

Town Manager’s FY2025 Budget Message: Uncertainty Ahead

“Uncertainty is the refuge of hope.” – Henri Frederic Amiel

There have been numerous times in our history when the future has felt uncertain. In the three decades I have worked for the Town, we have experienced economic downturns, the “dotcom” bust, housing crises, the Great Recession, and a worldwide pandemic. For a majority of those years, our country was at war. The rights and safety of many residents feel tenuous, world events overshadow our daily lives, and the impact of climate change is becoming closer and more tangible.

From a government financing perspective, we face great uncertainty in the coming year. American Rescue Plan Act (ARPA) and other Pandemic related funding is ending. Growth in the commercial sector is slowing. State tax collections are dropping. And the impact of the 2024 Presidential Election is unknowable.

But where there is uncertainty there is also hope. Not irrational hope or blind faith, but the “Stockwell version” – the faith that we will ultimately prevail is inextricably linked to the importance of confronting the brutal facts of our current reality.

Confronting uncertainty with hope requires that we control of what we can. We plan for numerous scenarios, and we have multiple contingency plans. We will take our brutally honest hope and take refuge in uncertainty. In doing so, we are well-equipped for success.

**Table 1
Overall General Fund Budget Summary**

Description	FY2023 Actual	FY2024 Budget	FY2025 Proposed	\$ Change	% Change
Sources					
Property Tax	\$178,257,886	\$184,565,923	\$192,495,723	\$7,929,800	4.3%
State Aid	\$15,400,680	\$15,540,802	\$16,125,519	\$584,717	3.8%
Local Receipts	\$22,960,442	\$13,930,250	\$14,210,000	\$279,750	2.0%
Free Cash	\$14,644,455	\$14,522,850	\$15,000,000	\$477,150	3.3%
Other Funds	\$3,912,320	\$2,750,424	\$4,061,394	\$1,310,970	47.7%
Reimbursements	\$2,186,147	\$2,435,029	\$2,688,082	\$253,053	10.4%
Total Sources	\$237,361,931	\$233,745,278	\$244,580,718	\$10,835,440	4.6%
Uses					
Municipal Departments	\$49,979,443	\$54,851,372	\$59,021,109	\$4,169,737	7.6%
Minuteman School	\$1,367,739	\$1,640,461	\$1,844,321	\$203,860	12.4%
Needham Schools	\$84,849,869	\$92,155,973	\$97,517,926	\$5,361,953	5.8%
Townwide Expenses	\$61,712,989	\$63,627,291	\$65,801,813	\$2,174,522	3.4%
Reserve Fund		\$2,000,000	\$2,000,000		
Capital Budget	\$13,210,814	\$10,900,307	\$11,518,996	\$618,689	5.7%
Financial Warrant Articles	\$2,041,507	\$3,125,670	\$2,134,785	(\$990,885)	-31.7%
Other Appropriations	\$1,220,249	\$1,146,735	\$844,762	(\$301,973)	-26.3%
Other Amounts to be Raised	\$4,243,344	\$4,297,469	\$3,663,869	(\$633,600)	-14.7%
Total Uses	\$218,625,953	\$233,745,278	\$244,347,581	\$10,602,303	4.5%

BUDGETING BEST PRACTICES

1. Current revenues must be sufficient to support current expenditures. *The FY2025 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 reviewed 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.*
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 FY2025 – FY2029 Capital Improvement Plan includes four projects funded in whole or in part by debt.*
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 turnback, whichever is lower. *The amount of Free Cash used to support on-going operations for FY2025 complies with this best practice.*
6. Adequate contingency funds must be maintained. *This proposed balanced budget allocates funding to the Athletic Facility Improvement Fund and maintains the status quo in the other contingency funds.*
7. Sufficient maintenance and replacement funds will be allocated to ensure that capital facilities and equipment are properly maintained. *The recommended Operating and Capital Budgets 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. *Examples of budget resiliency include: the Town's ability to pivot and use alternative revenue sources to maintain the original approved budget for FY2021 during pandemic uncertainty, monitoring of revenue trends and adjusting estimates to account for unanticipated changes, and staffing in a manner to avoid hiring and laying off employees.*
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 example of sustainability in that currently accruing expenses are being funded with current revenue.*

TRADITIONAL 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 3.9% in 2020/2021, ticked up 0.6% in 2021/2022, increased again slightly by 0.2% in 2022/2023, and again by 0.4% in 2023/2024. Current enrollment of 5,547 is still 159 students below the last school year before the Pandemic (2019/2020), although it has steadily rebounded from the loss of 223 students in the 2020/2021 school year. Students remain impacted by the pandemic and continue to require critical support services. Table 2 details school enrollment from 2014/2015 to 2023/2024.

Table 2
School Enrollment 2014/2015 to 2023/2024

School Year	Enrollment	Percentage Change
2014/2015	5,519	-0.1%
2015/2016	5,581	1.1%
2016/2017	5,588	0.1%
2017/2018	5,666	1.4%
2018/2019	5,721	1.0%
2019/2020	5,706	-0.3%
2020/2021	5,483	-3.9%
2021/2022	5,515	0.6%
2022/2023	5,525	0.2%
2023/2024	5,547	0.4%

Source: DESE/Needham Public Schools

Employee Benefits

The recommended FY2025 employee benefits budget represents an increase of 4.4%. The budget is based on an estimated increase in group health insurance rates of 10% and includes \$124,748 in funding to support the recommended increase in employee headcount. The Town has managed to keep its employee benefits line fairly stable for the past several years – due to enrollment trends and plan selection – which has had a positive impact on the operating budget. Table 3 highlights group insurance enrollment for the last ten years.

