

**Needham Finance Committee
Minutes of Meeting of March 1, 2023**

The meeting of the Finance Committee was called to order by Chair John Connelly at approximately 7:05 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconference.

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair

Members: Karen Calton, Barry Coffman (via Zoom), James Healy, Joshua Levy, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Carys Lustig, Director of Public Works

Cecilia Simchak, Director of Finance/Administration for Public Services

Thomas Ryder, Public Works, Assistant Town Engineer

Rhainhardt Hoyland, Public Works, Highway Superintendent

John Regan, Public Works, Fleet Supervisor

Edward Olsen, Public Works, Parks and Forestry Superintendent

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of February 8, 2023, be approved as distributed, subject to technical or typographical corrections. Mr. Reilly seconded the motion. The motion was approved by a vote of 6-0. (Mr. Coffman had not yet arrived.)

2023 Annual Town Meeting Warrant Articles

Town-Owned Land Surveys

Mr. Connelly stated that this expense has been funded several times in the past. He requested for a list of the surveys have been accomplished, and of the surveys planned for FY24. Mr. Ryder stated that approximately 30 surveys have been finished, including the RTS property. He explained that his predecessor set the priorities, and he agrees with them. The list includes parcels where the property lines are not closed, where there are conflicts with a right-of-way, or where there is work started or planned and no clear boundaries. He stated that he would provide the list. He stated that they are using outside contractors from a list of 5 approved vendors. Ms. Lustig stated that they went through a qualification process. They are considering whether to include this as part of the operating budget since it is an ongoing expense. Mr. Ryder stated that they are doing surveys of properties for potential use of parcels for infiltration of stormwater so that it does not release into the Charles River. Mr. Reilly asked how the survey would be significant with respect to infiltration. Mr. Ryder stated that the Town would need to know about setbacks and be sure not to encroach on private property.

Mr. Healy asked for a complete list of Town properties with a written explanation of how the surveys are prioritized and why. Mr. Connelly requested that they consider whether there would be economies of scale to procure the service as one large project to survey all of the properties rather than contracting small numbers at a time, and that they follow up with their findings. Mr. Levy asked how they would compare the urgency of the surveys to other work such as building maintenance. Ms. Lustig stated that the survey work is important to do, though it could be deferred a year, but deferring other needs such as building maintenance would set the department back. Mr. Healy asked for the genesis of the names of Hatfield Park and Vesta Park.

Fleet Refurbishment

Ms. Simchak stated that this article will fund more refurbishment of equipment in the fleet to extend the lifecycles. She stated that this program has worked well to cover delays in obtaining replacement vehicles due to supply chain issues. She stated that there is a similar setup in the Sewer Enterprise fund which enabled the Town to refurbish the Vector truck which needed to be replaced, but the replacement was delayed. The refurbishment program provides a way to prolong the use of vehicles that are too expensive to own a backup for. The funding is typically used to refurbish vehicles that are not ready for replacement, but need more than general maintenance. She stated most of the work is outsourced, especially for larger vehicles. Mr. Reilly asked if the funding was intended for specific vehicles. Mr. Regan stated that the primary focus is for high value vehicles such as snow and ice vehicles which are dual purpose and are used year-round and thus have significant wear and tear. Mr. Connelly asked why the program is being funded with both free cash and from the Sewer Enterprise Fund. Mr. Davison stated that the amount reflects which equipment is being refurbished. Ms. Miller asked how long the funding would last. Ms. Simchak stated that there was one appropriation in FY18 and another in FY22. She expected that they would make another request in FY26, but they will continue to reevaluate the need. She stated that the Sewer division has had one request over the 5-year period. They have a smaller fleet but more complex needs. Ms. Miller suggested that this appropriation should be discussed further with the Fleet Replacement Program. Ms. Lustig stated that they would provide a list of the work that has been done historically with these funds. She stated that they are two years behind in the replacement schedule of the fleet due to market delays, so this program has been valuable. Mr. Reilly asked for the following information: the amount spent, how the lifecycle of vehicles have been extended, a list of new vehicles being acquired, and the revenue from selling old equipment.

