the Town renovated and expanded the Broadmeadow School, replaced the Eliot School, renovated and expanded the High School, renovated and expanded the Public Library, renovated and expanded the High Rock School, and constructed a new Public Services Administration Building. The Town has approved the renovation and expansion of the historic Town Hall, and the extraordinary repair of the heating and ventilation system at the Newman School, along with related structural and system repairs. The Capital Improvement Plan includes \$12,989,372 in recommended building repair and renovation projects over the next five years, beginning in FY2011, including the construction of a new senior center, relocation of the DPW salt shed, and extraordinary repairs at the Pollard Middle School.

Moreover, there are several pending extraordinary projects for which funding has not yet been identified, most notably repair and rehabilitation of the Rosemary Pool Complex, rehabilitation of the Town's athletic facilities, extensive renovation and improvement to the Department of Public Works Complex (the PSAB facility is phase one of a larger project), and of course renovation of the Mitchell and Hillside Elementary Schools.

An extraordinary amount of investment of resources – both financial and staff and volunteer effort – have been dedicated to the Town's infrastructure this decade. Such investment has been carefully and cautiously balanced to ensure that the Town's debt burden remains sustainable (meeting today's needs without jeopardizing the needs of the next generation), and does not crowd out our ability to maintain services. The Town's steadfast determination to abide by its stated debt policies – to expend or reserve 3% of general fund revenue for debt service within the tax levy, and to strive to limit total debt service to 10% of revenue from all sources, except in extraordinary circumstances – will ensure that this balance is maintained.

Human Resources

So where does the string quartet fit in? The answer lies in productivity and the cost of human resources. Because the quartet takes the same number of people and the same amount of time to perform, economists say that the productivity of classical musicians has not improved over time – similar to many social sector functions. As the American economy has continued to become more productive, producing more for less, many private sector companies can hold down costs, and in good times they

can raise wages without increasing prices.⁴

Such productivity increases are good for the economy, but produce problems for the non-productive social and government sector enterprises, which often have to increase wages to remain competitive or else employees will eventually migrate to business that pay better. Thus, prices rise in these sectors just to maintain existing staffing – and this phenomenon is referred to as “Baumol’s cost disease.”⁵

“There are really two American economies: one that’s getting more productive and one that’s not...Some of the most important services that the government provides – education, law enforcement, health care – are the hardest to make more productive. To keep providing the same quality of services, then, government has to get more expensive. People pay more in taxes and don’t get more in return, which makes it look as though the public sector, at least compared with the private sector, is inept and bloated. But it could be that the government is merely stuck in inherently low-productivity-growth business. It’s not inefficient. It’s just got a bad case of Baumol’s”⁶

While the Town may not be suffering from Baumol’s disease, it is fair to say that maintenance of our existing workforce is the largest municipal expense. Our sustainability aim is to keep the growth in personnel-related costs in alignment with the growth in revenue – typically 4 to 4.5% on average (although not this year), and we have embarked on several initiatives to meet that objective.

Over 74% of the Town’s budget is allocated to personnel-related costs, including salary and wages, health insurance, retirement assessments, unemployment and workers compensation. While employee benefits and assessments costs moderated in FY2010, FY2011 projections include a return to double digit increases in this line item.

Health Insurance

With respect to health insurance, the largest component of benefits and assessments, the budget includes a projected 7% increase in health insurance rates. However, enrollment in the Town’s group health insurance program increased by 13% in FY2010 (Table 1.3). This change is attributable in part to the increase in headcount approved by the voters to open the High Rock School. In addition, employees who previously participated in a spouse’s plan have migrated to the Town’s plan, likely due to changes in spousal employment status.

Finding ways to restructure the Town’s health insurance offerings to moderate the rate of growth and to align the cost of providing coverage with the Town’s ability to pay for it has been a critical priority in the coming years. Beginning in FY2010, all new non-union employees (General Government and School Departments) will be required to participate in so-called “rate saver” plans – these are higher out-of-pocket plans with lower premiums. Several bargaining units have also agreed to the implementation of a rate saver requirement for new hires. As new hires (and existing employees who so desire) migrate to the rate saver plans, the premium costs for both the employee and employer are expected to grow at a slower rate. Municipal health insurance programs are strictly regulated by State law, and are subject to collective bargaining. Legislative relief that will allow cities and towns the

same tools for managing health plan design, which are available to the Commonwealth itself, will be exceptionally helpful in furthering this effort.

**Table 1.3
Health Insurance Enrollment
FY2003 - 2010**

Fiscal Year	Town	School	Total Actives	Retirees	Total Active & Retired
FY03	292	439	731	704	1,435
FY04	285	474	759	716	1,475
FY05	305	491	796	750	1,546
FY06	298	507	805	759	1,564
FY07	304	492	796	771	1,567
FY08	287	509	796	775	1,571
FY09	293	491	784	804	1,588
FY10	286	541	827	796	1,623
Total Change FY03-FY10	-2%	23%	13%	13%	13%

Salaries and Changes in Headcount

The number of full-time equivalent employees over the period FY2003 to FY2010 for General Government departments has remained flat (up .2%). The number of School Department FTE's has grown by 12.5%, partially attributable to the opening of the High Rock School in 2009, since FY2004 (see Table 1.4).

**Table 1.4
Full-time Equivalent Benefit-Eligible Positions
FY03 to FY10**

	Funded FY03	Funded FY04	Funded FY05	Funded FY06	Funded FY07	Funded FY08	Funded FY09	Funded FY10	FY03-10 % Change
BOS/TM	6.8	6.8	6.8	6.8	6.8	6.8	7.9	8.0	17.6%
Town Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0%
Finance	22.8	20.7	20.7	20.7	21.7	21.7	21.7	21.7	-4.8%
Finance Committee	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-2.0%
Police	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	0.0%
Fire	75.0	75.0	75.0	74.0	74.0	74.0	74.0	74.0	-1.3%
Building	5.6	5.6	5.6	7.0	7.0	7.0	7.0	7.0	25.0%
DPW	88.0	84.0	85.0	85.0	87.0	87.0	88.0	89.0	1.1%
Public Facilities	56.1	52.1	53.7	50.5	50.5	52.7	53.2	53.8	-4.2%
Health	4.4	4.4	4.4	4.4	4.4	4.6	4.6	4.6	4.5%
Div. Comm. Social Serv.	8.6	8.6	8.6	8.6	8.1	8.1	8.3	8.3	-3.7%
Planning	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	50.0%
Board of Appeals	0.3	0.3	0.6	0.6	0.6	0.6	0.6	0.6	100.0%
Conservation	0.7	0.7	0.7	0.7	0.7	1.3	1.3	1.3	85.7%
Library	12.5	12.5	12.5	14.0	14.0	14.0	14.0	14.0	12.0%
Park and Recreation	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0%
Total	349.4	339.2	342.1	340.8	343.3	347.3	350.1	351.8	0.2%
Needham Public Schools (FY04 - FY10)	n/a	552.5	564.5	582.1	580.8	607.2	607.6	621.4	12.5%

Source: 2009 Annual Town Meeting Warrant, School Department Budget
 Note: School FTE calculation methodology changed effective FY04, these numbers have been restated

Fiscal Year 2011 Proposed Budget

Annual increases in salary line items over the past six years have generally mirrored the overall increase in revenue (4.5% overall, 5.2% for the Needham Public Schools, and 3.4% for General Government departments). However, increasing fixed costs over that same period have absorbed the majority of new revenue, resulting in budget cuts or override requests (see Table 1.5). For FY2011, the Town will not enjoy the historical increase in revenue, and the balanced budget includes no allocation for cost-of-living increase.

