

**Needham Finance Committee
Minutes of Meeting of March 1, 2017**

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

Present from the Finance Committee:

Rick Zimbone, Chair; Richard Reilly, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Ken Lavery, Richard Lunetta, Louise Miller

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Matthew Borrelli, Chair, Board of Selectmen

Stephen Popper, Director of Public Facilities Construction

John Schlittler, Police Chief

Chris Baker, Police Lieutenant

Dennis Condon, Fire Chief

Anne Gulati, Director of Financial Operations, School Department

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes of February 15, 2017, be approved as distributed. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

Police and Fire Station Staffing /Capital Project

Chief Schlittler stated that there is a new report on Police Department staffing. Over the years, the number of staff in the Police Department has decreased, and the job has become more complex, while demands have increased due to population growth and business growth. He recommends adding 4 new officer positions: 2 patrol officers and 2 community service officers. He stated that this would provide more comprehensive patrol coverage, and allow for better follow-up. Mr. Reilly asked if they could provide information on best practices or information from comparable communities. Mr. Connelly stated that he would like to see data from comparable towns to see whether Needham's staffing is in line. Mr. Reilly stated that there may be reasons for different levels off staffing, but such information would guide the discussion. Chief Schlittler stated that he could provide that information. Mr. Zimbone asked if there is sufficient coverage with two lieutenants on patrol. He stated that it is important not to sacrifice in the field in order to do other services. He suggested that they look at other staffing models to

make sure the current one is the best. Chief Schlittler stated that he would compare the administrative and patrol staff in other communities.

Ms. Miller asked if there have been efforts to regionalize services. Chief Schlittler stated that they do regionalize some investigative and other services. Ms. Miller asked if they could regionalize any of the services which they are trying to address with additional staff, and whether they work with other Town departments. Chief Schlittler stated that they work with the Health Department, particularly to help address mental health issues, and they help people seek elder services. He stated that they like to follow up themselves as well to be able to keep in touch and help avoid situations where they are called in again. Mr. Lunetta asked how the staffing increases will improve delivery. Chief Schlittler stated that the community service officer will hopefully provide a contact person for families that have had contact with the police, and will be able to work with them before problems escalate and prevent some service calls. Also, it could help prevent some exposure of officers to some dangerous situations particularly with mentally ill people. Mr. Lunetta asked if the patrol officers get training in this area. Chief Schlittler stated that there is training from the state in mental health and substance abuse, and that the Town also provides some of its own training.

Chief Condon stated that the Fire Department has also had decreased staffing over the years, along with a significant increase in the number of emergency service calls. He stated that there are about the same number of inspection and prevention calls as emergency calls. He stated that they travel often with the Police, and that the ambulance also goes to certain calls. He stated that there is notable growth in the area near Fire Station 2, including a number of new buildings with new residences, in addition to new hotels. He stated that he did not include the anticipated effects of the legalization of marijuana in this report, but in Colorado, emergency calls have increased and he expects that may happen here.

Chief Condon stated that the goal is to provide quality service. He stated that if there were 2 additional staff, he would be able to staff a second ambulance. If there were also 2 more firefighters, it would be better for fighting fires. He stated that they would need more staff to be prepared for anything bigger than a fire in one room with contents. Mr. Lunetta asked for a description of how service is diminished with absences. Chief Condon stated that there are currently 4 open positions, since the Civil Service process is slow. He stated that the people interviewed last March and hired last summer will be finishing the academy soon, then have some training at the local hospital before they start work at the Fire Station. He stated that there are also absences due to 2 injured staff and people with long-term illnesses, in addition to sick days. He stated that even at full staff he cannot staff a second ambulance, and certainly cannot with the open positions and absences. Mr. Zimbone asked if best practice was to rely on fall back employees. Ms. Fitzpatrick stated that they have analyzed this over the years, and have used overtime to back fill shifts, which can be better because of the employee benefits and retirement costs that come with more employees. Mr. Reilly stated that it would be helpful to compare the costs of the different proposed staffing solutions. He stated that it would be helpful to have an idea of the costs of Options 4 and 5 from the report to be able to weigh the costs against the benefits. Mr. Connelly asked for the number of new employees with each option. Chief Condon stated that Option 1 includes no new staff; Option 2 is the same, but removes the ladder truck and the extra ambulance; Option 3 adds 24 new positions, or 6 per shift; Option 4 adds 4 new staff; and Option 5 adds 8 new staff, which will fully staff the new ambulance with

new people. Mr. Lunetta commented that it makes no sense to build space for an additional ambulance if it cannot be staffed.