Expend State Funds for Public Ways (Chapter 90 funds)

Ms. Lustig stated that this article authorizes to Town to accept the annual allocation of Chapter 90 funds from the state. The Town has historically saved the funds to use for the renovation of the downtown area. The plan was to create one design and then do the work in several phases. However, they are now they are reconsidering that plan since needs have changed, and the plan is on hold. She stated that they are doing a parking study which will identify needs, especially along Great Plain Ave. The plan is to use the Chapter 90 funds to supplement the infrastructure program funded with the infrastructure article so that the infrastructure funds will go more toward general roadway maintenance. Later, they may need to request supplemental funds for the downtown upgrades. Mr. Davison stated that the funds that would be made available in this article are about \$1 million. Ms. Lustig stated that the balance in the account is about \$4 million. In response to a question from Mr. Coffman, Ms. Lustig described the original ideas for the downtown project and stated that they executed the first part, which was re-doing the two traffic

signals on Great Plain Ave. The remainder is on pause to determine the current needs of the downtown and then get consensus and do further design. Ms. Miller stated that the purpose of Chapter 90 funds is to be used for roads and she is happy that they are using the funds for this purpose, rather than being stored away for larger projects should be presented to Town Meeting for funding.

Mr. Reilly asked how much has been spent on the Town Common work. Ms. Lustig stated that the Town Common was a separately funded project which was funded in part with CPA funds. The budget was \$1.364 million. The Town will be receiving \$175K from the state for furniture for the common. Mr. Healy agreed with Ms. Miller's comment that the Chapter 90 funds are for roadwork.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Authorization to Expend State Funds for Public Ways. Mr. Reilly seconded the motion. The motion was approved by a roll call vote of 7-0.

General Fund Cash Capital (focus on McLeod Field Renovation, RTS Property Improvements, NPDES Support Projects, Traffic Improvements)

McLeod Fields

Ms. Simchak stated that they are wrapping up the design work for the McLeod Field, and this allocation will fund the renovation of the fields and converting the baseball diamond to softball. It will address drainage issues, upgrade lighting and expand spectator space. There is a need for more softball space. She stated that the Park and Rec Department and Parks and Forestry division looked at how to provide more softball space. She stated that Claxton Field had limitations and could not be made into a varsity softball field. Mr. Healy described how Mr. McLeod had been a beloved Little League baseball coach in Town. He stated that the softball diamond installed at the end of the turf fields was not being used. Mr. Olsen stated that the girls' softball program is now supporting use of that field, and that it has been undervalued since the original turf surface had issues with bubbling. He stated that there are limitations with having games at that location at the same time on the softball and lacrosse fields. Ms. Lustig stated that Park and Rec and Parks and Forestry met with softball and baseball representatives and made the decision on the priorities. Mr. Connelly asked them to confirm who specifically was consulted.

Ms. Miller asked why they chose this field. Mr. Olsen stated that there were many amenities already there such as lighting, so it was more efficient and economical to use this field, and there was already an ongoing drainage issue that had to be addressed there. Also, this group has been underserved in the past. He added that baseball can be played on a softball skin, and that there are three regular fields.

RTS Property Improvements

Ms. Simchak stated that this is an annual allocation. The larger RTS property renovation has been pushed back but they found that the ventilation repairs needed to be done beforehand. This would replace 8 air vents which will pull dust and particle matter out of the air. The current vents are not working which has created safety concerns with both air quality and visibility. Mr.

Reilly asked if there is any inconsistency with the work that is being proposed by the RTS study. Ms. Lustig stated that it is possible, but the proper ventilation was deemed worthwhile anyway.

NPDES Support Projects

Ms. Simchak stated that they have developed a more concrete plan for the 16 sub-watershed areas. They will examine 1-2 per year. The funding will provide for a feasibility study for some work in one year, then fund design for the project in the following, and then fund construction in the 3rd year. For example, when one area is being studied, the design work for another area is being conducted, and another area may be under construction. The plans for the out years are placeholders since they don't now know what will be done in the different areas. She stated that \$260K will be used for study and design work in FY24. Another NPDES support project, replacement of the Rosemary Dam sluice gate, will be funded separately with \$600K of ARPA funds. Mr. Ryder stated that the Town needs to treat stormwater before it can be discharged into the Charles River. Ms. Miller asked if this funding should be part of the infrastructure article. Mr. Davison stated that the NPDES work will be separated out from Public Works in the future. The plan is to create a Stormwater Stabilization Fund as the funding source.