	FY2003	FY2004	FY2005	FY 2006	FY2007	FY 2008	FY2009	FY2010 Current	Average % Change
Board of Selectmen/Town Manager	387,669	384,993	397,189	430,590	488,912	504,290	586,099	630,398	7.3%
Town Clerk/Board of Registrars	177,733	194,361	188,387	205,048	251,009	258,026	276,327	263,081	6.1%
Legal	58,192	59,750	61,244	63,081	64,637	65,464	66,979	68,664	2.4%
Personnel Board	1,985	1,523	1,562	1,609	1,641	1,641	1,641	1,128	-6.7%
Finance Department	1,143,333	1,084,833	1,116,037	1,133,619	1,262,829	1,291,273	1,296,242	1,371,597	2.7%
Finance Committee	27,915	25,250	25,625	26,394	27,209	28,547	29,861	29,993	1.1%
Total Municipal Administration	1,796,827	1,750,710	1,790,044	1,860,341	2,096,237	2,149,201	2,257,149	2,364,861	4.1%
Planning Department	123,418	121,741	124,160	131,664	137,811	188,469	196,791	207,833	8.3%
Conservation Commission	27,805	29,317	29,613	31,646	40,870	62,438	66,348	72,652	15.9%
Board of Appeals	13,894	14,963	15,337	15,786	23,385	24,239	26,018	25,177	9.9%
Total Development	165,117	166,021	169,110	179,096	202,066	275,146	289,157	305,662	9.7%
Police	3,832,858	3,836,266	3,950,138	4,096,350	4,256,517	4,307,656	4,529,149	4,771,895	3.2%
Fire	4,857,431	4,957,565	4,970,245	5,159,042	5,152,611	5,330,631	5,616,784	5,714,803	2.4%
Building	262,870	276,080	279,215	360,797	385,753	407,324	422,358	444,020	8.1%
Total Public Safety	8,953,159	9,069,911	9,199,598	9,616,189	9,794,881	10,045,611	10,568,291	10,930,718	2.9%
Education	27,951,274	28,629,775	29,546,849	31,913,492	33,589,270	35,551,166	36,901,626	39,742,384	5.2%
Public Works	2,549,737	2,446,938	2,615,781	2,708,592	2,962,632	2,971,552	3,137,945	3,258,049	3.6%
Public Facilities	2,290,779	2,221,182	2,330,197	2,327,509	2,432,903	2,540,529	2,608,373	2,875,501	3.4%
Board of Health	274,472	281,167	289,816	304,968	318,046	344,624	364,066	377,408	4.7%
Diversified Community Social Services	430,709	438,386	449,286	478,503	468,797	469,698	501,839	525,393	2.9%
Library	772,654	774,050	791,118	867,514	963,323	1,000,410	1,033,541	1,075,014	4.9%
Park and Recreation	374,296	380,042	388,876	403,121	411,918	423,651	430,134	441,142	2.4%
Total Community Services	1,852,131	1,873,645	1,919,096	2,054,106	2,162,084	2,238,383	2,329,580	2,418,957	3.9%
CPS				25,036	39,271	0	55,616	16,811	
Total	45,559,024	46,158,182	47,570,675	50,684,361	53,279,344	55,771,588	58,147,737	61,912,943	4.5%
Total General Government	17,607,750	17,528,407	18,023,826	18,770,869	19,690,074	20,220,422	21,246,111	22,170,559	3.4%

Budget in Brief

Practices, Priorities, Process

"A budget is a plan expressed in monetary terms covering a specific period of time...The language of budgets is dollars and cents, but a town's budget should communicate more than the relationship of revenues and expenses for a fiscal year." ⁷ The budget should be a policy document, financial plan, operations guide, and communications device.

The FY2011 General Fund budget totals **\$109,679,481** or **\$3,253,330** more than FY2010, representing growth of 3.1%. The budget includes the base budget recommendations, as well as performance budget recommendations, for which no funding source has yet been identified.

Budgeting Best Practices

In developing the FY2011 budget, we have employed the following best practices in order to produce a budget that preserves the Town's fiscal sustainability:

1. Current revenues must be sufficient to support current expenditures.
2. Debt must not be used to fund on-going operating expenses.
3. The use of Free Cash to fund operations should be minimized.
4. Adequate contingency funds should be maintained.
5. Sufficient maintenance and replacement funds should be allocated to ensure that capital facilities and equipment are properly maintained.

Core Budget Priorities

In consultation with the Board of Selectmen, we have adopted the following core budget priorities for general government operations. These priorities served as a key guideline in our evaluation of departmental spending requests.

The primary goal of the Board of Selectmen in consideration of the FY2011 operating budget is the maintenance of existing Town services given the availability of revenue for appropriation. In addition to maintenance of existing services, the Board's priorities for FY2011 include:

1. Support for initiatives that contribute to sustainability, such as reducing energy use and planning for ongoing, long term balance of foreseeable revenues and financial commitments.
2. Support for initiatives aimed at achieving greater coordination and efficiency among departments and providing adequate resources to address the general administrative needs of the Town.
3. Promote initiatives that contribute to the town's economic vitality.
4. Support the stewardship of existing land and resources, including expansion of town-owned open space for both active and conservation uses.
5. Enhancement and improvement of multi-modal transportation on a local and regional basis.
6. Promote initiatives that contribute to the appearance of the Town.

Budget Process

The Town Manager, the Finance Committee, the Board of Selectmen, and the School Committee all play different and important roles in the budget process. The General By-laws of the Town of Needham provide for the following process:

2.2.1 Operating Budget *The Town Manager shall issue budget guidelines and instructions for all Town departments to submit their spending requests for the ensuing fiscal year. The Town Manager shall consult with the Finance Committee prior to the issuance of said guidelines and instructions. The Town Manager and School Superintendent will provide the Finance Committee with copies of their respective departmental spending requests on or before the 2nd Wednesday of December. Following receipt of these spending requests, the Finance Committee may begin its consideration of same, including the commencement of budget hearings. The Town Manager, after consultation with the Board of Selectmen and School Committee, shall not later than the 31st day of January, present to the Finance Committee a balanced budget recommendation in the form of an executive budget, which shall include the spending priorities of all Town departments for the ensuing fiscal year, including in addition thereto, the voted School Committee budget request if different than that contained in the proposed balanced budget. The Town Manager's executive budget recommendation shall not be binding on the Finance Committee. Said executive budget recommendation shall include the estimates of Town revenues and proposed expenditures of all Town departments, including debt service and other amounts required to be raised for the ensuing fiscal year. The Town Manager may amend or otherwise revise revenue estimates as may be warranted. All such revisions shall be provided in writing to the Board of Selectmen, School Committee and Finance Committee.*

The FY2011 budget calendar is shown in Table 1.6.

**Table 1.6
FY2011 Budget Calendar**

Date			Activity
July	01	2009	Town Manager preliminary release of capital request guidelines.
July	17	2009	Last day to notify another department manager of a capital request that requires his or her assistance or input to properly submit a request.
August	11	2009	Town Manager 2011 - 2015 Pro Forma Budget review with the Board of Selectmen.
September	02	2009	Town Manager 2011 budget consultation with the Finance Committee.
September	09	2009	Town Manager 2011 budget consultation with the Board of Selectmen.
September	17	2009	Budget guidelines and submission information released
October	15	2009	Final Capital Requests Due
October	30	2009	Department Spending Requests Due
November	24	2009	Town Manager consultation with the Board of Selectmen
December	09	2009	Department spending requests are due to Finance Committee from the Town Manager and School Superintendent
December	22	2009	Board of Selectmen Votes CIP Recommendation Town Manager consultation with the Board of Selectmen
January	05	2010	FY 2011 – FY 2015 Capital Improvement Plan is Distributed Board of Selectmen opens the Annual Town Meeting Warrant
January	12	2010	Town Manager consultation with the Board of Selectmen
January	26	2010	Town Manager's Budget Presentation
January	31	2010	Town Manager's Budget is due to the Finance Committee
February	01	2010	Warrant articles for Annual Town Meeting are due to Board of Selectmen.
February	09	2010	Board of Selectmen closes the Annual Town Meeting Warrant.
February	22	2010	Finance Committee's FY 2011 draft budget is due to the Town Manager
March	15	2010	Finance Committee's recommendations are due for inclusion in the Annual Town Meeting Warrant.
April	13	2010	Town Election
May	03	2010	Annual Town Meeting Begins
July	01	2010	Start of Fiscal Year 2011

Budget guidelines were distributed to departments, boards, and committees on September 17, 2009, with spending requests due on October 30, 2009. The senior management team held budget review meetings with all departments during the month of November. Finance Committee and Community Preservation Committee

liaisons were invited to attend these meetings in order to prepare for their own deliberations. Discussions with the Board of Selectmen, Finance Committee, and School Committee continued during the fall, and the School Committee held a public hearing on the budget for the Needham Public Schools on January 20, 2010. As the School Committee had not completed its deliberations by the release of this document, the voted budget of the School Committee will be included as an addendum, if it is different from that contained in this budget.

Departments were asked to use the following guidelines in preparing their requests:

Base Budget Request

The initial budget request reflects the amounts necessary to provide the same level of service in FY2011 as in FY2010. Spending requests include increases for contractual or mandated items, items subject to significant inflationary pressure, and/or any other item deemed appropriate by the Town Manager.

Performance Budget

Departments wishing to request additional funding did so under the performance improvement budget. These requests are identified on Form DSR4. Priority is given to performance improvement requests that are directly related to the identified goals and objectives of the department, the need for which can be demonstrated by performance measures and data, and those that demonstrate forward movement toward sustainability. Departments that were approved for performance budget increases in FY2010 have reported on the status of those efforts in the performance measurement section of the budget submission contained in Section 4.

When seeking performance improvement requests for additional headcount, department managers were required to include a detailed evaluation of other options for providing the proposed service, such as increased hours for other staff members, use of overtime, or use of contracted service providers. This was a critical component of the budget review process. The performance budget may also include items that were deleted from the level-service requests.

Beyond Operating Budgets

Enterprise, Capital, Warrant Articles

In addition to Townwide expenses and departmental operating budgets, the General Fund also includes the Capital Budget and any warrant articles with a financial implication. The Solid Waste and Recycling (RTS), Sewer, and Water operations are financed through individual Enterprise Funds. The Community Preservation Fund is a separate fund dedicated to open space, recreation, historic, and housing projects.

Capital Budget Summary

The focus of this document is the FY2011 General Fund, Enterprise Fund, and Community Preservation Fund budgets. The FY2011 – 2015 Capital Improvement Plan (CIP) is published as a separate document. Section 5 of this document contains the executive summary of the FY2011 – 2015 CIP. An integral part of the balanced budget proposal contained herein, however, is the funding of capital and other non-recurring items (financial warrant articles) with non-recurring revenue. We continue to recommend that not more than \$2 million of the Town's certified free cash be appropriated for operating expenses.

The general fund cash capital recommendation is broken into two components – primary (**\$1,500,564**) and secondary (**\$1,162,385**). Secondary cash capital is considered part of the performance budget and is recommended only if additional revenue, not yet identified, becomes available. A priority listing of secondary cash capital items is found in Table 1.9.

Enterprise Fund Summary

RTS

The recommended RTS Enterprise Fund Budget is .5% lower than the FY2010 budget. The balanced budget includes a reduction of **\$34,300** from the base budget request. Of this amount, **\$17,900** has been reduced in the fuel line item, consistent with updated cost projections. Additionally, as the RTS continues the implementation of its new solid waste and recycling program in the Needham Public Schools, resources will be required for sorting of the single stream recycling items. The amount of **\$16,400** has been reduced to account for the fact that the volume of recycling has not yet reached a level requiring the expenditure.

RTS user fees were increased in FY2010, as non-fee revenue continued to drop dramatically. The rate structure was realigned as well, as the former structure relied on the sale of second stickers to residents. The sale of second stickers declined

significantly over the past several years, as residents are in a frugal mood and seem to have sacrificed the convenience of the sticker. The RTS Enterprise Fund budget includes no new employees for FY2011, and no allowance for any cost of living increase.

Sewer

The recommended Sewer Enterprise Fund budget is 1% higher than the FY2010 budget. FY2010 represents the 5th year in a row that the Town has held the water and sewer rates with no increase, after realigning the rate structure effective in fiscal year 2005. The Sewer Enterprise Fund budget includes no new employees for FY2011, and no allowance for any Cost of Living increase.

Water

The recommended Water Enterprise Fund budget is .9% lower than the FY2010 budget. FY2010 represents the 5th year in a row that the Town has held the water and sewer rates with no increase, after realigning the rate structure effective in fiscal year 2005. The Water Enterprise Fund Budget includes no new employees for FY2011, and no allowance for any Cost of Living increase.

Community Preservation

The administrative budget of the Community Preservation Fund is unchanged from FY2010.

Other Financial Warrant Articles

Compensated Absences Fund

Given the projected level of retirements and the existing fund balance, there is no request for Compensated Absences funding in FY2011. Based on current projections, it is highly likely that funding for this article will be required in FY2012. The purpose of this request is to fund the Town's employee sick leave and in some cases, vacation liability. 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.

Senior Corps Program

The balanced budget includes **\$15,000** funding for the Senior Corps Program, or \$6,000 more than the FY2010 budget. The FY2010 budget was reduced by \$1,000 to \$9,000 to provide start-up funding for the local property tax relief fund. The Senior Corps program provides an opportunity for qualified elderly or disabled property owners to work up to 100 hours for the Town. Over the last 10 years, the appropriation has ranged from \$7,500 to \$10,000. The Senior Corps Program has averaged 14 participants over the last ten year period and 17.75 participants in the last four year period. The requested appropriation will support 18 participants.

Property Tax Relief Fund

The balanced budget includes **\$15,000** in funding for the Property Tax Relief Fund. The 2009 Annual Town Meeting voted to establish a Property Tax Assistance Program. The goal of the Board of Selectmen is to set a target annual appropriation for the fund equal to the amount of private contributions to the Town's statutory voluntary tax relief program during the preceding fiscal year, up to a maximum

appropriation of \$25,000 (2008 dollars). The voluntary fund received \$15,715 in fiscal year 2009.

Planning Study/NEBC

The balanced budget includes **\$25,000** to fund the Town's share of a follow-up study of the New England Business Center completed in 2001. Since March, 2009, the Council of Economic Advisors (CEA) has focused its energies on assessing the development prospects of the New England Business Center (NEBC), with the goal of making recommendations to the Board of Selectmen on what the Town can do to reposition the area so that it optimally fulfills its role. Because the NEBC is the economic engine of the Town, it is prudent, even in this economic climate, to devote modest resources to ensuring that the Center remains vital. The study is intended to address current regulatory rules that may be constraining the ability of the New England Business Center to redevelop in accordance with the vision anticipated by the 2001 plan. The planning study would be overseen by the Planning Board and would be funded both through appropriation and with a like sum raised from private contributions.

Energy Challenge/Traffic Signals

The balanced budget includes **\$10,000** to continue the Town's efforts to increase energy efficiency. This funding is intended to be the first of a multi-year effort to retrofit all of the existing red, yellow, and green lamps in the Town's traffic signals. The 116 watt incandescent bulbs (average life one year) will be replaced with 6 watt/12 watt Light Emitting Diode (LED) units (guaranteed up to five year life). The LED displays provide efficient, durable and reliable service, and offer the added benefit of improved brightness for safety.

GF/RTS Contribution

The balanced budget includes a **\$654,216** contribution to the RTS Enterprise Fund. It is the policy of the Town to annually support the RTS Enterprise Fund by means of a transfer from the General Fund in an amount equal to the average of the "avoided cost" for the most recent three complete fiscal years. Avoided cost is the value of the services provided to Town Departments by the Recycling and Transfer Station. Included in these services are: receiving, processing and recycling DPW construction debris; disposal of trash from public trash receptacles; composting of leaves and yard waste which is then used by the Town; collecting and processing recyclables from Town departments, including schools; and disposal of snow and other normal trash from Town property. The expense of Recycling and Transfer Station labor, vehicles, and equipment used to provide these services and repairs and maintenance are factored into the calculation of the avoided cost.

Capital Reserve Funds

No recommendations for appropriation to the Town's two capital reserve funds is included in the balanced budget proposal, as funds available for such appropriation are typically identified later in the budget process and presented to Town Meeting each fall. The Capital Improvement Fund is a reserve for future acquisition and replacement of new equipment and certain building and facility improvements. The Capital Facility Stabilization Fund is a reserve for future design, maintenance, renovation or reconstruction relating to the structural integrity, building envelope or MEP (mechanical, electrical, plumbing) systems of then existing capital facilities.

Balanced Budget Highlights

A Bridge to 2013

The following is a summary of key considerations that serve as the basis of the balanced budget recommendations. The full discussion of each department is included in the submitted departmental spending requests contained in Section 4.

Balanced Budget Proposal

All told, the balanced budget is \$1,321,509 less than submitted requests. A few items are recommended if additional funding becomes available, or if the assumed reduction in local aid is lower than projected. These are outlined below under the "performance budget" category. Given projected budget reductions, it is unlikely that any performance budget items will be funded. Charts listing the recommended budget reductions and Performance budget items in priority order are included as Tables 1.7, 1.8, and 1.9.

Townwide Expenses

Of the total growth in the General Fund Budget from FY2010 to FY2011, 82% is in the Townwide Expenses category, most notably General Fund Debt Service and Employee Benefits and Employer Assessments.

The **Casualty, Liability and Self-Insurance** line has been reduced by **\$14,000**. This reduction is possible because the Town recently locked into a favorable two-year extension with its insurer (MIIA) with no increase in FY2011 and not more than a 2.5% increase in FY2012.

General Fund Debt Service reflects the amounts to be paid on current and authorized but not issued debt, and includes both general fund debt service within the levy and excluded debt. Of the total budget of \$11,379,319, \$8,411,607 or 74% is allocated for excluded debt approved by the voters for major capital projects such as the High School, Library, High Rock School, Broadmeadow School, and Eliot School, and acquisition of the Wiswall property. This line has increased by **14.4%** over FY2010.

Employee Benefits and Employer Assessments includes group insurance, payroll taxes, unemployment, workers compensation, and related benefit costs for Town and School employees. The balanced budget includes a proposed 10.6% increase. After moderating somewhat in FY10, this line has increased significantly in FY2011 due primarily to an increase in the number of health insurance subscribers. Actual health insurance rates are projected to increase at a rate of 7%. As outlined above, the

Town has restructured its health insurance program offerings in an effort to contain future growth in costs. We continue to be concerned about the level of reserves for the Town's workers compensation program, and have recommended that an additional **\$15,000** be allocated to this program line.

Retirement Assessments includes funding for Town's share of pension costs for non-contributory and contributory retirees. The funded status of the system was 73.7% on January 1, 2009. While recent economic conditions have had an impact on the funded ratio and size of the System's holdings, the Retirement Board worked closely with its actuary to achieve an appropriation forecast that provides stability and predictability over the next three years. The proposed funding (based on the new actuarial analysis) is **5.8%** higher than FY2010.

The **Retiree Insurance and Insurance Liability Fund** line provides both the "pay-as-you-go" benefits for current retirees, and funding of the Town's post-employment benefit liability (commonly known as "OPEB"). The Town combined retiree insurance and OPEB liability into one line in accordance with an actuarial funding schedule beginning in FY2008. This line item is projected to increase by **5.2%** based on the actuarial funding schedule. The next required actuarial analysis will be conducted in FY2010, and we anticipate that the funding requirement will increase in FY2012.

The Classification, Performance and Settlements line provides a reserve for funding General Government personnel-related items as they occur during the year. The Town has two collective bargaining agreements that are not settled for FY2011 (Public Works and Independent Town Workers). Nonetheless, this budget includes no provision for cost of living adjustments for any general government employee. The Classification, Performance and Settlements line has been reduced by **\$21,500**.

Beginning in FY2009, the Finance Committee recommended a formula (1.3% of the operating budget) as the basis for establishing a recommendation for the **Reserve Fund**. This formula was derived from the average of the past five fiscal years. Although the submission for FY2011 was \$1,349,561, a reduction of **\$235,698** is recommended in the balanced budget proposal.

General Government

Board of Selectmen/Town Manager The Town Manager/Board of Selectmen budget has been reduced by **\$5,000** to reflect a change to the Performance Needham Program. The recommended FY2011 budget is .5% higher than the FY2010 budget, and includes no new employees and no allocation for any cost of living increase. Requests recommended for Community Preservation funding include **\$55,000** for the restoration and trail development on newly purchased open space, **\$50,000** for historic research and photo-documentation of the Town Hall project, and **\$57,500** for preservation of historic Town Hall artifacts.

Town Clerk/Board of Registrars The recommended FY2011 budget for the Town Clerk/Registrar's Office is 8.3% higher than the current year. The Department will hold three elections in FY2011. While there will be at least four elections in FY2010, only two were considered in the development of the FY2010 budget. It is expected that the Town will receive additional State funding to support the two elections to

replace Senator Kennedy. This budget includes no new employees and no allocation for any cost of living increase.

Town Counsel The balanced budget proposal includes no increase in the Legal budget. Experience indicates that this budget may need to be increased in the next few years. A requested increase of **\$20,000** for additional legal expenses has been deferred until FY2012. This budget includes no new employees and no allocation for any cost of living increase.

Personnel Board The balanced budget proposal includes a slight reduction (.2%) in the Personnel Board budget in FY2011. This budget includes no new employees and no allocation for any cost of living increase.

Finance Department The Finance Department base budget has been decreased by **\$29,000**, and is 1% lower than the FY2010 budget. The Finance Department will fill the currently vacant Assistant Town Accountant midway through fiscal year 2011 rather than for the full year. A requested increase of **\$12,500** for technology replacement in the Finance Department budget is recommended in the Performance Budget. A requested increase of **\$52,054** for a Desktop/Network Support Technician will be considered during the pending evaluation of new financial software and may be recommended in some form in FY2012. No new positions are recommended for FY2011 unless a dedicated funding source has been identified. This budget includes no new employees and no allocation for any cost of living increase.

Finance Committee This budget includes a (.6%) decrease over FY2010. This budget includes no new employees and no allocation for any cost of living increase.

Planning and Community Development

The balanced budget includes a proposal for the creation of a Planning and Community Development Department. The goal of the proposal is to meet the identified needs of all three existing departments, improve efficiency, and enhance service delivery.

Benefits of the reorganization include:

- Eliminating redundant work (such as accounts payable, payroll, etc.) improves efficiency.
- Having a shared administrative assistant provides consistency and office coverage when professional staff are not in the office.
- Additional administrative assistance eliminates the need for professional staff to provide clerical work such as copying, filing, and preparing legal advertisements. Professional staff will be freed up to provide a higher level of work.
- Creating the Director of Planning and Community Development position centralizes responsibility and supervision of the office in one manager.
- Consolidation allows for cross-training and back-up for each functional area.
- Elected and appointed boards are provided with an increased level of dedicated staff support.
- The policy-setting role of the elected or appointed boards is not impacted, as provided under the Town Charter.

The reorganization proposal creates a "Community Development" budget by combining the existing Conservation and Zoning Board of Appeals budgets. The Director of Planning and Community Development will oversee both the Planning budget and the Community Development budget. The proposal contemplates the creation of a new Administrative Assistant through reallocation of funding for a student intern and recording secretary, and by allocating targeted wetlands funds to support the Director of Conservation.

A request by the Conservation Department for **\$600** for CPA funded equipment will be considered for funding through the Park and Recreation Department revolving fund. The Planning and Community Development submissions have been reduced by a total of **\$59,000** for additional administrative assistance. This has been accomplished through the proposed departmental reorganization. The projected FY2011 operating budget for the Planning and Community Development Department is the same as the base budget requests submitted for the three individual departments: \$343,203, or 2.2% higher than FY2010. This budget includes no allocation for any cost of living increase.

Public Safety

The Police Department budget has been reduced by **\$15,000** to reflect changes in gasoline and diesel price estimates. The recommended budget for the Police Department is 2.1% higher than FY2010. The higher than typical salary growth for the Police Department reflects anticipated turnover in the workforce as long-serving officers retire and new recruits are hired, most of whom are receiving step increases. Over the past several years, the Police Department has managed to maintain a fairly level overtime appropriation by using savings associated with employee turnover to fund the needed shift filling. During periods when staff turnover is low or non-existent, this shifting of salary funds is not possible. This budget includes no new employees and no allocation for any cost of living increase.

Fire Department The recommended Fire Department budget is .8% higher than FY2010. As with the Police Department, the Fire Department has managed to operate with an overtime appropriation that is significantly lower than that which is required for emergencies and to comply with the collective bargaining agreement, by using savings associated with employee turnover to fund the needed shift filling. During periods when staff turnover is low or non-existent, this shifting of salary funds is not possible. This budget includes no new employees and no allocation for any cost of living increase.

Building Department The recommended budget for the Building Department is .4% higher than FY2010. An increase of **\$7,416** to increase the hours of the Sealer of Weights and Measures from 9.38 to 15 hours per week is included in the Performance Budget, and the Department's request for **\$15,750** for accreditation, submitted as a financial warrant article, has been deferred.

Education

Minuteman School The Town has received a preliminary assessment from the Minuteman School which is \$66,472 lower than the FY2010 assessment. However,

given the possible reduction in local and school aid from the Commonwealth, we have included in the balanced budget proposal the entire amount of the FY2010 appropriation.

Needham Public Schools The balanced budget includes the Superintendent's submitted budget request. As discussed above, the balanced budget also includes an additional \$221,200 to reduce the Department's reliance on one-time revenue to fund on-going operations, with a proposed reallocation of the one-time stimulus money for cash capital.

At the time of the release of this document, the School Committee had not completed its review of the budget. The recommendation of the School Committee will be appended to this document when it is available, if it is different from the recommendation contained in this balanced budget.

