Needham Finance Committee
Minutes of Meeting of February 28, 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, Carol Smith-Fachetti, Vice-Chair
Members: Karen Calton, James Healy, Joshua Levy, Paul O'Connor
Absent: Barry Coffman, John Connelly

Others present:
David Davison, Deputy Town Manager/Director of Finance
Cecilia Simchak, Assistant Director of Finance
Tom Conroy, Fire Chief
Donald Anastasi, Assistant Fire Chief
Anne-Marie Condon, Fire Business Manager (remote)
Kevin Keane, Select Board
Kate Fitzpatrick, Town Manager
Chris Heep, Town Counsel
Myles Tucker, Support Services Manager
Dan Gutekanst, Superintendent of Schools
Anne Gulati, School Finance Director
Connie Barr, School Committee
Liz Lee, School Committee (remote)
Tim McDonald, Director of Health & Human Services (remote)
Kristen Wright, Management Analyst (remote)
Allison Borelli, Single Parcel Historic District Committee Chair

Citizen Requests to Address the Finance Committee

None

Approval of Minutes of Prior Meetings

MOVED: By Mr. Healy that the minutes of the meetings of December 13, 2023 be approved as distributed, subject to technical or typographical corrections. Mr. O'Connor seconded the motion. The motion was approved by a vote of 6-0.

Annual Town Meeting Articles

Fire Alarm Wire Removal

Ms. Miller indicated that this issue has been discussed at a prior Finance Committee meeting. The alarm boxes have been removed and this would complete the project. The initial estimate for the project was about $400,000 and the Fire Chief came up with a more efficient way to perform this task for $201,885 by using staff within the department instead of outside contractors. Mr. Healy is the liaison for the Fire Department and recommends in favor of the request.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of the article to appropriate funds for Fire Alarm Wire Removal for the sum of $201,885. Mr. Levy seconded the motion. The motion was approved by a vote of 6-0.

Consolidate Information Technology Operations

Dr. Gutekanst handed out a FAQ regarding the IT consolidation. He reported that over the last year the School Department IT stepped in to help the Town IT department upon the departure of the Town Director of Management Information Systems and other key personnel. It became apparent that the work of the two IT departments are closely tied and that there might be a benefit for the departments to be combined similar to the School and Town Building Maintenance departments which were successfully combined several years ago.

Plante Moran, LLC was hired to conduct an Informational Technology (IT) Organizational Assessment and it was recommended that the Town and School technology departments be consolidated under the direction of the School Committee. Combining the two departments will take time to work out. It is anticipated that the process will take two to three years to complete as collective bargaining agreements have to be settled, and infrastructure and strategic planning must take place.

Dr. Gutekanst believes it is important that the finances and resources come into the School Department so they can be appropriately managed and deployed. Members of the Finance Committee proposed that there be a designated line item in the budget for Municipal Information Technology. While there is a strong relationship among the Select Board, Finance Committee and School Committee, there needs to be a clear and transparent understanding of the amounts designated for Town IT and the School operations to ensure there each department receives the resources needed.

Ms. Fitzpatrick indicated that the School IT's help over the last year has been amazing and that rather than replicating a smaller IT department on the Town side it makes sense to use the resources that the Town has on the systems and structures that are already set up in the School Department. She has spoken to the Police and Fire Chiefs regarding concerns on access to secure information such as HIPAA protected files and incident reports. She indicated that they did not express security as a concern with consolidation. The School IT staff with access to secure information will have to be CJIS certified as is required of all non-public safety employees at the Fire and Police Departments. School IT staff also currently deals with records of school children which can be even more sensitive. The Police and Fire Departments currently receive 24/7 support on a contracted basis, which will continue if the departments are consolidated.

Ms. Fitzpatrick indicated that a detailed Memorandum of Understanding (MOU) is being worked on that the School Committee and Select Board will be asked to sign that will lay out what services the Town will expect from the School Department and what the School Department agrees to provide. Ms. Miller expressed concern that systems put in place need to outlast the current committee membership and staff. This should ensure the resource allocation in the future won't be diverted away from Town Finance, Public Works or Public Safety. Ms. Fitzpatrick stated that the option to unconsolidated the departments if it doesn't work would be available.

Mr. O'Connor, who was on the Finance Committee at the time of the consolidation of the building maintenance recalled that the reason for the consolidation was a bit different in that it was driven by tight funds and a clash between education and maintenance needs. Maintenance was not being done over time. By combining School with Town maintenance, School maintenance was improved. With the IT consolidation Mr. O'Connor expressed a concern that, while the current people in charge are of a like mind on how it will work, future committees and staff may not have that same understanding.

Ms. Fitzpatrick indicated that going forward that line item for Municipal Information Technology will be in the school budget every year for approval at Town Meeting and will be reviewed by the Select Board, School Committee and Finance Committee to make sure funds are being spent appropriately.

Dr. Gutekanst noted that there is a volatility in projecting student enrollment figures and additional funds outside of the budget lines are internally transferred only when there is an increase in the anticipated student enrollment or special education needs after Town Meeting. Other than this the School Department works within the budget line items.

Ms. Miller, who was on the School Committee at the time maintenance was consolidated, remembers that an operational override was being considered because there was not enough revenue to meet all the needs of the School Department. The School Committee was concentrating on the educational needs of students instead of building maintenance needs.

Mr. Levy and Mr. Healy noted that transfers within the School budget can be made and that there is no legal language that would prevent that from happening. Mr. Levy asked if there was a way to protect the Municipal Information Technology line item from being used for other purposes. It is the understanding that all funds under the School Department are subject to the School Committee control.

Mr. Healy believes that the Town IT department should be its own department and remain on the Town side. He feels that there might be a temptation to use the funds elsewhere. Data searches are also a concern. He would like the MOU to have service level agreement language. However, he will support the people who run the Town.

Ms. Miller asked if the Municipal Information Technology line item could be its own line item separate from the School budget in the warrant. The process for determining needs in the budget will be different with input from the various Town departments. Could there be something like the Minuteman line and a School department line. Ms. Fitzpatrick will look into this and get back to the Committee on this question.

Ms. Fitzpatrick reported that labor counsel from the Schools have raised a question as to whether the warrant article 12 should also have the Town vote to accept the provisions of General Law Chapter 71 section 37M which allows consolidation of town or city administrative functions like consolidating information technology services of the School Committee and Town. This language has been added to the updated version of the warrant dated 2/27/24 presented at the Select Board meeting last night.

Ms. Miller felt that the MOU should also address who will be reporting to whom. There should be reports to both the Town and the School sides to ensure that everything that needs to be done is being done. The structure of the MOU should make sure that the needs of the Town side are being met and if there are issues how are the issues will addressed. There should be a provision within the document regarding how differences are resolved.

Ms. Gulati discussed the financial side of the consolidation. She indicated that they are not proposing additional staff and feel that with the combined staff from the school and town they can implement the structure. There are additional fund requests in the amount of $129,859 for salary transitions to align with the new structure.

Additional funds have been requested in areas that the Plante Moran identified as underfunded. These are outlined in page three of the FAQ prepared by the School Department that include townwide network monitoring, response and cyber security training, provide ongoing 24/7 managed services support for public safety functions, advanced technical support, print and network management services and device replacement for the town. There is also a one-time funding request for strategic plan and policy/procedure development. The items identified in the study are not currently being funded in other parts of the budget.

Ms. Miller indicated that she was uncomfortable with one-time funding at this level when the items requested $586,000 will result in recurring costs. Mr. Davison indicated that the reason for this approach with a warrant article was to give the School Department a year to 18 months to get a better sense of the day-to-day operations when they are in control of it and determine which costs are truly ongoing which would then be included in the budget as early as FY2026.

Mr. Healy asked to consider if some of these items could be delayed and spread out over two fiscal years. Ms. Gulati indicated that some of these tasks have already been implemented like the 24/7 help desk support being paid for in FY2024 from the funds for the unfilled positions from the Town IT department. These positions are anticipated to be filled in FY2025.

Mr. Levy asked if free cash was the proper funding source for these expenses as they were recurring. Mr. Davison indicated it was currently the only source available.

Ms. Smith-Fachetti asked when the strategic plan and policy/procedure development would take place and the impact on these costs. Would it be better to do the strategic plan first and roll out the other costs in FY2026? Ms. Gulati indicated that it would be a town-wide effort with all the stakeholders that may result in the Town investing in different technology systems that would be requested in FY2026. Ms. Gulated stated that the items requested now are being currently provided and services that have been identified are critical.

The discussion will continue at a future meeting.

<u>Annual Town Meeting Articles cont.</u>

<u>General Fund Cash Capital (School Department)</u>

High School Fitness Center Equipment - $32,673 Some of the equipment has failed and needs to be replaced and upgraded. There is an annual replacement schedule. The equipment needs to be modernized.

School Furniture – $25,000 This is the annual recurring request.

Newman Preschool Playground – $54,000 This request is for incremental funding for a shade structure that also functions as a climbing structure and has been in planning for several years. This will be partially funded through the preschool revolving fund which is a fee-based account. The engineering funds came from the operating budget.

School Copier Replacement – $66,767 This is the annual recurring request.

School Technology – $661,150 This is the annual recurring request.