**Table 3
Group Health Insurance Enrollment FY2015 to FY2024**

FY2015 - 2024						
Fiscal Year	Town	% Increase over Prior Year	School	% Increase over Prior Year	Total Actives	% Increase over Prior Year
FY2015	286	0.70%	531	4.32%	817	3.03%
FY2016	294	2.80%	530	-0.19%	824	0.86%
FY2017	286	-2.72%	544	2.64%	830	0.73%
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%
FY2023	290	0.69%	560	-0.88%	850	-0.35%
FY2024	288	-0.69%	566	1.07%	854	0.47%

10-Year Change (FY2015-FY2024)	2	0.70%	35	6.59%	37	4.53%
5-Year Change (FY2020-FY2024)	-10	-3.36%	9	1.62%	-1	-0.12%
1-Year Change (FY2023-FY2024)	-2	-0.69%	6	1.07%	4	0.47%

Staffing

Targeted staffing increases are recommended to meet existing and growing service delivery needs, safety, and sustainability of Town assets. Recommended funding on the municipal side is targeted to service delivery redesign (3 FTEs in Public Works), new project support (0.3 FTE in Building Design and Construction), delayed funding of prior year requests (1 FTE in the Department of Public Works), and continuation of existing grant-funded staff (3 full-time and 1 part-time FTEs in Health & Human Services). The total recommended headcount increase is 7.3 Municipal FTEs and 9.1 School FTEs. Table 4 details the growth in Full-time Equivalent Employees from FY2020 to FY2024 – 18.4 or 4.9% on the Municipal side, and 58.8 or 7.4% on the School side.

**Table 4
General and Enterprise Fund Full-time Equivalent Benefit-Eligible Positions
FY2020 – FY2024 (excluding grant funded positions)**

Function	Funded FY2020	Funded FY2021	Funded FY2022	Funded FY2023	Funded FY2024	FY2020 - FY2024 # Change	Proposed FY2025
General Government & Land Use	43.3	43.4	43.4	44.5	44.5	1.2	44.5
Public Safety	144.8	148.8	150.8	152.8	152.8	8.0	152.8
Public Works & Facilities	150.0	152.0	152.3	156.0	157.0	7.0	161.3
Community Services	37.1	38.0	38.3	39.3	39.3	2.2	42.3
Municipal Departments	375.2	382.2	384.8	392.6	393.6	18.4	400.9
School Department*	797.6	812.5	839.0	825.9	856.4	58.8	865.6

* Proposed FY2025 reflects the Superintendent's revised budget

SCHOOL/TOWN INFORMATION TECHNOLOGY CONVERSION PLAN

Over the past year, Town and School staff have engaged in an evaluation of the possibility of consolidating Information Technology (IT) functions. The firm Plante Moran LLC was engaged to conduct an analysis and concluded its Organizational Assessment in November, 2023. That report recommended that the Town and School technology departments be unified within a single structure under the School Department. The planned move is predicted to result in greater cohesion, efficiency, and collaboration; improve strategic planning; and provide consistent implementation of policy, procedure, and training. Additionally, the firm recommended the Town strengthen services by investing in IT infrastructure, including cybersecurity resources.

Staff have developed a budget recommendation for this transitional year in the amount of \$934,055 proposed for a financial warrant article. Of this amount, \$248,000 would be funded by the Tax Levy and \$686,055 would be funded through Free Cash. No additional staff are requested to implement the proposed transitional structure in FY2025, however, \$129,859 is recommended for transition personnel costs and to backfill certain functions. The balance of the funding will support network monitoring, response and cybersecurity training (\$204,035), Zoom phone system configuration, deployment and support (\$91,700), print management services (\$65,000), Town help desk support, including 24/7 services to public safety functions (\$93,673), network managed services (\$181,128), strategic plan and policy/procedure development (\$100,000), expansion of device replacement to 100 devices per year (\$52,500), and miscellaneous expenses (\$16,160). For the purposes of this budget, the \$248,000 tax-levy supported amount is included in the Finance Department budget – our

recommendation is to remove that funding from the operating budget and include it in the proposed warrant article.

BALANCED BUDGET HIGHLIGHTS

The recommended FY2025 budget was developed with the Select Board's voted goals in mind. A full list of the Select Board's FY2024-FY2025 goals is included as Appendix A. The following is a summary of significant changes from prior years and recommended changes to the submitted budgets. A full discussion of each department is included in the submitted departmental spending requests in Section 3.

Casualty, Liability, Property, & Self-Insurance Program – \$972,560

The Insurance budget recommendation is 5.4% higher than FY2024. This increase is primarily attributed to increased premium costs.

General Fund Debt Service - \$17,503,332

The recommended debt service budget is 0.2% less than in FY2024, due to a decline in excluded debt service.

