

Needham Finance Committee
Minutes of Meeting of April 27, 2022

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 7:00 pm in the Great Plain Room at Needham Town Hall. The meeting was a hybrid meeting, also made available through Zoom video conference.

Present from the Finance Committee:

Joshua Levy, Chair; John Connelly, Vice Chair

Members: Carol Fachetti, James Healy, Tom Jacob, Rick Lunetta, Louise Miller, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Chuck Rombletti-Murphy, Director of Human Resources

Marianne Cooley, Select Board

Police Chief John Schlittler

Citizen Requests to Address the Finance Committee

No requests.

Annual and Special Town Meeting Warrant Articles

Special Town Meeting Warrant Article 4: Exempt Police from Civil Service

Special Town Meeting Warrant Article 3: Collective Bargaining: Police Superior Officers' Union

Mr. Levy suggested discussing Articles 3 and 4 together. Ms. Fitzpatrick stated that the Police Superior Officers agreed to support the Town's petition to withdraw from Civil Service. The unit consists of three positions, including the Chief, Deputy Chief and Command Staff of the department. Under state law, supervisors cannot be in the same bargaining unit as supervisees. The PSO agreement is substantially similar to the Police Union agreement with the main exception being that there are no promotional policies relating to the collective bargaining process since they were not subject to the same promotional policies under Civil Service. Because there is more work for the members of this unit due to the Police Reform Act and the Town wants to be able to provide the same higher rates of pay to attract and retain the high caliber candidates, the salary increases for the PSO are similar to those in the Police Union. Mr. Lunetta asked how the promotions of lieutenants are handled. Ms. Fitzpatrick stated that they are drafting a promotional policy to take to the Personnel Board. Mr. Lunetta asked how to explain the high wage increases. Ms. Cooley stated that they are related to education pay and giving up Civil Service. Ms. Fitzpatrick added that they are increases consistent with other wage increases agreements in the past. She stated that there is a premium to pay to leave Civil Service system and its protective policies. Ms. Miller stated that the system today is inequitable, but it is not because of Civil Service, and that the pay increase can be supported without being tied to leaving Civil Service. Ms. Fitzpatrick stated that that was how it was bargained. Ms. Fitzpatrick stated that it is the Town's proposal to leave, but they wanted it to be a partnership. Mr. Healy asked what would happen if Town Meeting votes to support the wage increase but does not approve of leaving Civil Service. In that case, the Town would lose the benefit of the bargain.

Ms. Fitzpatrick stated that the Town would not get the benefit of the bargain, but they would go back to the union to accomplish this later. Ms. Miller asked if the Town has determined the new costs relating to testing and hiring that will be needed if the Town is outside of Civil Service. Ms. Fitzpatrick stated that she does not yet have that information. Ms. Miller stated that Framingham left Civil Service recently. Many fewer possible candidates took their test, and after the written test and other tests, including physical and psychological, there were so few candidates that they have to start the process over. Ms. Fitzpatrick stated that there are currently 7 people on the list of candidates for Needham and there are 6 vacancies.

Chief Schlittler stated that the system is antiquated and does not help the Town. Out of the 7 people on the list, two withdrew, 2 were not signed and 2 were not in Needham. He added that it takes up to 6 months from the Civil Service test before the Town will see the list of candidates. He stated that if the Town were to administer its own test, they would have same day results. The Town would have access to a greater pool of candidates that want to be officers without Civil Service restrictions. He stated that because of the increasing cost of living, some people with Needham ties live elsewhere and cannot be considered since they have not been living in Town in the last year. He stated that hiring can be expensive, but also noted that the applicants pay for their own test, and the cost to the Town for developing the test is about \$100. He added that Civil Service does not do a lot for the Town. As part of the academy, there are background, physical and psychological tests, whether the Town is hiring under Civil Service or not.