<u>Town Meeting Articles</u>

Scientific Experts & Consultants – $50,000 Ms. Smith-Fachetti indicated that this is an amount that is available to the Board of Health to engage a consultant is needed. The Planning Board has a similar fund for consultants. It was asked whether it was necessary to fund this ahead rather than make a request of the Finance Committee for a reserve fund transfer.

This amount was approved in FY2021 and wasn't used in FY2022 and was used in FY2023 for a MA DEP request for an updated and expanded testing plan for Claxton Field. The funds were used for a consultant to help with the effort. The Board of Health would like to have this renewed.

Mr. Healy indicated he has no interest in supporting the article. Through the reserve fund transfer the Finance Committee is appraised of the details of the request and its urgency. The Finance Committee has never denied an urgent request in the best interest of the Town. There are sufficient funds to cover a request of this magnitude.

If the Board of Health has ideas on how the funds are to be used and what they have in mind, it would be helpful to share this with the Committee. Mr. McDonald stated that the best example would be that there is a section in the MA general law that allows Boards of Health to charge an applicant for a permit to allow the Board of Health to retain its own expert. This is only applicable when the entity in question is applying for a Board of Health permit. When a permit is not required it was felt that it would be helpful if there was a fund to allow the Board to hire an expert to give advice.

Amend General By-Law Non-Criminal Disposition/Plastic Bags – This is a correction in the 10/23 STM article to amend a table.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of the Amend General By-Law Non-Criminal Disposition/Plastic Bags article. Ms. Smith-Fachetti seconded the motion. The motion was approved by a vote of 6-0.

Authorize Select Board to Remove Restrictions

Mr. Heep reviewed the article. There were a series of conveyances from the Town to the Needham Housing Authority between 1957 and 1967, each with Town Meeting votes and conveyance of deeds to the Housing Authority. The votes and deeds all included a restriction specifying that the structures constructed on the property would be limited to housing the elderly. The NHA is now in the process of redeveloping the property and does not want to limit the new housing exclusively to the elderly. They would like to amend the old votes and deeds to remove the restriction. This would help the redevelopment of the property as the restriction would complicate the ability to finance the new project.

Town Meeting would have the authority to remove the restriction because they were the ones to grant it in the first place. The Select Board has not discussed the issue yet, but Mr. Keane indicated that the Department of Housing and Livable Communities strongly discourages age restriction, and it would affect funding for the project.

Mr. Healy would like to see what the Select Board position on the issue is. Mr. Levy would like to hear from the NHA on what the financial implications are positive or negative on not lifting the restrictions. A draft of the article information was requested.

Amend General By-Laws – Local Historic District

Ms. Borelli gave a summary of the article. The Historic Commission has been studying this concept since 2022. A Study Committee was formed to go through the process required to establish a historic district.

The goal is to protect the property located at 3 Rosemary Street built by Jonathan Kingsbury in 1779 from demolition by designating it a single parcel local historic district. It is the oldest house in Needham Heights and is of historical significance. This would be the first local historic district. The scope of regulation is limited to this property and limited to exterior features. The by-law proposed in the article would establish a Historic District Commission that would be responsible for approving or disapproving proposed demolition or exterior structural alterations. It would not have an impact on any other houses in the area.

There are many Single Parcel Local Historic Districts around the state. This was brought to the Historic Commission by the homeowner, Moe Handel, in an effort to preserve the property for the future.

Mr. Healy asked why the property owner wouldn't, when they seek to transfer the property, put certain conditions on the property. Mr. Heep indicated that was a possibility, but the condition would not run forever, likely a maximum of 25 years. Mr. Heep will report back as to whether this could be accomplished as a private restriction.

Ms. Calton asked how this effort has been funded to date. Ms. Borelli indicated the effort has been voluntary except for some Town Counsel fees.

If other homeowners want to do the same for their property, they would have to go through the same processes of establishing a single parcel local historic district. They would still have to go through a preliminary study and go before Town Meeting for approval and another Historic District Commission would be created for that particular property.

Ms. Miller asked if there are any financial implications. For instance, would the property be eligible for CPA funds if this were passed? It was unclear whether the historic district designation changes CPA eligibility since a homeowner could apply for CPA funds.

There is a list of historic properties on the Town website that could potentially go through the same process of seeking historic district designation.

Updates

Ms. Miller requested that all questions on the various articles be sent to her in advance of the next discussion. The next meeting is scheduled for March 6, 2024.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Ms. Smith-Fachetti seconded the motion. The motion was approved by a vote of 6-0, at approximately 8:33 p.m.

Documents: FY2025 Department Budget Requests, Draft 2024 Annual Town Meeting Warrant, FY2025 School/IT Consolidation Memo from Town Manager dated 2/16/24, FAQ for FY2025 School/IT Consolidation from School Department

Respectfully submitted,

Kathryn Copley
Administrative Specialist