

**Needham Finance Committee
Minutes of Meeting of March 2, 2016**

The meeting of the Finance Committee was called to order by the Chair Louise Miller, at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Louise Miller, Chair; Richard Zimbone, Vice Chair

Members: John Connelly (arrived 8:20 pm), Tom Jacob, Richard Lunetta, Richard Reilly, Carol A. Smith-Fachetti

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

George Kent, Chair, Permanent Public Building Committee

Stephen Popper, Director of Public Facilities Construction

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Director of Financial Operations, School Department

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of February 24, 2016, be approved as distributed, subject to technical corrections. Mr. Jacob seconded the motion. The motion was approved by a vote of 6-0. (Mr. Connelly had not yet arrived.)

Fleet and Technology Capital/ Cash Capital

Ms. Miller stated that she and Mr. Jacob had met to discuss the fleet and technology requests. Mr. Davison has been working with Public Facilities and Public Works on a vehicle and equipment replacement cycle. As each piece comes up on the current cycle, its condition is evaluated, and if it needs replacement, they evaluate it to see what would be the most appropriate equipment for the work. The fleet included in the capital plan has been reduced because of some longer life expectancies, and because equipment is swapped out for a different type of equipment. She stated that they now get new estimates for planned equipment annually, and some projected prices drop. Mr. Reilly asked about a 2013 Ford vehicle scheduled for replacement in the cash capital article. Mr. Jacob stated that the vehicle was actually a police vehicle transferred to the Fire Department in 2013. He stated that they may keep to use for transportation to training. Ms. Miller stated that they reviewed the spending requests and found them all to be reasonable. She stated that the Town is not adding to the fleet, though some replaced vehicles may go into the pool, and they will get rid of some of the very old vehicles. She stated that the replacement cycle has been flattened out and also stretched longer.

Mr. Jacob stated that there is no technology request for the Town. However, they were informed that in the next year or two there will be a major increase in software licensing costs as the industry changes to annual licenses instead of purchasing a software package. He expected an

increase of about \$100,000. Mr. Reilly asked if it might be wise to push the capital request for the police use-of-force simulator ahead from 2021 in light of the number of lawsuits in this area. Ms. Fitzpatrick stated that could be discussed, but that it was the correct procedure for an initial request in the capital plan. She noted that the police do have access to simulators through MIIA.

School Cash Capital

School Copiers: Ms. Gulati stated that this request is part of the ongoing replacement cycle that has been requested in previous years.

School Furniture: Ms. Gulati stated that this is also an ongoing program. FY17 includes replacing furniture in poor to fair condition at Hillside, Mitchell and Newman as well as \$10,000 for new furniture in new classrooms. Ms. Miller asked if the funding is sufficient. Ms. Gulati stated that they had requested this amount because it is affordable, and they can make steady progress keeping up with the replacement. They do not feel they are falling behind.

School Technology: Dr. Gutekanst stated that a big part of this is the 1:1 technology initiative in the 8th grade, so that the program will be complete in grades 6, 7 and 8. He stated that they are piloting different technology for the High School. The device is yet unknown, though they are leaning toward the Chromebook or similar. The goal is to have the 1:1 devices for all of grades 6-12, fully funded in the operating budget for the Middle School and partially funded for the High School. He stated that the requested funding includes \$35K for a pilot program at the High School. Dr. Gutekanst stated that the students that were in the first class of the 1:1 program at the Middle School who were asked to pay for their own devices are now in 7th grade. He stated the current plan is that when they go to 9th grade, to ask them to buy another device. He stated that there is concern about that, since the School Department paid for the devices for the class behind them. Dr. Gutekanst stated that the particular device will not be as important because of the way the 1:1 High School program is being designed. He stated that they should be able to afford the program as planned within the operating budget. Ms. Gulati stated that the request is for \$126K spread across 2 years, FY18 and FY19, or 360 devices per year at \$63K each year. This amount would fund a 20% borrowing pool. The devices cost \$350 each. Ms. Miller suggested not using the same class for a pilot program twice or alternatively to begin using Chromebooks from the start in Middle School. Ms. Gulati stated that the devices have a 3-4 year life, so the plan is that the devices will not need to be replaced during a student's life at the High School. Dr. Gutekanst stated that they have experienced little damage or breakage.