Mr. Popper stated that he is not yet comfortable stating an estimated cost. Ms. Fitzpatrick stated that the Design Review Board has been very involved in the design process. He stated that a change of the image of the building can shift the program space. He stated that they have used well over \$140K of services from the architect. There have been two appropriations, of \$90K and \$50K, for the feasibility work. Ms. Fitzpatrick stated that the programming is agreed upon, as well as design for Station 2. The focus now is the look of the signature building. She stated that she has spoken to the Planning Board and would like to hold off on zoning changes until the October Special Town Meeting. Mr. Reilly asked if the 40% increase of net to gross space is typical. Mr. Popper stated that it is based on the internally needed space. He has seen a range of 25% to 50% increase for gross space.

Ms. Miller asked why they were not sharing one dispatch center for Police and Fire. Chief Condon stated that the Fire Dispatchers are EMT trained so that they can start the medical process on the phone. Their interaction with staff is critical, and they need to be able to know when information is too sensitive to be transmitted over the airways. Chief Schlittler stated that the Police dispatchers are trained differently. He stated that some communities do share dispatch, and it does not work as well. He stated that the Police dispatch is a secure area, and people cannot be there without certification. Ms. Fitzpatrick stated that there would not be a decrease in the number of staff needed.

Mr. Connelly stated that the new Station 2 is 150% bigger than the current space and the Police/Fire complex will be 66% bigger. He asked why Station 2 will be so much larger proportionally. Chief Condon stated that there will be 2 new bays for repairs, plus a 3rd new bay for the additional ambulance. He stated that there are also extra bunk rooms. Mr. Lunetta noted that the ambulances are the only apparatus that generate revenue. Ms. Miller asked how often there are simultaneous calls for service. Chief Condon stated that it happens about 180 times per year. Ms. Miller asked if they had looked into using a private ambulance service. Chief Condon stated that they do that now, and there are delays.

Mr. Popper stated that the \$250K will cover schematic design and will provide a construction cost estimate to bring to Town Meeting in the fall. He stated that there is already a probable cost from the architect, but he would not want to use that as the basis to seek an override. The options are to go to schematic design or go out to bid. He stated that the process here is the same as was used for the new elementary school, and he feels it is prudent. Mr. Popper stated that most of the \$250K is for architectural work, with some survey and consulting work. Mr. Zimbone asked if the \$140K already appropriated and the additional \$250K is sufficient to get all the way through schematic design. Mr. Popper stated that if not, they would be able to seek additional funds at the fall Special Town Meeting. He stated that for the coming Annual Town Meeting, have agreement on all of the planning elements of the building.

2017 Annual Town Meeting Warrant Articles

Appropriate for Public Safety Complex/Station #2

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Public Safety Complex/Station #2 Design in the amount of \$250,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Accept Chapter 73, Section 4 of the Acts of 1986

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Accept Chapter 73, Section 4 of the Acts of 1986. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Appropriate for Property Tax Assistance Program

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Property Tax Assistance Program in the amount of \$7,292. Mr. Reilly seconded the motion.

Discussion: Ms. Miller asked why the amount is limited to \$7,292, and whether there were more requests for assistance. Mr. Davison stated that the program is restricted to matching funds, and they cannot go higher. He stated that the applications for assistance are not for specific amounts, so the recipients just get an amount that is available. Ms. Fitzpatrick stated that the policy is to provide a match for up to \$25,000 of donations and that the Board of Selectmen plans to campaign for more donations. Mr. Zimbone stated that the Finance Committee would support an increase in the funding for this program, even without the matching donations.

Vote: The motion was approved by a vote of 8-0.

Appropriate for Senior Corps

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Senior Corps in the amount of \$15,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Appropriate for Classification & Compensation Study Services

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Classification & Compensation Study Services in the amount of \$80,000. Mr. Lunetta seconded the motion.

Discussion: Ms. