

Needham Finance Committee
Minutes of Meeting of February 19, 2025
To view a recording of the meeting on YouTube:

<https://www.youtube.com/playlist?list=PL3PRZZjHC3yFvWuO8IwFGgK3KaPYkTyxK>

The meeting of the Finance Committee was called to order by Chair Carol Smith-Fachetti at approximately 7:00 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconferencing.

Present from the Finance Committee:

Carol Smith-Fachetti, Chair; John Connelly, Vice Chair
Barry Coffman , Ali Blauer (via Zoom, arrived 7:06, brief absence from 7:55pm to 8:06pm),
Paul O'Connor (via Zoom), Joe Abruzese, Karen Calton, Tina Burgos (via Zoom), Lydia Wu (7:02)

Others Present:

David Davison, Deputy Town Manager/Director of Finance
Molly Pollard, Finance Committee Executive Secretary
Cecilia Simchak, Assistant Director of Finance
Barry Dulong, Director of Building Maintenance
Tatiana Swanson, Director of Human Resources

Citizen Request to Address the Finance Committee

None

Approval of Minutes of Prior Meetings

MOVED: By Mr. Coffman that the minutes of meeting February 12, 2025, be approved, as distributed and subject to technical corrections. Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 6-0 at approximately 7:03pm.

FY26 Department Budget Discussion and Vote

Documents: Spreadsheet: FY26 Proposed Department Budgets

Ms. Smith-Fachetti opened the discussion on the budget, directing attention to a prepared spreadsheet that outlined actuals for fiscal years 2024 and 2025 as of November, the original FY26 department requests, and the town manager's budget recommendations. She clarified that no DSR4 requests were included and asked the committee to determine whether they agreed with the town manager's recommendations or if adjustments were necessary. The committee reviewed the budget, any points of clarification raised or variations from the town manager's recommendations are noted herein.

Mr. Coffman pointed out that a DSR4 request was listed in the Office of the Town Manager and Select Board budget but stated that he had not seen it. Mr. Davison explained that it was actually a DSR5 and the committee agreed on the town manager's recommended budget.

Ms. Smith-Fachetti moved on to the Town Clerk's budget, Ms. Calton asked if the reduction was due to election-related census work, and Mr. Davison clarified that the decrease was in salaries for election workers. The committee agreed to the town manager's recommendation.

Ms. Smith-Fachetti noted that the Police Department contract negotiations were ongoing, meaning that adjustments would be made following settlements. The Fire Department budget was also reviewed, with Mr. Coffman stating that while DSR4 requests had been made, the department was undertaking a personnel study. The committee agreed to the town manager's recommendation.

When discussing the Building Department, Ms. Smith-Fachetti expressed concern, stating that the department was struggling with staffing shortages. Mr. Coffman agreed, emphasizing that inspections were falling behind. Mr. Connelly asked whether these were ongoing construction inspections or annual regulatory inspections, to which Mr. Coffman clarified that the backlog primarily affected required annual inspections, rather than new construction. He also pointed out that the department had been understaffed for years. Ms. Smith-Fachetti noted that a half-time position existed but this request was to expand it to a full-time position. Several members agreed that funding the DSR4 could make the position easier to fill and hopefully help alleviate the permit backlog and any associated risks.

In terms of funding the Building Department's DSR4, Ms. Smith-Fachetti suggested looking into the funds used to cover the Needham Public Library's OverDrive Advantage expenses, noting that they were previously funded by state aid, but moved into the operating budget this year. Ms. Blauer clarified that the \$26,000 for OverDrive Advantage had been moved into the operating budget as a DSR2, rather than a DSR4 request, because the town had been consistently funding it for several years. She suggested that state aid could be used for another year.

Mr. Abruzese confirmed that the library budget documentation indicated that OverDrive Advantage had been previously funded by state aid but had now been incorporated into the operating budget. Mr. Coffman noted that if necessary, the committee could remove it from the operating budget. Ms. Blauer explained that OverDrive Advantage provided Needham residents with access to additional digital book licenses, allowing them to bypass long wait times, and that the library had opted to shift it into the operating budget because it had become an ongoing expense.

Ms. Burgos asked if the state aid funding was already secured. Ms. Blauer responded that the library had reserve funds available, but the question was whether they wanted to allocate those funds to OverDrive or use them for something else. Mr. Davison cautioned that reducing town

funding for library services could potentially impact future state aid allocations. Mr. Connelly suggested reducing the town's \$1.8 million reserve fund by \$30,703 to accommodate the increased Building Department position. Mr. Davison said he would clarify with the library the rationale for not using a DSR4 for the change in Overdrive Advantage funding. The committee agreed with this adjustment and increased their budget suggestion for the Building Department to \$980,823. Mr. Davison stated that the change to the benefits is de minimis, as the current position already qualifies for most of the town benefits.

Mr. Davison stated that the Minuteman Regional Assessment had been finalized at \$2,231,674, which was \$15,098 less than the estimate in the town manager's budget. The committee agreed to adjust the budget line and to use the difference toward the previously discussed Building Department's DSR4.

The Needham Public School budget remained at the \$102,078,656 recommended by the town manager and voted on by the School Committee.

Mr. Coffman asked for clarification on the DSR4s requested by the Department of Public Works. Mr. Davison stated that they were for a custodian, a park ranger, an assistant fleet supervisor, a heavy motor equipment operator and several paid interns. Ms. Calton asked if not funding the custodian position would affect the schools, but Mr. Coffman confirmed it would not. The committee agreed to the town manager's recommendation.

Mr. Connelly asked for clarification on the expenses for Municipal Parking. Mr. Davison explained it's mostly expenses and some overtime for jobs done on the weekend. Mr. Connelly and Mr. Abruzese asked about the revenues from parking meters and if the expenses from the new parking application system are worthwhile. Ms. Smith-Fachetti clarified the town does not pay for the implementation of the application, it is covered by the fees collected from the application. Mr. Coffman noted that elimination of paid parking in the town center would likely result in a lot of train commuters parking there all day, reducing parking downtown. The committee agreed to the town manager's recommendation for Municipal Parking.

Ms. Smith Fachetti noted that while she did not see reason to adjust the Park and Recreation Department budget, she did feel the need for more transparent information, particularly around the Rosemary Pool. Ms. Blauer agreed that some of the information was not transparent and inquired about the program costs and pool costs, particularly with respect to a stabilization fund for pool improvements. Mr. Coffman explained many of their programs, exclusive of the pool, go through a revolving fund. Mr. Davison explained that in the special town meeting in May there is an article to amend the Athletic Facility Stabilization Fund to include some receipts from the pool into the fund, and allow the use of the fund to help pay for pool improvements. Mr. Coffman noted more information around costs associated with turf is also needed. Mr. Davison noted he will follow up with the Park and Recreation Department around the committee's

concerns. The Finance Committee agreed to the town manager's budget for the Park and Recreation Department.

With respect to the Reserve Fund, the committee agreed to budget of \$1,784,395. This figure accounts for the previously described changes to the Building Department's budget and the Minuteman Regional Assessment.

MOVED: By Mr. Connelly that the Finance Committee approve the FY26 Operating Budget with the amendments described above. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 9-0 at approximately 7:45pm.

Ms. Smith-Fachetti stated she would prepare a short letter to accompany the approved budget.

Annual Town Meeting Warrant Article Discussions

Appropriate for Classification and Compensation Study

Mr. Davison stated that the funding request is for hiring a consultant to review the town's compensation and classification schedule for positions outside of public safety. He explained that this review ensures salary rates remain competitive and comply with the state laws which require disclosure that similar skills, experience, and job requirements are compensated at equitable levels. Ms. Smith-Fachetti asked if the town conducts this review every five years. Mr. Davison clarified that it occurs every three to five years but has not been done since COVID. He added that while the HR department has a role, an external review provides an additional level of assurance to Town Meeting and taxpayers by confirming that the process is not solely conducted internally.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Classification and Compensation Study. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 9-0 at approximately 7:49pm.

Appropriate for Needham Property Tax Assistance Program

Mr. Davison stated that this is the annual funding article for \$50,000, the same amount as the previous year. He noted that the prior year's appropriation had not yet been disbursed, as the application submission period had just opened. For fiscal year 2024, there were 34 applicants, of which 30 were deemed eligible and received awards ranging from \$300 to \$1,800. Ms. Smith-Fachetti asked if the full amount is expended each year, and Mr. Davison confirmed that it is. Ms. Calton inquired whether the amount would increase with rising taxes. Mr. Davison responded that it depends on eligibility and noted that 30% of households would have a lower tax bill in fiscal year 2025 than in fiscal year 2024. He added that for fiscal year 2023, there were 36 applicants, with 33 qualifying for assistance.

Mr. Coffman asked if the \$50,000 includes or is in addition to donations. Mr. Davison confirmed that it is in addition. Mr. Abruzese asked when the funding amount was last raised to \$50,000. Mr. Davison was unsure but said it had been several years. He recalled that before the increase, the funding was a match to private donations, but as private contributions declined, the Select Board set a flat \$50,000 amount. Ms. Smith-Fachetti asked about the status of donations, to which Mr. Davison stated they were approximately \$11,000.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Appropriate for Needham Property Tax Assistance Program. Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 9-0 at approximately 7:53pm.

Appropriate for Public Facilities Maintenance Program

Mr. Davison stated that this is the annual warrant article for funding public facilities, which covers repairs and extraordinary maintenance for school and town buildings. The funding remains level at \$1 million for fiscal year 2026. He noted that funds from the prior year's appropriation were still being expended, with recent spending covering flooring, cleaning, ramp repairs at RRC, and boiler issues at the high school and Mitchell School.

Mr. Coffman asked if the funding amount, which has remained unchanged over time, is adequate. Mr. Dulong confirmed that it is. Mr. Coffman also inquired about whether the funding is always split evenly between the tax levy and free cash. Mr. Davison explained that while this is generally the approach, it depends on available revenues, and this year, the article used the balance of the available tax levy.

Mr. Connelly requested a schedule of repairs ahead of Town Meeting. Ms. Smith-Fachetti suggested including a list of expenditures for fiscal year 2025 as well. Mr. Davison agreed.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the warrant article Public Facilities Maintenance Program. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 8-0 at approximately 7:57pm.

Appropriate for the FY2026 Sewer Enterprise Fund Budget

Appropriate for the FY2026 Water Enterprise Fund Budget

Mr. Davison stated that the figures in the warrant on page six match those previously reviewed by the liaisons during their meetings with the DPW regarding the sewer and water budgets. He reported that the sewer budget increased by 1.6% and the water budget by 3.11%. However, these figures do not yet reflect the final assessments for fiscal year 2026, which will not be known until later in the year. He explained that, as in previous years, any necessary adjustments would be addressed in the Special Town Meeting in October.

Mr. Connelly asked if the line items for the MWR assessments in each budget are placeholders. Mr. Davison confirmed that they are until the actual amounts are determined. Ms. Smith-Fachetti asked for confirmation that the adjustments would take place in October, and Mr. Davison affirmed this.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the articles entitled Appropriate for the FY2026 Sewer Enterprise Fund Budget and Appropriate for the FY2026 Water Enterprise Fund Budget. Mr. O'Connor seconded the motion. The motion was approved by a roll call vote of 8-0 at approximately 7:59pm.

Appropriate for Eliot School Boiler Replacement

Mr. Connelly stated that this warrant article is the final phase of funding for the Elliot School boiler replacement, following the previously funded Broadmeadow design, Broadmeadow boiler, and Elliot design projects. He explained that this phase covers the purchase and installation of the new Elliot boiler, marking the construction phase of the project.

Mr. Dulong added that the project follows the rooftop unit replacements completed over the summer, similar to how the Elliot School's rooftop unit was replaced before moving on to the boiler replacement.

Mr. Abruzese asked why this project is separate from the public facilities maintenance program. Ms. Smith-Fachetti clarified that it is considered a capital expense. She then asked about the age of the existing boiler. Mr. Dulong estimated that the boilers were past their useful life, over 20 years old. He explained that they continue to fail, requiring frequent repairs and resealing.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the article Appropriate for Eliot School Boiler Replacement. Mr. Coffman seconded the motion. The article was approved by a roll call vote of 8-0 at approximately 8:01pm.

Amend General By-laws Contract Procedures

Mr. Davison explained that the proposed amendment to the town's bylaws would allow longer contract terms for purchasing electricity supply, natural gas supply, and energy resources. Currently, these contracts are limited to three years, while fuel, propane, and oil contracts can extend up to five years. He noted that the three-year limit puts the town at a disadvantage when bidding for energy supplies. For example, in the recent natural gas contract renewal, there was a 10% cost difference between a 36-month and a 38-month contract, but the town could not take advantage of the lower rate due to the existing limitation.

Ms. Smith-Fachetti asked what the pricing would have been for a five-year contract. Mr. Davison stated that no vendors bid that far out, but the longest viable bid was for 48 months, while the most competitive rate was at 38 months.

He also addressed a clarification regarding software and maintenance agreements, which are currently allowed for up to 10 years. Many software services are now cloud-based, with vendors referring to hosting services separately. Some have argued that hosting services are not explicitly covered under the existing contract language, effectively limiting software subscriptions to three years. The proposed amendment would add “hosting agreements” to ensure these contracts remain valid for up to 10 years.

Mr. Connelly observed that the amendment broadens the definition of covered energy sources while keeping the contract term at five years, rather than extending it. He also noted that software licensing agreements remain at 10 years, with hosting services added. He asked if there were any other relevant terms to include to avoid another bylaw amendment in the near future. Mr. Davison replied that these were the key issues that had arisen over the past 14 months, but he could not guarantee that no further changes would be needed in the future.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of the article Amend General By-laws Contract Procedures. Mr. Abruzese seconded the motion. The motion was approved by a roll call vote of 9-0 at approximately 8:07pm.

Finance Committee Business

The Finance Committee plans to reconvene in March and will probably meet each week that month. Mr. Connelly added that there is an upcoming chairs meeting to discuss the Seabeds project.

Adjournment

MOVED: By Mr. O'Connor that the Finance Committee meeting be adjourned, there being no further business. Ms. Calton seconded the motion. The motion was approved by a roll call vote of 9-0 at 8:12p.m.

Documents: Excel Spreadsheet- FY26 Proposed Department Budgets

Respectfully submitted,

Molly Pollard

Executive Secretary, Finance Committee