Group Insurance, Employee Benefits, and Administrative Cost – \$18,379,285

The recommended budget is 4.4% higher than FY2024 and includes \$124,748 in funding associated with recommended increases in headcount.

Needham Electric Light & Gas Program – \$5,669,038

The recommended budget is 0.2% higher than FY2024. The primary factors which have influenced this budget submission are the increase in the average rate for electricity, level price for natural gas, lower consumption estimates for both electric and natural gas, and only one new building coming online during FY2025. The budget for solar power generation decreased by approximately 1%, based on the amount of power produced.

Retiree Insurance and Insurance Liability Fund - \$8,141,306

The recommended budget is 0.7% lower than FY2024. 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, 2023 (measurement date).

Contributory Retirement Assessment – \$13,305,237

The recommended budget is 8% higher than FY2024. The Retirement Assessment is based on the most recent actuarial analysis as of January 1, 2023.

Workers Compensation – \$784,263

The recommended Workers Compensation budget is level funded except for an increase of \$5,008 (0.6%) reflective of costs associated with recommended increases in headcount.

Injury on Duty & 111F – \$165,792

The recommended budget is 4% higher than FY2024 to reflect the expected cost of salary and wage growth.

Classification, Performance, and Settlements (CPS) – \$881,000

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. The Needham Independent Town Workers Association and the Needham Independent Public Employee Association contracts are not settled for FY2025. FY2025 salary and wage increases for these

employee and for non-union staff are included in this line and not in the individual department budgets.

Reserve Fund – \$2,000,000

The recommended budget for the reserve fund is the same as in FY2024, a reduction from the submitted budget in the amount of \$499,995.

Office of the Town Manager/Select Board – \$1,586,314

The recommended budget for the Office of the Town Manager/Select Board is 5.4% higher than in FY2024. The increase is primarily attributable to salary and wage increases for existing personnel, and the one-time and ongoing costs (\$35,000) for town-wide board and committee board meeting software.

Town Clerk/Board of Registrars - \$578,078

The recommended budget for the Office of the Town Clerk/Board of Registrars is 14.2% higher than FY2024. The increase is primarily attributable to regular salary and wage increases for existing personnel, and an increase in the number of elections to be held in FY2025.

Legal Services – \$329,140

The legal services budget has been level funded for FY2025 (a reduction from the submitted budget in the amount of \$10,860).

Finance Department – \$4,274,804

The recommended budget for the Finance Department is 12.1% higher than in FY2024. The increase is attributable to regular salary and wage increase for existing personnel, increasing costs for software licenses, and the additional out-sourced technology services discussed above. Funding for a multi-purpose printer has been deferred (\$16,500).

Finance Committee – \$47,125

The recommended budget for the Finance Committee is 0.4% higher than FY2024. The increase is primarily attributable to salary and wage increases for existing personnel.

Planning & Community Development – \$627,296

The recommended budget for the Planning and Community Development Department is 2.2% higher than FY2024, primarily attributable to salary and wage increases for existing personnel. The submitted budget has been reduced by \$97,700 to reflect the deferral of an additional planner for the Department (this item remains a priority and will be considered in a future year) and for additional administrative support hours.

Police Department – \$9,673,085

The recommended budget for the Police Department is 10.6% higher than FY2024. The increase is primarily attributable to salary and wage increases for existing personnel, and an increase in the number of police cruisers funded in the operating capital line.

Fire Department – \$11,899,843

The recommended budget for the Fire Department is 6.3% higher than FY2024. The increase is primarily attributable to salary and wage increases for existing personnel, contractual costs increases for existing services, and new software license agreement costs.

Building Department – \$901,424

The recommended budget for the Building Department is 0.8% higher than FY2024. The increase is primarily attributable to salary and wage increases for existing personnel.

Minuteman School Assessment - \$1,844,321

The recommended budget for the Minuteman School Assessment is 12.4% higher than FY2024. The increase is based on the Acting Superintendent's recommended budget to the Minuteman School Committee. The amount of the assessment may change once the Minuteman School Committee votes its final budget for FY2025.

Needham Public Schools - \$97,517,926

The Superintendent's recommended budget for the Needham Public Schools is 5.8% higher than FY2024. 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 - \$392,582

The recommended budget for the Building Design and Construction Department is 10.6% higher than in FY2024. The increase is attributable to regular salary and wage increases for existing personnel, and funding of 25% of a senior project manager to support the Pollard Middle School feasibility study. The remaining funding for the project manager is included in the capital article for that project.

Public Works - \$21,954,868

The recommended budget for the Department of Public Works is 7.6% higher than in FY2024. The expense portion of the increase is primarily associated with contractual cost increases for existing services. The salary portion is attributable to regular salary and wage increases for existing personnel, the addition of an Assistant Fleet Supervisor position (funded mid-year) and three custodians associated with in sourcing the cleaning of the Newman Elementary School. Accounting for the savings associated with canceling the contract cleaning services, the proposed service delivery change nets an increase of approximately \$28,000. The submitted budget was reduced by \$388,707 as several requests were deferred including the forestry management program (except that \$10,000 is recommended to begin the public shade tree inventory), a park ranger position, an HMEO in the Highway Division, half year funding for the Assistant Fleet Supervisor, and a Building Maintenance lift.

Municipal Parking - \$172,252

The recommended budget for the municipal parking program is 7.9% higher than in FY2024. The increase is primarily attributable to cost increases for rent that the Town pays for certain lots, and new parking space rental to accommodate the Center at the Heights.

Health & Human Services (HHS) Department - \$2,748,601

The recommended budget for the Health & Human Services Department is 7.7% higher than in FY2024. This increase is attributable primarily to regular salary and wage increase for existing personnel, and for half year funding for continuation of positions funded by ARPA. ARPA funding expires on December 31, 2024. The positions include a data analyst/epidemiologist, a public health nurse, a youth mental health clinician, and an aging services clinician. The submitted HHS budget has been reduced by \$43,324 as additional administrative hours for the Center at the Heights and additional hours for environmental health services have been deferred.

Commission on Disabilities - \$2,050

The recommended budget for the Commission on Disabilities in FY2025 is level funded.

Historical Commission - \$1,050

The recommended budget for the Historical Commission in FY2025 is level funded.

Public Library – \$2,310,045

The Needham Public Library budget recommendation is 3.3% higher than in FY2024, primarily attributable to regular salary and wage increase for personnel. The recommended budget reflects a decrease from the submitted budget in the amount of \$40,890, as funding for a part-time reference librarian has been deferred.

Park and Recreation – \$1,513,502

The Park & Recreation budget recommendation is 2.4% higher than in FY2024, primarily attributable to regular salary and wage increases for existing personnel, and contractual cost increases for existing services.

Memorial Park Trustees – \$750

The recommended budget for the Memorial Park Trustees in FY2025 is level funded.

Needham Council for Arts and Culture – \$8,300

The recommended budget for NCAC is level-funded. The NCAC did seek funding for an additional \$10,000 to support art and culture in Needham. We support this proposal and will endeavor to fund it in future years. The NCAC still has access to some limited ARPA funds in the first half of FY2025 that it can use for this purpose.

ENTERPRISE FUNDS

Sewer – \$9,946,823

The Sewer Enterprise Fund budget is increasing by 1.9%. The increase is attributable to regular salary and wage increases for existing personnel, expenses (mostly contractual cost increases for existing services), operating capital (replacement pumps), and debt service. The MWRA Assessment has been level-funded at this time, as final water and sewer assessments have not been determined.

Water – \$6,801,995

The Water Enterprise Fund budget is increasing by 5.8%. The increase is attributable to regular salary and wage increases for existing personnel, expenses (energy and contractual cost increases for existing services), and debt service. The MWRA Assessment has been level-funded at this time, as final water and sewer assessments have not been determined.

BEYOND THE OPERATING BUDGET

Capital Improvement Budget

The Capital Improvement Plan Executive Summary is contained in Section 4 of this document. The recommended FY2025 Capital recommendations have been updated as follows:

- The School Department and Building Design and Construction Department have determined that the amount needed for the Pollard Middle School feasibility study is \$2,750,000 – a reduction of \$1,200,000.
- We recommend full funding of the General Fund Fleet Replacement including:
 - Purchase of an additional pick-up truck (Unit 302) for the Department of Public Works (\$50,880)
 - Replacement of Unit C43 Ford Escape (\$72,523)
 - Replacement of Unit 74 Ford F550 (\$116,996)
 - Replacement of Unit 72 Ford F-550 (\$152,142)
 - Replacement of Unit 703 Ford Transit Cargo Van (\$81,647)

- Replacement of Unit 588 For F-150 (\$82,902)
- Replacement of Unit 350 John Deere Loader (\$68,229)
- Auditorium Theatrical Light & Sound Design (\$229,928 – for a total of \$344,558)
- If the amount of Free Cash certified exceeds our projection, we will recommend that the Fire Engine – currently proposed to be funded through debt – be funded partially or entirely by cash.

Other Financial Warrant Articles

Given the amount of cash available for appropriation, and consistent with the Town’s policy to minimize the use of Free Cash for recurring operating expenses, the FY2025 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.

Consolidated Technology Services - \$686,055

This is the balance of funds requested for the School/Town Information Technology Services Consolidation plan as described above. The balance of the funding needed (\$248,000/tax levy) is included in the Finance Department budget at this time. (Source: Free Cash)

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. (Source: Overlay Surplus)

Fire Alarm Wire Removal - \$201,885

This request is to fund the removal of all the fire alarm wiring on circuits throughout Town. The wiring is no longer in use and must be removed whenever a pole is relocated or replaced. (Source: \$99,145 Free Cash and \$102,740 Other Available Funds)

Planning Consulting Assistance - \$80,000

These funds would provide support to the Planning and Community Development Department, enabling the Director to engage professional services from time to time to support regulatory functions of the Planning and Community Development Department, which oversees permit granting for the Planning Board, the Zoning Board of Appeals, and the Conservation Commission; and land use and town planning initiatives of the Planning Department. (Source: Overlay Surplus)

Property Tax Assistance Program – \$50,000

The Property Tax Assistance Program provides small grants to taxpayers in need. (Source: Overlay Surplus)

Scientific Experts and Consultants – \$50,000

The request is to establish a source of funding that allows the Board of Health to retain outside scientific experts and consultants to evaluate novel and emerging health issues about which the Board and the Public Health Division lack the necessary expertise. (Source: Overlay Surplus)