Traffic Improvements

Ms. Simchak stated that this is an annual allocation that funds requests that come from TMAC (Traffic Management Advisory Committee) such as handicap ramps and crosswalk signage in certain areas. Mr. Levy stated that last year there was a question about whether there should be more funding for traffic improvements and he recalled that at that time, the response was that there was limited capacity to do the work. Ms. Lustig stated that this funding is for requests that are not simply small issues, such as replacing a stop sign which the operating budget can absorb, or for much larger issues that would be funded in the infrastructure article such as re-doing an intersection. This funding is for in-between projects, such as flashing crosswalk signs, that cannot be absorbed and can be handled more quickly with these funds. Mr. Levy asked if it is sufficient to fund TMAC's requests. Ms. Lustig stated that it is pro-active funding for unknown future requests, but they have found that this is sufficient to handle 2-3 of the more expensive requests. In response to a question from Mr. Connelly, Ms. Lustig described how requests for traffic safety measures come in and how they are addressed, and noted that they also do proactive evaluations and audits. Mr. Hoyland stated that they can move quickly to put in pilot safety measures as needed and observe the results.

Public Works Infrastructure Program

Ms. Simchak stated that this is an annual article. The amount is a bit smaller than recent years. It covers the street resurfacing and sidewalks programs, adjusted for inflation. It will also cover repairs for Rosemary Brook walls and for guardrails for Dedham Ave. There was a discussion regarding guardrail safety and aesthetics. Mr. Reilly indicated that the Town should replace potentially unsafe guardrails even where it is not a legal obligation.

Mr. Levy asked for the reason for the difference in costs for resurfacing sidewalks versus streets. Ms. Lustig stated that sidewalks have more details to address such as constructing handicapped-accessible ramps or working around obstructions such as trees or poles. Mr. Hoyland stated that most of the simpler sidewalks have been redone, and many the ones going forward need to be widened which requires full reconstruction. He stated that asphalt for roads costs about \$78-\$80

per ton while asphalt for sidewalks costs about \$150-\$300 per ton. He added that in addition, the sidewalk work is more labor intensive and has to be done with hand crews and can cost about \$70 per foot, which is doubled if there is a granite curb.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate for Public Works Infrastructure in the amount of \$2,581,500. Mr. Levy seconded the motion. The motion was approved by a vote of 9-0.

Property Tax Assistance Program

Mr. Davison stated that this is an annual article that was set up to match the funds donated to the program. Donations are generally in the amounts \$10-\$20K, but the Town has continued to appropriate \$50K. The FY23 funds have not yet been distributed. In FY22, 35 applications were received and 25 awards were made with an average amount of \$1,876 and a total of \$47K. He stated that \$50K is the amount that has worked well in the past. The demand is not known until individuals apply. Ms. Miller asked the balance of the fund since there are voluntary donations. Mr. Davison stated that there is currently about \$18K in the voluntary fund from donations, and there were 25 awards from that fund with an average of \$804.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate to the Property Tax Assistance Program in the amount of \$50,000. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

Compensated Absences Fund

Mr. Davison stated that this fund covers the cost when the Town needs to purchase unused non-occupational sick time when an eligible person stops working due to voluntary retirement or disability, which is owed under some contracts at a rate of 25% of the value of the hours. It also covers the cost of the buyback of vacation time as required under state law. The Town's estimated liability is \$5 million and the target for the fund is \$1 million. The buyback costs are covered by the employee's department's budget if possible but this will supplement as needed. He stated that the current balance is \$719K, so the additional \$250K will bring the fund close to the target. Mr. Connelly asked if there is a cap on sick leave. Mr. Davison stated that there is not a cap on sick leave accrued, but there is a cap on the amount of buyback for all unions and for non-represented employees. He stated that some unions have negotiated the buyback out with respect to people hired after certain dates. Mr. Reilly asked about tracking the days taken off. Mr. Davison stated that the Town tracks all days off, but this applies only to non-occupational sick time. He stated that about \$150K has been used from this fund to pay people for accrued time in recent years. He stated that there have been big hits this year and he expects more big hits in FY24 as people retire who were hired when there was no cap.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate to Compensated Absence Fund in the amount of \$250,000. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