Mr. Lunetta asked what happened to old desktop computers. Ms. Gulati stated that they are aging out, and are not replaced. They are still in use in computer labs. She stated that the new model is 1:1 learning, so there are a few digital devices in the classroom, but they use mostly groups of devices on carts that can be moved among the classrooms. They are not following a standard replacement model.

Pollard Lockers: Dr. Gutekanst stated that the funds will replace the balance of the lockers. The project has gone very well.

High School Gym A Bleachers: Ms. Gulati stated that the bleachers were not part of the renovation. Dr. Gutekanst stated that they will be replaced with the same type of folding bleachers. Ms. Gulati stated that Mr. Laffey obtained a quote for the cost.

High School Expansion Alternative Study: Dr. Gutekanst stated that the PPBC is working on the cafeteria project. The High School Space Task Force is meeting to see what makes sense for additional classroom space. The building was not built to accommodate enough students. He discussed changes that have been made and will be made to increase usable classroom space, including reallocating or reconfiguring existing space, or changing the schedule to accommodate more classes, though people don't like schedule changes. Mr. Jacob stated that getting the most use of space is more important than whether people like the schedule change. Dr. Gutekanst stated that \$50K will pay for a feasibility study with a designer or engineer to be run by the PPBC, to figure out the options in the current building. One possibility is using the upper space in the media center which has a double high ceiling. Dr. Gutekanst stated that they have moved storage Physical Education equipment to a trailer. Mr. Zimbone stated that this has been discussed as a multi-step process which can take small critical steps right away while waiting for more enrollment data. Dr. Gutekanst stated that creating flexible space that can be easily changed is most important. He stated that the task force report will be circulated soon. Mr. Zimbone asked if \$15K more is enough. Ms. Fitzpatrick stated that Mr. Popper said that an additional \$15K is needed. Ms. Miller stated that further information is needed about the amount.

2016 Annual Town Meeting Warrant

Amend General By-laws: Future School Needs Committee

Dr. Gutekanst stated that he wrote a joint memo with the Town Manager outlining the proposed reconfiguration. He stated that they depend on the Future School Needs Committee to produce enrollment projections. The projections have been helpful in the short term, but not accurate in the long run. They use only data at hand, and do not account for variables. They have underestimated kindergarten and 1st grade recently, requiring additional new hires beyond the budget. He stated that last year they hired McKibben to make projections, which have been updated. He feels it is helpful to have a committee that represents the Town boards, and that can hire a professional demographer and help inform the consultant of the important variables to consider. Ms. Fitzpatrick stated that this is one of the goals of the Board of Selectmen.

Mr. Lunetta stated that the committee seems to be outmoded and only adds an unneeded bureaucratic layer. He stated that the Superintendent could hire the consultant for the study and provide the guidance for the end product needed. Ms. Gulati stated that the committee would review the process and provide valuable insight and improve the quality of the report. Mr. Lunetta felt that the information would be the same without the need for a committee. Mr. Zimbone disagreed, and said that even the best demographer cannot produce a useful report without the best information. The committee would understand the Town and be able to guide the use of the data. He stated that the effects of various changes such as new zoning laws would be much better understood by a Town committee. Mr. Reilly stated that there is potential for unintended institutional bias towards higher estimates, and that input from a disinterested body would be helpful. Mr. Jacob stated that there is some efficiency in having representatives from different groups on the committee to report back to their boards.