Small Repair Grant Program – \$50,000

The Small Repair Grant Program provides financial assistance to low-income or disabled senior Needham residents to make repairs and alterations to their homes for health and safety reasons. (Source: Overlay Surplus)

Unpaid Bills of a Prior Year – \$16,845

Approval of Town Meeting is required to pay bills of a prior fiscal year received after the close of the year. (Source: Overlay Surplus)

Athletic Facility Improvement Fund – \$68,743

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 B.1 in Appendix B 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 amount raised by the Park & Recreation Department’s field maintenance fee collected in FY2023. (Source: Free Cash)

Drains/Sewer Contribution – \$776,019

The annual contribution to the Sewer Enterprise Fund offsets the cost of the drains program. The drains program - a General Fund expense – is appropriated to the Sewer Enterprise Fund as it is more efficient to account for the program in that manner. The Town continues 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. (Source: Tax Levy)

Fleet Refurbishment - \$75,000

The goal of this program is to extend the life cycle of vehicles, increase operational safety, and eventually reduce reactive maintenance. This is a recurring request, based on need. (Source: Water Enterprise Fund Retained Earnings)

Allowance for Abatements and Exemptions – \$1,929,902

These funds are reserved for property tax abatements and statutory exemptions. After the actual new growth revenue for FY2025 is known, the amount of overlay may change. The final amount of the reserve will be determined by the Department of Revenue when it approves the tax rate in December. (Source: Tax Levy)

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 Gutekanst, Deputy Town Manager David Davison, Deputy 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. I thank you for the opportunity to serve the residents and businesses in the Town of Needham.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kate Fitzpatrick".

Town Manager

Appendix A

Select Board Budget Priorities

Budget Priorities

The Select Board has adopted seven goals that serve as key guidelines in the evaluation and prioritization of departmental spending requests.

1. **Healthy and Socially Thriving** – Needham residents enjoy plentiful recreational, cultural, and educational opportunities in an environment that upholds human rights, celebrates diversity, and fosters a sense of connection among neighbors, thus strengthening their bond to the community they proudly call home.
 - a. Cultivates a wide range of recreational, cultural, educational, civic, and social opportunities for all socioeconomic and age groups;
 - b. Supports the physical and mental well-being of its community members;
 - c. Fosters inclusion, diversity, and equity in order to become a culturally responsive, anti-racist, and anti-biased community; and
 - d. Values public art.
2. **Economically Vital** – Needham welcomes investment in local businesses and has a thriving local economy that contributes to a growing local tax base to support desirable community amenities and programs.
 - a. Has a growth mindset and encourages business development and redevelopment;
 - b. Supports an environment for creativity, innovation, and entrepreneurship;
 - c. Promotes a well-educated, skilled, and diverse work force that meets employers' needs;
 - d. Fosters a collaborative and resource-rich regional business climate;
 - e. Attracts, sustains, and retains a diverse mix of businesses, entrepreneurs and jobs that support the needs of all community members; and
 - f. Supports financial security and economic opportunity.
3. **Livable**– Needham values diversity and a broad spectrum of housing options. The community is supported by well-maintained public infrastructure and desirable amenities that accommodate a variety of community needs.
 - a. Promotes and sustains a secure, clean, and attractive place to live, work and play;
 - b. Supports an increase of housing, including a variety of types and price points;
 - c. Provides high-performing, reliable, affordable public infrastructure and Town services;
 - d. Encourages and appropriately regulates sustainable development; and
 - e. Supports and enhances neighborhood livability and accessibility for all members of the community.
4. **Accessible and Connected** – In Needham, people can easily and affordably travel to their desired destinations without relying solely on cars.
 - a. Supports a balanced transportation system that reflects effective land use, manages congestion, and facilitates strong regional multimodal connections;
 - b. Offers and encourages a variety of safe, comfortable, affordable, reliable, convenient, and clean mobility options;
 - c. Applies Complete Street principles to evaluate and prioritize bicycle and pedestrian safety;
 - d. Coordinates with state and federal leaders to ensure access to safe, reliable, and efficient public transit;
 - e. Provides effective infrastructure and services that enables people to connect with the natural and built environment; and
 - f. Promotes transportation options to remain an age-friendly community.

5. Safe – Needham is a welcoming and inclusive community that fosters personal and community safety.
 - a. Provides public safety in a manner consistent with community values;
 - b. Provides comprehensive advanced life support level care;
 - c. Plans for and provides equitable, timely and effective services and responses to emergencies and natural disasters;
 - d. Fosters a climate of safety in homes, businesses, neighborhoods, streets, sidewalks, bike lanes, schools, and public places; and
 - e. Encourages shared responsibility, provides education on personal and community safety, and fosters an environment that is welcoming and inclusive.
6. Responsibly Governed – Needham has an open and accessible Town government that fosters community engagement and trust while providing excellent municipal services.
 - a. Models stewardship and sustainability of the Town’s financial, human, information, and physical assets;
 - b. Invests in making Town-owned buildings safe and functional;
 - c. Supports strategic decision-making with opportunities for engagement and timely, reliable, and accurate data and analysis;
 - d. Enhances and facilitates transparency, accuracy, efficiency, effectiveness, and quality service in all municipal business;
 - e. Supports, develops, and enhances relationships between the Town and community and regional partners;
 - f. Proactively reviews and updates Town policies and regulations and ensures compliance;
 - g. Promotes collaboration between boards and committees;
 - h. Values the local government workforce;
 - i. Identifies and implements strategies to hire, support and retain diverse staff at every level of the organization; and
 - j. Prioritizes acquisition of strategic parcels.
7. Environmentally Sustainable – 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.
 - a. Combats the climate crisis;
 - b. Prioritizes sustainability, including transitioning from fossil fuels to clean, renewable energy;
 - c. Encourages the efficient use of natural resources; and
 - d. Protects and enhances the biodiversity and vitality of ecological systems.

**Appendix B
Stabilization Fund Balances**

Table B.1

Athletic Facility Improvement Fund					
Year	Start	Earnings	Appropriations to the Fund	Appropriations from the Fund	Balance
2020	\$2,686,229	\$8,469	\$75,000	(\$2,500,000)	\$269,698
2021	\$269,698	\$506			\$270,204
2022	\$270,204	\$2,689	\$705,715		\$978,608
2023	\$978,608	\$39,742	\$85,659		\$1,104,009
2024*	\$1,104,009	\$32,074	\$33,533		\$1,169,616
* Balance as of December 29, 2023					

Table B.2

Capital Facility Fund					
Year	Start	Earnings	Appropriations to the Fund	Appropriations from the Fund	Balance
2020	\$1,886,534	\$31,712			\$1,918,246
2021	\$1,918,246	\$3,597			\$1,921,843
2022	\$1,921,843	\$6,168			\$1,928,011
2023	\$1,928,011	\$78,231			\$2,006,242
2024*	\$2,006,242	\$56,834			\$2,063,076
* Balance as of December 29, 2023					

Table B.3

Capital Improvement Fund					
Year	Start	Earnings	Appropriations to the Fund	Appropriations from the Fund	Balance
2020	\$910,576	\$17,827	\$166,612		\$1,095,015
2021	\$1,095,015	\$2,054			\$1,097,069
2022	\$1,097,069	\$3,521			\$1,100,590
2023	\$1,100,590	\$44,658.00	\$351,662		\$1,496,910
2024*	\$1,496,910	\$34,572	\$85,556		\$1,617,038
* Balance as of December 29, 2023					

Table B.4

Debt Service Stabilization Fund					
Year	Start	Earnings	Appropriations to the Fund	Appropriations from the Fund	Balance
2020	\$2,114,506	\$35,545			\$2,150,051
2021	\$2,150,051	\$4,032			\$2,154,083
2022	\$2,154,083	\$6,913			\$2,160,996
2023	\$2,160,996	\$87,685			\$2,248,681
2024*	\$2,248,681	\$63,702			\$2,312,383
* Balance as of December 29, 2023					

Table B.5

Stormwater Stabilization Fund					
Year	Start	Earnings	Receipts and Appropriations	Appropriations from the Fund	Balance
2024	\$0	\$0	\$0		\$0
* Balance as of December 29, 2023					

Table B.6

Opioid Settlement Stabilization Fund					
Year	Start	Earnings	Receipts and Appropriations	Appropriations from the Fund	Balance
2024*	\$0	\$5,120	\$255,005	(\$145,000)	\$115,125
* Balance as of December 29, 2023					

Fiscal Year 2025 Proposed Budget

Line #	Description	FY2023 Expended	FY2024 Current	FY2025 Base	FY2025 DSR4	FY2025 Total Request	Change from FY2024	Base Budget Reduction	DSR4 Reduction	Town Manager Recommendation		
										Balanced Budget	Change from FY2024	
Townwide Expenses												
Casualty, Liability, Property & Selfinsurance Program												
1		802,154.94	922,490	972,560		972,560	50,070	5.4%		972,560	50,070	5.4%
2	Debt Service	20,371,943.52	17,543,250	17,503,332		17,503,332	(39,918)	-0.2%		17,503,332	(39,918)	-0.2%
Group Health Insurance, Employee Benefits & Administrative Costs												
3		14,959,165.61	17,599,022	18,254,537	260,787	18,515,324	916,302	5.2%	(136,039)	18,379,285	780,263	4.4%
4	Needham Electric, Light & Gas Program	4,588,708.54	5,655,057	5,669,038		5,669,038	13,981	0.2%		5,669,038	13,981	0.2%
5	Retiree Insurance & Insurance Liability Fund	8,844,474.00	8,199,280	8,141,306	54,370	8,195,676	(3,604)	0.0%	(54,370)	8,141,306	(57,974)	-0.7%
6	Retirement Assessments	11,263,367.00	12,319,665	13,305,237		13,305,237	985,572	8.0%		13,305,237	985,572	8.0%
7	Workers Compensation	732,070.00	779,255	810,425	37,304	847,729	68,474	8.8%	(31,170)	784,263	5,008	0.6%
8	Injury on Duty & 111F	151,105.00	159,415	165,792		165,792	6,377	4.0%		165,792	6,377	4.0%
Classification Performance & Settlements												
9	Transfers Only		449,857	881,000		881,000	431,143	95.8%		881,000	431,143	95.8%
10	Reserve Fund		2,000,000	2,499,955		2,499,955	499,955	25.0%	(499,955)	2,000,000		
Group Total												
		61,712,988.61	65,627,291	68,203,182	352,461	68,555,643	2,928,352	4.5%	(531,125)	67,801,813	2,174,522	3.3%

Fiscal Year 2025 Proposed Budget

Line #	Description	FY2023 Expended	FY2024 Current	FY2025 Base	FY2025 DSR4	FY2025 Total Request	Change from FY2024	Base Budget Reduction	DSR4 Reduction	Town Manager Recommendation	
										Balanced Budget	Change from FY2024
Select Board and the Office of the Town Manager											
11A	Salary & Wages	1,078,077.40	1,232,860	1,274,588		1,274,588	41,728			1,274,588	41,728
11B	Expenses	194,109.24	272,855	276,726	35,000	311,726	38,871			311,726	38,871
	Total	1,272,186.64	1,505,715	1,551,314	35,000	1,586,314	80,599			1,586,314	80,599
							5.4%				5.4%
Office of the Town Clerk											
12A	Salary & Wages	411,017.00	419,525	469,848		469,848	50,323			469,848	50,323
12B	Expenses	74,162.38	86,480	108,230		108,230	21,750			108,230	21,750
	Total	485,179.38	506,005	578,078		578,078	72,073			578,078	72,073
							14.2%				14.2%
Legal Services											
13A	Salary & Wages	334,322.65	329,140	340,000		340,000	10,860	(10,860)		329,140	
13B	Expenses	334,322.65	329,140	340,000		340,000	10,860	(10,860)		329,140	
	Total										
Finance Department											
14A	Salary & Wages	2,163,587.29	2,119,313	2,378,251		2,378,251	258,938			2,378,251	258,938
14B	Expenses	1,359,993.33	1,594,151	1,546,253	249,500	1,795,753	201,602		(1,500)	1,794,253	200,102
14C	Capital	86,518.14	100,000	102,300	15,000	117,300	17,300		(15,000)	102,300	2,300
	Total	3,610,098.76	3,813,464	4,026,804	264,500	4,291,304	477,840		(16,500)	4,274,804	461,340
							12.5%				12.1%
Finance Committee											
15A	Salary & Wages	43,401.79	45,358	45,365		45,365	7			45,365	7
15B	Expenses	923.78	1,590	1,760		1,760	170			1,760	170
	Total	44,325.57	46,948	47,125		47,125	177			47,125	177
							0.4%				0.4%
Planning and Community Development											
16A	Salary & Wages	489,656.30	575,608	586,446	93,700	680,146	104,538		(93,700)	586,446	10,838
16B	Expenses	17,685.94	38,450	40,850	4,000	44,850	6,400		(4,000)	40,850	2,400
	Total	507,342.24	614,058	627,296	97,700	724,996	110,938		(97,700)	627,296	13,238
							18.1%				2.2%
Police Department											
17A	Salary & Wages	7,408,228.09	8,003,770	8,683,176		8,683,176	679,406			8,683,176	679,406
17B	Expenses	435,883.13	610,498	634,767		634,767	24,269			634,767	24,269
17C	Capital	257,317.40	134,894	355,142		355,142	220,248			355,142	220,248
	Total	8,101,428.62	8,749,162	9,673,085		9,673,085	923,923			9,673,085	923,923
							10.6%				10.6%
Fire Department											
18A	Salary & Wages	9,695,358.48	10,646,060	11,287,930		11,287,930	641,870			11,287,930	641,870
18B	Expenses	427,779.91	509,681	569,122		569,122	59,441			569,122	59,441
18C	Capital	35,334.00	40,027	42,791		42,791	2,764			42,791	2,764
	Total	10,158,472.39	11,195,768	11,899,843		11,899,843	704,075			11,899,843	704,075
							6.3%				6.3%
Building Department											
19A	Salary & Wages	792,086.54	843,272	850,384		850,384	7,112			850,384	7,112
19B	Expenses	33,327.58	51,040	51,040		51,040				51,040	
	Total	825,414.12	894,312	901,424		901,424	7,112			901,424	7,112
							0.8%				0.8%

Fiscal Year 2025 Proposed Budget

Line #	Description	FY2023 Expended	FY2024 Current	FY2025 Base	FY2025 DSR4	FY2025 Total Request	Change from FY2024	Base Budget Reduction	DSR4 Reduction	Town Manager Recommendation	
										Balanced Budget	Change from FY2024
Minuteman Regional High School Assessment											
20	Assessment	1,367,739.00	1,640,461	1,925,523		1,925,523	285,062	(81,202)		1,844,321	203,860
	Total	1,367,739.00	1,640,461	1,925,523		1,925,523	285,062	(81,202)		1,844,321	203,860
Needham Public Schools											
21	Budget	84,849,868.63	92,155,973	97,694,162		97,694,162	5,538,189	(176,236)		97,517,926	5,361,953
	Total	84,849,868.63	92,155,973	97,694,162		97,694,162	5,538,189	(176,236)		97,517,926	5,361,953
Building Design and Construction Department											
22A	Salary & Wages	216,364.06	339,896	341,847	118,000	459,847	119,951		(88,500)	371,347	31,451
22B	Expenses	6,948.89	15,175	15,175	6,060	21,235	6,060			21,235	6,060
	Total	223,312.95	355,071	357,022	124,060	481,082	126,011		(88,500)	392,582	37,511
Department of Public Works											
23A	Salary & Wages	10,095,645.48	10,979,057	11,451,218	441,120	11,892,338	913,281		(191,782)	11,700,556	721,499
23B	Expenses	8,113,228.52	8,793,620	9,964,122	(92,055)	9,872,067	1,078,447		(179,925)	9,692,142	898,522
23C	Capital	82,398.66	193,731	137,325		137,325	(56,406)			137,325	(56,406)
23D	Snow and Ice	433,139.00	437,470	441,845		441,845	4,375	(17,000)		424,845	(12,625)
	Total	18,724,411.66	20,403,878	21,994,510	349,065	22,343,575	1,939,697	(17,000)	(371,707)	21,954,868	1,550,990
Municipal Parking Program											
24	Program	120,694.14	159,654	172,252		172,252	12,598			172,252	12,598
	Total	120,694.14	159,654	172,252		172,252	12,598			172,252	12,598
Health and Human Services Department											
25A	Salary & Wages	1,978,085.43	2,074,477	2,135,693	197,226	2,332,919	258,442		(43,324)	2,289,595	215,118
25B	Expenses	403,069.65	477,925	459,006		459,006	(18,919)			459,006	(18,919)
	Total	2,381,155.08	2,552,402	2,594,699	197,226	2,791,925	239,523		(43,324)	2,748,601	196,199
Commission on Disabilities											
26A	Salary & Wages	1,500.00	1,500	1,500		1,500				1,500	
26B	Expenses	70.00	550	550		550				550	
	Total	1,570.00	2,050	2,050		2,050				2,050	
Historical Commission											
27	Program		1,050	1,050		1,050				1,050	
	Total		1,050	1,050		1,050				1,050	
Public Library											
28A	Salary & Wages	1,639,394.10	1,818,634	1,882,045	36,890	1,918,935	100,301		(36,890)	1,882,045	63,411
28B	Expenses	390,221.10	417,100	428,000	4,000	432,000	14,900		(4,000)	428,000	10,900
	Total	2,029,615.20	2,235,734	2,310,045	40,890	2,350,935	115,201		(40,890)	2,310,045	74,311
Park and Recreation Department											
29A	Salary & Wages	944,775.63	1,152,471	1,174,352		1,174,352	21,881			1,174,352	21,881
29B	Expenses	206,837.66	325,440	339,150		339,150	13,710			339,150	13,710
	Total	1,151,613.29	1,477,911	1,513,502		1,513,502	35,591			1,513,502	35,591
							2.4%				2.4%

Fiscal Year 2025 Proposed Budget

Line #	Description	FY2023 Expended	FY2024 Current	FY2025 Base	FY2025 DSR4	FY2025 Total Request	Change from FY2024	Base Budget Reduction	DSR4 Reduction	Town Manager Recommendation	
										Balanced Budget	Change from FY2024
Memorial Park Trustees											
30	Program		750	750		750					750
	Total		750	750		750					750
Needham Council for Arts and Culture											
31	Program	8,300.00	8,300	8,300	10,000	18,300	10,000		(10,000)		8,300
	Total	8,300.00	8,300	8,300	10,000	18,300	10,000	120.5%	(10,000)		8,300
Department Budget Total											
		136,197,050.32	148,647,806	158,218,834	1,118,441	159,337,275	10,689,469	7.2%	(668,621)		158,383,356
Total Operating Budget											
		197,910,038.93	214,275,097	226,422,016	1,470,902	227,892,918	13,617,821	6.4%	(891,326)		226,185,169
Sewer Enterprise											
201A	Salary & Wages	1,003,176.63	1,144,544	1,194,443		1,194,443	49,899				1,194,443
201B	Expenses	580,617.41	823,367	866,539		866,539	43,172				866,539
201C	Capital	49,950.00	65,000	96,000		96,000	31,000				96,000
201D	MWRA	6,760,857.00	7,084,841	7,084,841		7,084,841					7,084,841
201E	Debt Service	606,349.51	610,000	670,000		670,000	60,000				670,000
202	Reserve Fund		35,000	35,000		35,000					35,000
	Total	9,000,950.55	9,762,752	9,946,823		9,946,823	184,071	1.9%			9,946,823
Water Enterprise											
301A	Salary & Wages	1,141,588.56	1,598,687	1,632,768		1,632,768	34,081				1,632,768
301B	Expenses	1,355,151.75	1,564,469	1,689,997		1,689,997	125,528				1,689,997
301C	Capital		53,605	57,100		57,100	3,495				57,100
301D	MWRA	1,464,186.00	1,887,130	1,887,130		1,887,130					1,887,130
301E	Debt Service	1,244,475.11	1,250,000	1,460,000		1,460,000	210,000				1,460,000
302	Reserve Fund		75,000	75,000		75,000					75,000
	Total	5,205,401.42	6,428,891	6,801,995		6,801,995	373,104	5.8%			6,801,995
											373,104
											5.8%

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