Public Works

The Public Works base budget has been reduced by **\$105,000**, for an increase over FY2010 of 1.3%. Reductions include **\$10,000** from the total amount budgeted for gasoline and diesel, based on revised pricing estimates, **\$30,000** based on favorable bid prices for asphalt, and **\$15,000** for elimination of the funding of materials processing activities now performed by the RTS and reimbursed by the General Fund contribution to the RTS. In addition, **\$50,000** has been eliminated from the drains budget for contracted catch basin cleaning, which will be handled by Town forces using the new vector truck. This budget includes no new employees and no allocation for any cost of living increase.

The Town implemented an administrative reorganization plan at the Department of Public Works in FY2010. This included conversion to centralized purchasing with the creation of an Assistant Purchasing Agent/Office Manager to coordinate procurements, ensuring compliance with all State and local laws, rules and regulations, and ensuring timely access to goods and services. The plan has enhanced customer service for both DPW and PFD by relocating the Department Assistant position responsible for permitting public facilities to the DPW Administration Office to provide coverage for PFD, with back-up provided by DPW administrative staff. The plan has enhanced the management of the DPW, reducing the span of control of the Director, and improving divisional cooperation by the creation of the Assistant Director of Public Works. The Assistant Director supervises the operating divisions of the DPW, including Garage, Highway, Parks and Forestry, Solid Waste, and Water and Sewer. In addition to supervising the work of the operating divisions, the Assistant Director of Public Works is responsible for personnel investigations, risk management, customer service, employee relations, and training on a DPW-wide basis.

Another component of the restructuring is the transfer of coordination of inspectional services from operating divisions to the Engineering Division, including the newly funded civil engineer position, which was approved at the 2009 Annual Town Meeting for inspection of street openings and trenches (to be funded through an approved increase in permit fees). This proposal also formalizes the role of the Town Engineer as being responsible for planning, procuring, implementing and monitoring major

capital improvement projects. The administrative reorganization proposal required no increase in the number of full-time equivalent employees. As the Assistant Purchasing Agent and Assistant Director of Public Works support all divisions, \$45,000 of the expense associated with the implementation of the restructuring plan will be reimbursed to the General Fund from the three Enterprise Funds.

The Department's proposal to create a Construction Inspector for the Engineering Division will be addressed through direct allocation to capital projects. A requested increase of **\$83,549** for increased staffing for maintenance of school grounds has been deferred, as no new positions are recommended for FY2011 unless a dedicated funding source has been identified. A request for **\$13,100** for natural turf maintenance is included in the Performance Budget, and an increase of **\$17,000** for landscape beautification has been deferred.

Municipal Parking The Town has a contractual relationship with the MBTA in which the Town pays rent and then shares revenue over a set amount. The Town's lease with the MBTA for the commuter lots has expired, and we are in the process of negotiating a new lease. As a result, this level-dollar budget is still preliminary.

Municipal Streetlight Program The Municipal Streetlight Program budget has been reduced by **\$10,000** to reflect favorable bid pricing for streetlight maintenance. This is a reduction of 11.2% from FY2010 and will allow some allocation for the backlog of double pole transfers.

Public Facilities

The recommended base budget for Public Facilities is 4.7% less than the FY2010 budget. The Public Facilities Operations base budget has been decreased by **\$400,000** to reflect reductions to the energy line based on new consumption and price estimates. Approximately **\$115,000** has been reallocated from the energy line to the overtime line to fund the Department's internal energy improvement program. In FY2010, the Town contracted out the nighttime cleaning of the Pollard School, eliminating four positions in the salary line item, with a corresponding increase in the expense line item. The Public Facilities Construction base budget has been reduced by **\$74,000**. The submitted budget included a proposal to carry the full salary of the Resident Site Supervisor in the Operating budget (as has been done for other PFD positions) to be charged back to specific projects. We have recommended that a portion of the Project Manager and Resident Site Supervisor's positions be allocated in the Operating Budget, and the balance to be charged directly to the capital articles. When circumstances permit, budgeting the entire salary in the Operating Budget is ideal.

This budget includes no new employees and no allocation for any cost of living increase. A request for **\$63,153** for the addition of a third HVAC Technician will be accomplished by reallocation of an existing position. A request for **\$100,000** for contracted groundskeeping services and a request for **\$50,506** for a Trades Supervisor have been deferred. No new positions are recommended for FY2011 unless a dedicated funding source has been identified. This budget includes no new employees and no allocation for any cost of living increase.

Community Services

Health Department The recommended budget for the Health Department reflects a 1.8% increase over the FY2010 budget. The majority of the increase is for expenses relating to the Traveling Meals program. A requested increase of **\$1,500** proposed for professional development has been deferred. In FY2010, the Department was successful in securing a five year grant from the Federal government to fund the Town's collaborative substance abuse prevention program. Approximately \$11,000 that had previously been reallocated to the substance abuse prevention program has been once again reallocated to support additional emergency preparedness services. This reallocation does not result in increased headcount or benefit costs. This budget includes no new employees and no allocation for any cost of living increase.

Diversified Community Social Services The DCSS budget is reflects a (.1%) decrease over FY2010. The balanced budget includes a proposal to create a regional veterans' district with the towns of Wellesley, Weston, and Dover. As part of a District, the Town will be assessed for a portion of the District's expenses including staffing, expenses, and veterans' benefits. Accordingly, the DCSS budget has been restructured to account for the district assessment in the expense line in the amount of \$62,000. This budget includes no new employees and no allocation for any cost of living increase.

Historical Commission No change is recommended for the Historic Commission budget in FY2011.

Commission on Disabilities No change is recommended for the Commission on Disabilities budget in FY2011.

Public Library The recommended Public Library budget is (.3%) lower in FY2010. Over the past few years, the Library has used its dedicated State aid account to meet a growing service demand, but such funding is unsustainable. We continue to recommend that these services be converted to Town funding over a period of several years. The amount of **29,339** to convert the Children's Librarian to be funded entirely through the operating budget **\$7,968** for an additional 10 hours per week for the Circulation Desk, and **\$13,579** to support the existing 9:00 a.m. opening of the Library are included in the Performance Budget, Several requests for the Needham Public Library have been deferred: **\$8,823** for network transfer assistance, **\$725** for museum pass software, **\$1,200** for "bookletters" software, and an additional **\$25,000** for Library materials, which is recommended in the Capital Improvement Budget. This budget includes no new employees and no allocation for any cost of living increase

Park and Recreation The Park and Recreation budget is .4% higher than FY2010, and includes no new employees and no allocation for any cost of living increase.

Memorial Park No change is proposed for the Memorial Park budget for FY2011.

**Table 1.7
Town Manager
FY2011 Changes to Base Operating Budget Requests**

Item	Department	Amount
Casualty, Liability and Self-Insurance	Townwide Expenses	(\$14,000)
Classification, Performance, Settlements	Townwide Expenses	(\$21,500)
Reserve Fund	Townwide Expenses	(\$235,698)
Performance Measurement Program	Town Manager/BOS	(\$5,000)
Increase in Legal Fees	Town Counsel	(\$20,000)
Partial Funding Asst. Town Accountant	Finance	(\$29,000)
Fuel Adjustment	Police	(\$15,000)
Fuel & Expense Adjustment, Drains	Public Works	(\$105,000)
Streetlight Maintenance	Municipal Lighting	(\$10,000)
Project Manager Allocation to Projects	Public Facilities/Construction	(\$74,000)
Energy Reduction	Public Facilities/Operations	(\$400,000)
Reduce Stimulus Use/Operating	Needham Public Schools	\$221,200
Total Net Base Budget Reductions	All Departments	(\$707,998)
Total Base Budget Reductions	All Departments	(\$929,198)

**Table 1.8
Town Manager
Performance Budget FY2011
Priority Order - Operating Budget**

Item	Department	Amount
Full-Year Assistant Town Accountant	Finance	\$29,000
Sealer of Weights & Measures Hours	Building	\$7,416
New Natural Turf Maintenance	DPW/Parks & Forestry	\$13,100
Balance of Computer Equipment	Finance	\$12,500
Desktop Network Support Tech.	Finance	\$52,054
Groundkeeping/Landscaping	Facilities/DPW	\$100,000
Additional Hours/Existing Staff	Library	\$50,886
Total		\$264,956

**Table 1.9
Town Manager
Performance Budget FY2011
Priority Order - Capital Budget**

Item	Department	Amount
Core Fleet	Public Works	\$221,200
Energy Supply/Gas Line	Public Works	\$250,000
Small Specialty Equipment	Public Facilities	\$20,853
Core Fleet	Public Facilities	\$30,932
Athletic Facility Maintenance	DPW/Parks & Forestry	\$103,600
Library Technology Replacement	Library	\$42,800
Large Specialty Equipment	Public Works	\$223,500
Small Specialty Equipment	Public Works	\$92,500
Storm Drain Quality Improvements	Public Works	\$42,000
Brooks and Culverts	Public Works	\$75,000
Microsoft Office Upgrade	Finance	\$60,000
Total		\$1,162,385

¹ Martin Luther King Jr., *Strength to Love*, (New York: Harper and Row, 1963).

² "MTF Forecast: Limited Revenue Growth in Fiscal 2011: Large Structural Deficit Remains," *News Release*, (Massachusetts Taxpayers Association, Boston) December 16, 2009

³ James Surowiecki, "The Financial Page: What Ails Us," (*The New Yorker*), July 7, 2003

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Allan Tosti, Ed., *Finance Committee Handbook*, (Massachusetts Municipal Association, Boston), November, 2004

Fiscal Year 2011 Proposed Budget

Town of Needham General Fund Budget									
Description	FY2010 Current Budget (12/2009)	FY2011 Base Request	FY2011 DSR4 Request	FY2011 Total Budget Request	FY2011 % Change over FY2010	FY2011 Town Manager Balanced Budget	FY2011 \$ Change over FY2010	FY2011 % Change over FY2010	FY2011 \$ Change from FY2011 Request
Town Wide Expense									
Casualty, Liability and Self Insurance Program	525,000	539,000		539,000	2.7%	525,000			(14,000)
Debt Service - General Fund	9,943,937	11,379,319		11,379,319	14.4%	11,379,319	1,435,382	14.4%	
Employee Benefits and Employer Assessments	9,344,300	10,339,125		10,339,125	10.6%	10,339,125	994,825	10.6%	
Retirement Assessments	4,360,094	4,612,378		4,612,378	5.8%	4,612,378	252,284	5.8%	
Retiree Insurance Program & Insurance Liability Fund	3,446,556	3,626,375		3,626,375	5.2%	3,626,375	179,819	5.2%	
Classification, Performance and Settlements	16,811	51,500		51,500	206.3%	30,000	13,189	78.5%	(21,500)
Reserve Fund	1,256,508	1,349,561		1,349,561	7.4%	1,113,863	(142,645)	-11.4%	(235,698)
Group Total	28,893,206	31,897,258		31,897,258	10.4%	31,626,060	2,732,854	9.5%	(271,198)

Fiscal Year 2011 Proposed Budget

Town of Needham General Fund Budget									
Description	FY2010 Current Budget (12/2009)	FY2011 Base Request	FY2011 DSR4 Request	FY2011 Total Budget Request	FY2011 % Change over FY2010	FY2011 Town Manager Balanced Budget	FY2011 \$ Change over FY2010	FY2011 % Change over FY2010	FY2011 \$ Change from FY2011 Request
Board of Selectmen & Town Manager									
Personnel	630,398	639,739		639,739		639,739	9,341		
Expenses	166,450	166,450		166,450		161,450	(5,000)		(5,000)
Total	796,848	806,189		806,189	1.2%	801,189	4,341	0.5%	(5,000)
Town Clerk and Board of Registrars									
Personnel	263,081	282,308		282,308		282,308	19,227		
Expenses	33,980	39,270		39,270		39,270	5,290		
Total	297,061	321,578		321,578	8.3%	321,578	24,517	8.3%	
Town Counsel									
Personnel	68,664	68,664		68,664		68,664			
Expenses	193,500	213,500		213,500		193,500	(20,000)		(20,000)
Total	262,164	282,164		282,164	7.6%	262,164	(20,000)		(20,000)
Personnel Board									
Personnel	1,128	600		600		600	(528)		
Expenses	10,500	11,000		11,000		11,000	500		
Total	11,628	11,600		11,600	-0.2%	11,600	(28)	-0.2%	
Finance Department									
Personnel	1,371,597	1,371,043	45,134	1,416,177		1,342,043	(29,554)		(74,134)
Expenses	715,252	723,417	6,920	730,337		723,417	8,165		(6,920)
Operating Capital	37,500	37,500	12,500	50,000		37,500	(12,500)		(12,500)
Total	2,124,349	2,131,960	64,554	2,196,514	3.4%	2,102,960	(21,389)	-1.0%	(93,554)
Finance Committee									
Personnel	29,993	29,993		29,993		29,993			
Expenses	1,300	1,125		1,125		1,125	(175)		
Total	31,293	31,118		31,118	-0.6%	31,118	(175)	-0.6%	
General Government Group	3,523,343	3,584,609	64,554	3,649,163	3.6%	3,530,609	7,266	0.2%	(118,554)
Planning Department									
Personnel	207,833	216,810	35,000	251,810		215,547	7,714		(36,263)
Expenses	17,760	16,460		16,460		16,460	(1,300)		
Total	225,593	233,270	35,000	268,270	18.9%	232,007	6,414	2.8%	(36,263)
Conservation Department									
Personnel	72,652	71,178	12,000	83,178		(72,652)	(83,178)		(83,178)
Expenses	8,155	8,180	600	8,780		(8,155)	(8,780)		(8,780)
Total	80,807	79,358	12,600	91,958	13.8%	(80,807)	(80,807)	-100.0%	(91,958)
Board of Appeals Department									
Personnel	25,177	25,436	12,000	37,436		(25,177)	(25,177)		(37,436)
Expenses	4,088	5,138		5,138		(4,088)	(4,088)		(5,138)
Total	29,265	30,574	12,000	42,574	45.5%	(29,265)	(29,265)	-100.0%	(42,574)