Ms. Miller stated that the committee's responsibility is to review the study, and that it would be important to be involved in the request for proposals in order to guide the questions being asked of the consultant. She asked how often there would be a study, and which budget this would come from. Dr. Gutekanst stated that the committee would review the end product, and would be

able to influence the next product. He stated that there would be funding for an annual study in the School Department budget for approximately \$5,000 per year. Ms. Miller suggested adding mathematics to the expertise list. She asked whether the Moderator knows that the number of Moderator appointees would be reduced. Ms. Fitzpatrick stated that he did and offered no comment. Mr. Reilly asked if there are term limits intended in the way the proposed by-law is written. Ms. Fitzpatrick stated that the language is standard, and does not intend to set term limits.

Accept C. 73, s. 4, Acts of 1986

Ms. Miller stated that Mr. Davison had prepared a memo describing the exemption granted by this warrant article and the amounts exempted in recent years. She stated that the article provides for the Town to provide the maximum additional exemption. Mr. Reilly asked why the state would limit the amount that a town could exempt. Ms. Fitzpatrick stated that she did not know the underlying reason, but that the Town provides the highest exemption allowed under the law. She stated that one of the provisions of the Governor's municipal modernization bill would allow this exemption to continue without a new vote of Town Meeting each year.

MOVED: By Mr. Lunetta that the Finance Committee recommends adoption of 2016 Annual Town Meeting Warrant Article: Accept C. 73, s. 4, Acts of 1986. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for Public Facilities Maintenance Program

Ms. Miller stated that there were no questions outstanding after the meeting with Mr. Laffey. She stated that the program would be funded with one-time money: \$400,000 from Free Cash and \$190,000 from Overlay Surplus.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article: Appropriate for Public Facilities Maintenance Program in the amount of \$590,000. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0.

Expend State Funds for Public Ways

Ms. Miller stated that the Chapter 90 funding will be the same amount in FY17. Ms. Fitzpatrick stated that it will not be cut. Ms. Fitzpatrick supplied a handout showing the current encumbrances and recent years' expenditures. She stated that the DPW is undertaking a five phase project. Phase 1 will be most complicated, starting next year. The second phase will begin in the following summer. Mr. Popper described the status of the Salt Shed project. Mr. Reilly stated that if this article is not approved, then the Town will be unable to spend the funds.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article: Expend State Funds for Public Ways. Mr. Connelly seconded the motion. The motion was approved by a vote of 7-0.

Appropriate for General Fund Cash Capital

Police and Fire Station Expansion: Ms. Miller stated that the first item has been removed.

Fuel Island Relocation and Upgrade Design: Mr. Reilly asked if this will still move forward with the DPW considering a change of location. Ms. Fitzpatrick stated that the first part of the DPW study will inform the location before this design work gets underway.

Memorial Park Building and Grounds Feasibility Study: Ms. Miller asked when the study would be done. Mr. Popper stated it would take less than 9 months so it will probably be done next spring. Mr. Zimbone asked if \$50K was the right amount of money. Mr. Popper stated that the scope has not been determined yet, but that sounds right.

Fleet Replacement Program: Mr. Zimbone asked if there would be further changes to the fleet program. Ms. Miller stated that the \$643,169 is accurate.

High School Classroom Expansion Alternatives Feasibility Study: Mr. Zimbone stated that this amount will have to change, as mentioned earlier. Mr. Popper stated that the appropriation needs to be bumped up to include an educational planning component. Ms. Miller asked if they could use the same contractor. Mr. Kent stated that he hoped so. The study needs to be more comprehensive than just a space study, and to determine what types of classrooms are needed.

Appropriate FY 2017 General Fund Operating Budget

Ms. Miller stated that there is another draft budget. \$30,000 was added to the Finance Department for network hardware that was reallocated from cash capital. This was overlooked in the draft budget. She stated that the Fire Department does not include the part-time Fire Inspector position because the work will be accomplished as a project funded by an article in the Special Town Meeting warrant.