Mr. Jacob asked whether there were any known negative points to leaving Civil Service. Chief Schlittler stated that there could be political pressure in the hiring process, which was a concern of the union, but the Town is putting a structure in place to avoid that. They are comfortable that it will not be an issue. Mr. Healy stated that he has always appreciated that there have been local people on the police force. He stated that if the Chief thinks that leaving Civil Service is the best approach, then he appreciates and respects that. Chief Schlittler stated that the Town has been discussion this for three years, and in that time they have seen the number of candidates decrease, and have seen successes in other towns that have left Civil Service. They have spoken to colleagues in other towns to make sure that the system would end up being fair for all.

Ms. Miller asked what is being done currently to make the department attractive and encourage local people to take the Civil Service test. Chief Schlittler stated that the PIO at the High School talks to students, and they are active on social media. Ms. Miller asked how they would do thing differently. Ms. Fitzpatrick stated that they would now be able to do their own recruitment through job fairs and human resources events. Ms. Miller stated that they could do that now, and just direct people to take the Civil Service exam. Mr. Jacob stated that faster processing would be a big benefit.

Mr. Lunetta stated that he read the Civil Service law and it is about equity, and not about money. He acknowledged that leaving Civil Service had a cost in the collective bargaining process, but he was unsure how the Finance Committee would take a position based on the financial implication. Mr. Reilly stated that he also struggled with that question. He stated that if this would make the hiring process more efficient and lead to a better operation and higher quality police force, then he would support a vote in favor of the article. Mr. Healy stated that he feels that the two articles are connected. Ms. Miller stated that since Committee voted in favor of the collective bargaining agreement, the Committee should take a position on the article that is part of the basis for the agreement. Mr. Connelly stated that the immediate effect will be that there is more expense with the higher costs in the collective bargaining agreement and the higher costs

for recruitment. Despite the initial financial detriment, there will be a bigger applicant pool for position and more efficient operations. Mr. Connelly stated that his research found that only about 10% of cities and towns in Massachusetts have withdrawn from Civil Service and asked why that is. Ms. Fitzpatrick stated that approximately 35 communities have recently pulled out of Civil Service, but it is a local option, and many communities were never part of it in the first place.

Mr. Connelly asked why the withdrawal is being done piecemeal and not all at once with Police and Fire. Mr. Healy stated that it needs to be done through collective bargaining, so must be done separately. Ms. Fachetti asked if they have tried to quantify the acquisition cost of a new hire through Civil Service versus outside of Civil Service. Ms. Fitzpatrick stated that they have not tried to calculate that. Chief Schlittler stated the promotional process will be streamlined and adapted for this department. They are already using assessment centers so the only additional costs will be the development of the test. He stated that the Civil Service tests on certain basics, and many issues that the department does not want to test, including random questions about laws and management. They will be able to address the issues they want, including about their own operations. He stated that they already pay \$3,500 for each officer to go to the academy out of the department budget. Mr. Lunetta stated that it may help avoid questions at Town Meeting if they could clearly delineate the benefits for hiring and promotions. Ms. Miller also cautioned that everyone should be careful when discussing the quality of candidates or the value of the tests to make sure not to insinuate that current officers are not satisfactory. Chief Schlittler stated that they have been doing the assessment centers for promotions for a while and the quality of the officers is great. Mr. Healy agreed and stated that it will be important to emphasize that the force is great and that the Town wants to ensure that there continue to be great candidates. Mr. Levy asked if the only way to achieve the flexibility that they are looking for is by leaving Civil Service. Ms. Fitzpatrick stated that there is no other way to get candidates that might have ties to the Town but live elsewhere now. Chief Schlittler stated that there will also be more options for lateral transfers into the department. Mr. Reilly asked if that also meant that the Town would also be more open to having officers hired away by other towns. Chief Schlittler stated that it does, but he feels that Needham has much to offer to stay competitive, including higher salaries, a new station, and top of the line equipment.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 3: Collective Bargaining: Police Superior Officers' Union. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 4: Exempt Police from Civil Service. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Annual Town Meeting Warrant Article 21: Appropriate for Emery Grover Construction Design / Free Cash

Mr. Levy stated that he and Mr. Connelly met with the Select Board to address the Finance Committee's preference to use more debt for the Emery Grover project, so that the amount is more typical of the debt used for a construction project. He stated that the Board seemed to prefer not to change the funding amounts at this time, though they did not object to the reasoning. Ms. Cooley stated that the timing is awkward for the upcoming Town Meeting. She

stated that it would be better to start such discussions earlier in the year. Mr. Levy and Ms. Miller stated that the Finance Committee asked for that information earlier this year. Mr. Healy stated that the Finance Committee has been asking for at least 18 months for a complete financing plan, and the first time they saw this article was a few weeks ago. Mr. Reilly stated that the main focus of Town Meeting will be on the total expense and not the components of financing. He stated if the proposal makes more sense financially, then he feels that the argument based on the timing is not persuasive. Mr. Jacob stated that he does not support the idea of not pursuing the best plan because it might be awkward at Town Meeting. It is the Finance Committee's job to look at the financing, and he feels that if the Finance Committee recommends this change in financing, then it should be pursued. Mr. Lunetta stated that he was disappointed that the Board did not support the idea. He stated that the Finance Committee has an obligation to recommend the financing it feels is best. Mr. Levy stated that he originally thought that using more Free Cash was acceptable because it would save more debt capacity for other projects, but he states that he does prefer using debt. He does not, however, want there to be disagreement between the Finance Committee and Select Board.

Mr. Reilly stated that it is incumbent on the Finance Committee to articulate why its recommended approach is better, and if it can't, then there is no reason to go forward with the argument. Ms. Fachetti stated that since money is fungible, it would be helpful to think about whether the cash versus the debt will end up costing more. Mr. Levy stated he expected that interest rates for the cash will likely increase, but the cost of debt will increase as well. Mr. Healy stated that he agreed with Ms. Fachetti, but noted that the amounts that the Town can borrow are limited so people need to understand that borrowing for one project may mean delaying something else. Using Free Cash to lower the amount of debt and saying that it means that the Town has more to spend is not honest. He added that he does not mind the use of CPA funds for this article, but feels it should come from the historical "bucket" and not from CPA Free Cash, and the CPC should consider other projects that could make use of the CPA Free Cash. He stated that the Schools are using the high level of Free Cash to get more done in less time. Mr. Connelly stated that the facilities financing plan is premised on borrowing for the Emery Grover project. The amount of available Free Cash is fortuitous and he would like to share it with the Town collectively rather than use it on one project. He would like to see better planning.

Mr. Reilly asked if the borrowing for this project would be fully supported by the tax levy. Mr. Davison stated that he is assuming the debt will be funded within the levy at a 7% interest rate. He noted that the Town would, in that case, go over the 3% debt limit for a period of time. He stated that the Capital Improvement Plan also includes borrowing for the replacement of the rooftop units for Broadmeadow and Eliot Schools and Fire Department equipment. Mr. Reilly stated that using Free Cash for Emery Grover seems to be doing an end run around the debt policy in place of working to restrain borrowing.

Mr. Levy stated that the Director of Building Construction and Design stated that, according to updated estimates, they will need an additional \$2 million of appropriations beyond the amount in the article. Even if the bids come in below \$12.4 million, they will likely still need additional contingency funds. Mr. Jacob asked why they are not seeking the additional funds now. Mr. Connelly stated that the current costs are based on an estimator and not on actual bids. They are planning to finish the process, and get bids in September or October, and will have better information then. He stated that he would rather not have the bidders see that there is extra money there when they bid. Mr. Lunetta stated that it will be important to notify Town Meeting

that additional funds will likely be needed for this project. Mr. Connelly stated that he will mention that the professionals now assume that additional funds will be needed but that in the future, the Town will have more information. Mr. Levy stated that the position on this article does not necessitate a specific decision on a future article. Mr. Healy asked if the \$19.4 million is approved now whether the Town would later decide to stop the project. Mr. Connelly stated that if they need \$10 million more, for example, there will be questions about what amount is too much and how much is needed for contingency versus known costs.