FY2024 Sewer Enterprise Fund Budget

Mr. Davison provided an updated table showing the proposed budget. He stated that the only changed since the earlier budget discussion was that the MWRA assessment was added. The expected assessment is \$7.2 million, an increase of 6.5%. The total budget is increasing 6.1%, primarily driven by the MWRA assessment increase. \$840K will be paid from the General Fund for the drains program. Mr. Levy asked the balance of the Sewer Enterprise Fund retained earnings. Mr. Davison stated that the amount has not yet been certified by it will be sufficient to satisfy the proposed appropriations. Last year it was a couple of million dollars.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate the FY2024 Sewer Enterprise Fund Budget in the amount of \$9,875,131. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

FY2024 Water Enterprise Fund Budget

Mr. Davison stated that this budget also has the same amounts as previously discussed with the MWRA assessment added due to the higher water use in 2022 with the dry summer. The assessment is up \$418K, and is 28.8% higher than the current year. He stated that the retained earnings are about \$5 million. Retained earnings are not planned to be used for the Water operating budget.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate the FY2024 Water Enterprise Fund Budget in the amount of \$6,427,902. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

Rescind Debt Authorizations

Mr. Davison provided a table showing the debt to be rescinded. The Mitchell School restroom upgrade project was finished and \$200K of the authorized debt was not needed and not borrowed. Mr. Connelly asked if there could be another article in a Special Town Meeting warrant to rescind debt authorization since the Public Safety project is finishing up with \$1.2 million unused debt. Mr. Davison stated that the authorization could be rescinded in the fall and that he plans to check with the PPBC in July.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Rescind Debt Authorizations. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

Athletic Facility Improvement Fund (AFIF)

Mr. Davison stated that this is the annual contribution to the AFIF which is equal to the average of field use fees (\$5 per participant) collected by Park and Recreation over the past three years. Mr. Reilly asked if it would be possible to implement his earlier suggestion to set aside revenue from the Rosemary Pool into this fund as part of this appropriation to be used for large pool maintenance costs. Mr. Davison stated that he would like to meet with a Finance Committee subcommittee to discuss this, and perhaps it could be a fall Special Town Meeting appropriation because the net proceeds will not be known until after the end of this fiscal year. He stated that

the current balance of the fund is \$1,001,081. He stated that they need to save to replace the turf of the fields every 8-10 years. Mr. Levy asked if these funds could be used for the McLeod field project. Mr. Davison stated that that would be an allowed use but it would wipe out the fund. He stated that the funds are reserved generally for the turf replacement, because the fields were built with substantial private funds and the turf replacement is a known upcoming expense that would otherwise be a financial hit to the Town. He noted that the Memorial Park Field House was also funded through the AFIF because the Town had purposefully set aside money in the fund for that. The fund was used as a tool for a different capital expenditure. Mr. Levy stated that last year there was a supplement to this fund with free cash. Mr. Davison stated that the additional funding last year was due to the fact that there was a major project with turn-back of \$670K which was returned to the fund.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant article: Appropriate to the Athletic Facility Improvement Fund in the amount of \$33,533. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

Discuss FY 2024 General Fund Operating Budget; Vote Recommendation for Town Meeting

Mr. Connelly stated that he sent a letter and draft budget to the Town Manager and there were no questions. He stated that the Committee needs to vote a final recommendation to Town Meeting

MOVED: By Mr. Healy that the Finance Committee recommend a draft budget to submit to Town Meeting in the amount of \$214,275,087, as stated in the warrant article. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 7-0.

Updates

Mr. Levy stated that the Select Board deferred approval of the Development Agreement for the Foster property until they had more chance to review it. He stated that there was a discussion of the conveyance of the parcels and the subdivisions. Mr. Healy stated that the funding has been approved already despite the lack of appraisal or development agreement, so neither the Finance Committee nor Town Meeting will be able to weigh in at this point. Mr. Connelly stated that there will be a process at the zoning board of appeals. He expressed concern that there has been no discussion of building height limitations. Mr. Levy stated that the Town would not borrow until February 2025.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Ms. Miller seconded the motion. The motion was approved by a vote of 7-0 at approximately 8:35 p.m.

Documents: 2023 Annual Town Meeting Warrant, 2-7-2023 draft; Tables for Sewer Enterprise Fund FY 2024 Operating Budget Table; Water Enterprise Fund FY 2024 Operating Budget Table; Table for Warrant Article: Rescind Debt Authorization; Finance Committee Draft FY24

Budget Spreadsheets; Office of the Town Manager Proposed Annual Budget Fiscal Year 2024;
List of Town-Owned Survey Program.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved March 8, 2023