She stated that the Committee had discussed funding the Public Health Agent. Ms. Fitzpatrick stated that the position was not funded in her recommended budget, but the net increase would be \$60,305. She noted that there would be an additional impact on benefits. She stated that she supports adding the position. Ms. Miller stated that the position could be affected by the restructuring of the Health and Human Services Department. The position would still allow the creation of a Director of HHS, and could free up some time of the Director. She stated that she raised these issues because the position may come up next year. It is only being delayed because of the restructure, but she does support it. Mr. Connelly asked what changed for the Town Manager not to recommend the position in the budget, but to recommend it now. Ms. Fitzpatrick stated that she chose to delay the position until after the reorganization, but will support adding it if the liaisons feel it is necessary to add now. Mr. Connelly asked if it would either further complicate or help the reorganization. Ms. Fitzpatrick stated that it could help, since it would give more bench strength to the department. She stated that the Board of Health wants one HHS Director, but that other boards are not as interested in that model. She stated that there is work to be done to reorganize. Ms. Miller asked what work is not getting done that this position would help. Ms. Fitzpatrick stated that there are permits that are not getting issued when the current person is absent or busy.

Ms. Miller stated that the Committee also discussed whether to add a Project Manager position to the Public Facilities budget. Ms. Fitzpatrick stated that the person currently in the position is assigned design and permitting for Rosemary, the study for the Police Station and Fire Station 2, and the demolition work at Owens Farm. Ms. Miller asked what will happen if Rosemary does

not move forward. She stated that the person will primarily handle the Police and Fire Station project, which is going forward. There was discussion of the workloads of the other project managers. Ms. Fitzpatrick stated that currently the new position is being charged entirely to projects, but she has recommended half of the salary included in the FY17 operating budget. Usually, most of the salary for project managers is turned back at year-end. She stated that the Town uses staff instead of a consultant for project management. She stated that some of the operating budget is needed for the salary to provide flexibility to do necessary functions that come up and cannot be charged to a project. Mr. Popper stated that he allocates salaries to projects every month. Ms. Fitzpatrick stated that she planned to phase the salary for this position into the operating budget starting at 50% then 100%.

Mr. Reilly stated that the allocation functions more like an authorization since most funding will be turned back. Mr. Popper stated that \$37K was turned back last year, and \$62K the year before. Mr. Kent stated that the flexibility is needed. He stated that in the past funds have been rescinded from projects that would have been spent on project management if the Town did not manage its own projects. Mr. Zimbone asked if the work could be added to every project as a percentage added for management rather than having to carry the cost in the operating budget, and then charge the work to the budget. He asked if there is sufficient work for all of the Project Managers. Mr. Kent stated that these people are needed. He stated that some salary is needed in the budget to provide flexibility. Mr. Connelly stated that whether the project managers are needed depends on the type of work. The work involved managing a construction project at a site is very different from managing a feasibility study being conducted in a consultant's office. He stated that the system is confusing and the Committee can't figure out what is going on. He stated that everything needs to be synched up and made clear. There is a lot of money in the Hillside budget for a project manager. Ms. Fitzpatrick stated that they will come back for FY18 with the planning for funding for feasibility vs. construction management if this can be partially funded for FY17. Mr. Connelly stated that there will be some construction this summer, then no construction until FY18. Ms. Fitzpatrick stated that the pool construction is planned for FY17. Mr. Connelly stated that he does not feel there is sufficient work for the position. Mr. Zimbone stated the \$47K would be needed with expenses for funding, where there is only \$40K available in the operating budget. Ms. Fitzpatrick stated that the funding is a backstop and they could make do with \$40K. Mr. Kent stated that they will charge all of the salary if they can. He noted that that this position saves the Town money over hiring an OPM. Mr. Reilly stated that benefits would be needed in Townwide expenses. Ms. Miller stated that there is a 20-plan contingency in Townwide expenses which can cover this.

MOVED: By Mr. Zimbone to recommend the FY17 operating budget as distributed, with \$40,469 added to the Public Facilities salary line. Mr. Jacob seconded the motion.

