

Needham Finance Committee Minutes of Meeting of January 3, 2024

The meeting of the Finance Committee was called to order by Chair Louise Miller at approximately 7:01 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconferencing.

Present from the Finance Committee:

Louise Miller, Chair

Members: Karen Calton; Barry Coffman; John Connelly, James Healy, Joshua Levy, Paul O'Connor

Others present:

David Davison, Deputy Town Manager/Director of Finance

Kate Fitzpatrick, Town Manager

Myles Tucker, Support Services Manager

Katie King, Deputy Town Manager/Operations

Christopher Heep, Town Counsel

Cecilia Simchak, Assistant Director of Finance

Carys Lustig, Director of Public Works (remote)

Citizen Requests to Address the Finance Committee

No requests

Approval of Minutes of Prior Meetings

Ms. Miller indicated that there will be two sets of minutes sent out for approval at the next meeting.

FY2025 Department Budget Hearings

Office of Town Manager/Select Board Budget

Mr. Connelly introduced the budget. There are two components, Salary and Expenses. There is a 3% increase in the salary line item for raises for the 11 FTE and 2 part-time positions. The count remains the same as last year. The expense line item has gone up by a net amount of \$3,871. There is a DSR4 for new software to aid in agenda and committee management for Town boards. There will be a one-time expense of \$12,000 and an annual amount of \$23,000 totaling \$35,000 for the year with an annual expense of \$23,000 going forward. Mr. Tucker indicated that the software chosen would have unlimited licenses and any town board would have access. The goal is to aid staff in creating agendas and minutes, committee members to access meeting documents and residents to access agendas and minutes put out in PDF and HTML format and videos (if available) of the meeting linked to the agendas or minutes. The dollar amounts came from estimated mid-range quotes from various vendors. The software would be integrated into Civic Plus.

Mr. Levy asked about the minor changes made to Article 14 in the October 2023 Special Town Meeting and at what point can changes be made after the warrant is closed. The Committee was not aware of the changes and caught off guard. Ms. Fitzpatrick indicated that the Select Board voted to close the warrant subject to minor technical changes made by the Town Manager, Town Counsel or Bond Counsel. Ms. Fitzpatrick indicated that it was an oversight not notifying the Committee and will make sure to do so in the future. Mr. Connelly asked who writes the warrant articles. Ms. Fitzpatrick indicated she writes most of the capital warrant articles with information from the capital plan. The citizens' petition article language is taken from the petition, they are consulted for feedback, and it is reviewed by Town Counsel and the moderator if there are issues. With Select Board warrants she is assisted by the Select Board. The planning articles are written by the Planning Board. The school non-capital articles are written by the School Department.

Mr. Healy inquired about money used for certain municipal celebrations or events like the Blue Tree lighting. Ms. Fitzpatrick indicated that there is a budget of \$8,000 for the Blue Tree lighting that was established after the NBA and other organizations were no longer going to fund it. New Year's Needham was spun off as a non-profit and it is unknown if it is still in operation.

Townwide Expenses

Ms. Miller introduced the budget. Town wide expenses are divided into two sets of expenses. The Employee Health Insurance is under the Town Manager and was reviewed first. Ms. Miller reported that there is an anticipated increase of 10% which will be adjusted in February when West Suburban Health Group gets better numbers from the insurance carriers. There seems to be a flat number of enrollees in the plan give or take one or two. The Town continues to assume an additional five individual and five families in the budget in case there are changes. This totals \$187,000. Last year the assumed increase was 8%. Ms. Fitzpatrick is using the West Suburban Health Group of a 10% increase for health insurance. The reason for some of the increases relates to the loss of Tufts as a provider, with Harvard Pilgrim taking over the approximately 80 employees who currently have Tufts insurance. The reduced competition is anticipated to affect the rates. West Suburban Health does not have reserves to mitigate the rate increase. The Town's contribution to health care varies based on individual contracts from 64% to 76%. The senior plans are 50%. In FY2025 the Town will be offering health insurance through Blue Cross/Blue Shield and Harvard Pilgrim with West Suburban Health Group. Nine towns and two school districts participate in the group.

Medicare and Social Security depends on the number of participants and is anticipated to increase by 5.2% or 5.3% based on the past five-year average. The Town is self-insured for unemployment insurance. There were 15 claims for the Town and 53 claims for the schools in FY2023. Workers' Compensation for injured workers is in two reserve funds that are at approximately the desired level. The Injury on Duty fund was recently started and the target funding for the fund will be discussed in the near future.

The DSR4 expenses for the Townwide expenses are related to the DSR4's from various departments for additional employees. The DSR4 request is in the amount of \$260,000 for approximately 15 to 20 requested new employees. Some of the positions are new positions and some are incremental increases. Workers Compensation and Injury on Duty is increased based on the increase of salaries. The Town had a total of 72 workers compensation claims in FY2023.

The OPEB budget request is based on an actuarial basis analysis and includes an assumption of future health insurance cost increases. The increase in the total OPEB liability is \$2M based on the future health costs assumption. The OPEB fund is just under 50% funded. Ms. Miller felt that it was aggressive to fund it for unknown employees, which is the DSR4 request.

The retirement assessment is based on an actuarial evaluation and the assumptions have not changed. An actuarial review is done every year and the actuarial value return for the most recent year was 6.4% due to the smoothing of market return and the Town's contributions.

Mr. Healy asked if the funds authorized for the Foster property will be rescinded by the Select Board now that the deal has fallen through. Ms. Fitzpatrick indicated that the Select Board will be discussing this issue and coming to a decision. The text of the warrant article from the last Annual Town Meeting was specific to the particular development that was envisioned at the Foster property and cannot be used otherwise. Nor can the funds be used elsewhere. It was noted that several projects in the CIP need funding and rescinding the authorization would free up funds.

Legal Services

Mr. Healy introduced the budget. The budget increased by \$10,860 or 3.3%. The budget of \$340,000 is divided into two sets of legal fees, one for fees submitted by the firm Harrington & Heep and those that are billed by special counsel for the Town. Harrington & Heep have billed \$86,000 through November 2023 which comes to \$17,200 a month or \$207,000 a year, which is the anticipated budget for FY2025. The budget has been consistent over the last few years, except in FY 2022 which was almost \$50,000 less due to fewer special counsel fees. In FY2020 and FY2021 there were significant COVID fees and in FY2023, there was the 1688 Central Avenue property. The remaining \$133,000 is budgeted for five special counsel firms for cable licensing, environmental, labor, water management act issues and planning board litigation. Mr. Heep's rate is very competitive at \$225 an hour.

The total special counsel legal fees for 1688 Central Avenue were \$62,000. Legal fees to date regarding the Foster property were \$17,000. A press release was issued on November 7, 2023 noting that there was no deal with any purchaser and on December 28, 2023 the Foster family sold the back acreage to a trust for \$15M and the front acreage along Charles River Street for \$3M. Mr. Heep has reached out to the new owner but has not heard back. Mr. Healy requested copies of the emails that dealt with the Foster property. Mr. Heep is happy to share his communications with the seller.

Mr. Connelly asked the status of the reserve fund transfer of \$40,000 that was made for the appeal of the Planning Board. Some of the funds were applied to invoices at the end of June and any remaining amount reverted to free cash.

Municipal Parking Program

Mr. Coffman introduced the budget. The budget increase is \$10,920. The Municipal Parking Program expenses fall into two or three categories. The primary expense is leased private land. The budget increase is for the anticipated leasing of an additional 13 parking spaces at the MBTA lot on Hillside Avenue for the CATH to acquire spaces closer to the front ADA entrance and to replace the three spaces that will be lost with the installation of a generator in the back of

the CATH. The rental fee is \$70 per space per month. The other expenses of the Municipal Parking Program are for maintenance of spaces.

Ms. Simchak indicated that in FY2023 the Town took in \$69,878.48 for parking meters, \$78,180 for municipal parking permits, and \$83,200 for commercial parking permits, all of which goes to the general fund. There was a study done on automated parking meters and the issue will be discussed at the Select Board meeting.

Ms. Miller asked about the Episcopal Church parking lot next to the Needham Public Library. The Library carried the cost for the first 10 years and now the Town carries the cost.

Updates

Mr. Levy reported that the next HONE Committee public workshop is scheduled for January 8th. There have been a lot of public comments.

Mr. Connelly reported that he, Mr. Levy and Ms. Smith-Franchetti had a second School Department liaison meeting yesterday. A third liaison meeting is scheduled in two weeks. The School Department will be presenting to the Finance Committee on January 17th. The overall requested increases are 6%, mainly for salary increases and special education.

The Needham Housing Authority reached out to Ms. Miller about their capital plans. They are also scheduled to come before the Committee on January 17th. The Quiet Zone proponents would like to come before the Committee sometime in February.

The next meeting is scheduled for January 10th.

Adjournment

MOVED: By Mr. Connelly 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 7-0, at approximately 8:06 p.m.

Documents: FY2025 Department Budget Requests

Respectfully submitted,

Kathryn Copley
Administrative Specialist