Mr. Jacob asked if the Committee wanted to change the proposed financing and if so, what the change would be. Mr. Levy stated that he would not be in favor at this point of putting forth a change that is not already supported by the Select Board. Ms. Miller stated that the Finance Committee needs to work more closely with the Select Board. Mr. Connelly stated that it is the Finance Committee's job to go forward with the idea that it thinks is best, not the most popular idea. Mr. Reilly stated that the Finance Committee's job is to make sure that the relevant financial issues are brought to Town Meeting so it can make an informed decision. The Committee should inform Town Meeting of the issues as it sees them.

MOVED: By Mr. Healy that the Finance Committee recommend that Town Meeting NOT adopt Article 21: Appropriate for Emery Grover Construction Design. Ms. Miller seconded the motion.

Discussion: Mr. Reilly asked that the motion to approve of the proposed amendment to Article 21 be voted first to avoid the need for other contingencies.

Mr. Healy withdrew his motion.

MOVED: By Mr. Reilly that the Finance Committee recommend an amendment to Article 21: Appropriate for Emery Grover Construction Design, to reduce the amount of General Fund Free Cash appropriated by \$2,250,000, and to increase the amount of borrowing by \$2,250,000. Ms. Miller seconded the motion. The motion was approved by a vote of 6-2 with Ms. Miller and Mr. Levy dissenting.

MOVED: By Mr. Reilly that if Town Meeting does not vote in favor of that above motion to amend, that the Finance Committee would in that case recommend adoption of Article 21: Appropriate for Emery Grover Construction Design as indicated in the warrant. Mr. Jacob seconded the motion. The motion was approved by a vote of 5-3, with Mr. Healy, Mr. Lunetta and Ms. Miller dissenting.

Amendments to Article 10: Appropriate the FY 2023 Operating Budget and Article 31: Appropriate to Athletic Facility Improvement Fund.

Mr. Levy stated that he raised the issue with the Select Board of the amendments to Article 10 and Article 31 to appropriate the remaining \$1,052,126 of Free Cash that is not currently included for appropriation at the Annual or the Special Town Meeting. The Board indicated that they agreed with the position. He stated that the Moderator requested that moving parties be different. The Select Board is going to offer the motion to Article 31 since it is the proponent of that article. Mr. Connelly has agreed to offer the motion to amend Article 10.

Mr. Reilly stated that questions were raised at the League of Women's Voters Forum about whether the funds from the AFIF could be used for the pool and other facilities as well as for turf replacement. Mr. Davison stated that the funds have been used for other athletic facilities, but the target of the fund is based on the amount needed to replace the turf. Mr. Reilly asked if there could be a way to set aside excess pool revenue to save for pool significant pool maintenance like the Town puts field fees into the AFIF for use for turf. Mr. Davison stated that it was an intriguing idea to discuss after Town Meeting. He stated that the pool has not had excess funds for the past two years during the pandemic. He stated that the first year was pre-Covid, and there was much more revenue. Mr. Davison stated that, in his room at the League of Women Voters meeting, he mentioned that there would be a motion to amend the AFIF article to put aside additional funds and people seemed pleased. Ms. Miller stated that there were a number of questions about the various funds and what they are used for, and that there should be a list available of the fund balances and purposes.

Updates: There were no additional updates.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Healy seconded the motion. The motion was approved by a vote of 8-0 at approximately 8:28 p.m.

Documents: 2022 Annual Town Meeting Warrant; May 9, 2022 Special Town Meeting Warrant; Articles 2&3, May 9, 2022 Special Town Meeting Needham Police Union & Police Superior Officer Contract Settlement.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved June 27, 2022