DISCUSSION: Mr. Connelly stated that he is not in favor of increases in the budget for either the Public Facilities budget or the Public Health budget. He stated that the workload in Public Facilities does not justify the additional position. He stated the Ms. Fitzpatrick's memo justified the two current positions, not three. He stated that the HHS Health Agent position should be considered as part of a comprehensive evaluation of the department. He asked if he could move to amend the motion.

WITHDRAW: Mr. Zimbone withdrew his motion.

MOVED: By Mr. Connelly that the Finance Committee amend the proposed FY 2017 operating budget to remove the funding for the salary, \$61,305, and benefits, 22,819, for the HHS Health Agent position and move it to the Reserve Fund. Mr. Reilly seconded the motion for discussion purposes.

DISCUSSION: Mr. Lunetta stated that there has not been a demonstrated detriment of not having an additional Health Agent performing inspections. Ms. Fitzpatrick stated that the Public Health Director feels that work is being left behind, and that regulations are not being reviewed. She stated that she will request this again next year with the same workload issue if it is not funded this year. Mr. Zimbone stated that there is money available and the Committee knows that the position needs to be created. Mr. Lunetta stated that it makes the most sense to wait until next year in case things look different after the reorganization. Ms. Fitzpatrick stated that this could be addressed at the fall Special Town Meeting if they can do the reorganization quickly. Ms. Miller stated that the Public Health work is very important. If the Public Health Director thinks work is not getting done, the position should be added. The position may not be right if the work that is not being done is not inspections but is working on regulations and policies. Mr. Jacob stated that the information provided in support of the position does not state what is not being done, but is more of a job description. Mr. Zimbone stated that he is the liaison, and supports going forward on the recommendation of the Public health Director and the written document. He stated that Dr. Cosgrove from the Board of Health made a strong case for the need. Ms. Miller stated that the budget could be amended between now and May. Mr. Zimbone stated that the decision needs to be made, and it would be a slippery slope to amend the budget for this issue. Mr. Reilly noted that the position could be raised again for the fall Special Town Meeting.

VOTE on Mr. Connelly's motion: 5-2 (with Ms. Miller and Mr. Zimbone dissenting.)

MOVED: By Mr. Reilly that the Finance Committee amend the proposed FY 2017 operating budget to increase the funding for the Public facilities salary line by \$40,469 to partially fund the salary of the Project Manager position. Mr. Zimbone seconded the motion.

DISCUSSION: Mr. Lunetta asked how they would make use of this person if there are only two feasibility studies and no construction next year. Ms. Fitzpatrick stated that she expects the Rosemary project will be moving forward, and there will be an amazing amount of permitting work to be done. Mr. Popper stated that no matter what happens, there will be work at Rosemary, whether or not the pool project goes forward. He stated that there is also the High School expansion and the Memorial Park project. He stated that there is plenty of work with one person consumed by Hillside, leaving 2 others for 6 projects.

VOTE on Mr. Reilly's motion: 5-2 (with Ms. Miller and Mr. Connelly dissenting.)

MOVED: By Mr. Zimbone that the Finance Committee recommend the FY2017 operating budget as presented and defined by the two motions, subject to technical corrections. Mr. Connelly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Finance Committee Updates

There were no updates.

Adjourn

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0 at approximately 9:50 p.m.

Town of Needham, Departmental Spending Requests, December 2015; Town of Needham Capital Improvement Plan FY2017 – FT2021, January 4, 2016; 2016 Annual Town Meeting Warrant draft 2-5-16; Memorandum to Finance Committee from Kate Fitzpatrick re: FY2017 Budget, dated Feb. 26, 2016; Memorandum from David Davison to Finance Committee re: Exemptions – Chapter 73 Section 4 of the Acts of 1986; Memorandum from Kate Fitzpatrick and Dan Gutekanst to 6 Town Boards re: Future School Needs Committee dated Dec. 31, 2015; Chapter 90 Expenditure data.

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved March 16, 2016