Fiscal Year 2011 Proposed Budget

Town of Needham General Fund Budget									
Description	FY2010 Current Budget (12/2009)	FY2011 Base Request	FY2011 DSR4 Request	FY2011 Total Budget Request	FY2011 % Change over FY2010	FY2011 Town Manager Balanced Budget	FY2011 \$ Change over FY2010	FY2011 % Change over FY2010	FY2011 \$ Change from FY2011 Request
Community Development									
Personnel						99,338	99,338		99,338
Expenses						11,858	11,858		11,858
Total						111,196	111,196		111,196
Land Use & Development Group	335,665	343,202	59,600	402,802	20.0%	343,203	7,538	2.2%	(59,599)
Police Department									
Personnel	4,771,895	4,884,190		4,884,190		4,884,190	112,295		(15,000)
Expenses	277,820	263,339		263,339		248,339	(29,481)		
Operating Capital	118,900	146,888		146,888		146,888	27,988		
Total	5,168,615	5,294,417		5,294,417	2.4%	5,279,417	110,802	2.1%	(15,000)
Fire Department									
Personnel	5,714,803	5,812,408		5,812,408		5,812,408	97,605		
Expenses	290,415	259,238		259,238		259,238	(31,177)		
Operating Capital	15,789						(15,789)		
Total	6,021,007	6,071,646		6,071,646	0.8%	6,071,646	50,639	0.8%	
Building Inspector									
Personnel	444,020	445,919	7,416	453,335		445,919	1,899		(7,416)
Expenses	15,682	15,682		15,682		15,682			
Total	459,702	461,601	7,416	469,017	2.0%	461,601	1,899	0.4%	(7,416)
Public Safety Group	11,649,324	11,827,664	7,416	11,835,080	1.6%	11,812,664	163,340	1.4%	(22,416)
Minuteman	435,733	435,733		435,733		435,733			
Needham Public Schools	45,382,885	45,837,878		45,837,878	1.0%	46,059,078	676,193	1.5%	221,200
Department of Public Works									
Personnel	3,258,049	3,393,323	148,549	3,541,872		3,393,323	135,274		(148,549)
Expenses	1,387,250	1,421,056	25,100	1,446,156		1,316,056	(71,194)		(130,100)
Operating Capital	5,500	5,500	6,500	12,000		5,500			(6,500)
Snow and Ice Budget	200,000	200,000		200,000		200,000			
Total	4,850,799	5,019,879	180,149	5,200,028	7.2%	4,914,879	64,080	1.3%	(285,149)
Municipal Parking Program									
Program Total	282,900	282,900		282,900		282,900			
Municipal Lighting Program									
Program Total	285,300	263,300		263,300	-7.7%	253,300	(32,000)	-11.2%	(10,000)
Public Works Group	5,418,999	5,566,079	180,149	5,746,228	6.0%	5,451,079	32,080	0.6%	(295,149)

Fiscal Year 2011 Proposed Budget

Town of Needham General Fund Budget									
Description	FY2010 Current Budget (12/2009)	FY2011 Base Request	FY2011 DSR4 Request	FY2011 Total Budget Request	FY2011 % Change over FY2010	FY2011 Town Manager Balanced Budget	FY2011 \$ Change over FY2010	FY2011 % Change over FY2010	FY2011 \$ Change from FY2011 Request
Department of Public Facilities									
Personnel	2,875,501	2,944,212	103,659	3,047,871		2,870,212	(5,289)		(177,659)
Expenses	5,002,276	5,036,505	110,000	5,146,505		4,636,505	(365,771)		(510,000)
Total	7,877,777	7,980,717	213,659	8,194,376	4.0%	7,506,717	(371,060)	-4.7%	(687,659)
Public Facilities Group	7,877,777	7,980,717	213,659	8,194,376	4.0%	7,506,717	(371,060)	-4.7%	(687,659)
Health Department									
Personnel	377,408	383,012		383,012		383,012	5,604		(1,500)
Expenses	74,355	76,829	1,500	78,329		76,829	2,474		(1,500)
Total	451,763	459,841	1,500	461,341	2.1%	459,841	8,078	1.8%	(1,500)
Diversified Community Social Services									
Personnel	525,393	525,058		525,058		487,240	(38,153)		(37,818)
Expenses	39,670	39,342		39,342		77,160	37,490		37,818
Total	565,063	564,400		564,400	-0.1%	564,400	(663)	-0.1%	
Commission on Disabilities									
Personnel	550	550		550		550			
Expenses	550	550		550		550			
Total	550	550		550		550			
Historical Commission									
Personnel	1,050	1,050		1,050		1,050			
Expenses	1,050	1,050		1,050		1,050			
Total	1,050	1,050		1,050		1,050			
Needham Public Library									
Personnel	1,075,014	1,072,844	59,709	1,132,553		1,072,844	(2,170)		(59,709)
Expenses	263,012	260,843	26,925	287,768		260,843	(2,169)		(26,925)
Total	1,338,026	1,333,687	86,634	1,420,321	6.2%	1,333,687	(4,339)	-0.3%	(86,634)
Parks and Recreation Department									
Personnel	441,142	443,185		443,185		443,185	2,043		
Expenses	110,875	110,875		110,875		110,875			
Total	552,017	554,060		554,060	0.4%	554,060	2,043	0.4%	
Memorial Park									
Personnel	750	750		750		750			
Expenses	750	750		750		750			
Total	750	750		750		750			
Community Services Group	2,909,219	2,914,338	88,134	3,002,472	3.2%	2,914,338	5,119	0.2%	(88,134)
Department Budgets	77,532,945	78,490,220	613,512	79,103,732	2.0%	78,053,421	520,476	0.7%	(1,050,311)

Town of Needham General Fund Budget									
Description	FY2010 Current Budget (12/2009)	FY2011 Base Request	FY2011 DSR4 Request	FY2011 Total Budget Request	FY2011 % Change over FY2010	FY2011 Town Manager Balanced Budget	FY2011 \$ Change over FY2010	FY2011 % Change over FY2010	FY2011 \$ Change from FY2011 Request
Town Wide Expense Group	28,893,206	31,897,258		31,897,258	10.4%	31,626,060	2,732,854	9.5%	(271,198)
Total General Fund Operating Budget	106,426,151	110,387,478	613,512	111,000,990	4.3%	109,679,481	3,253,330	3.1%	(1,321,509)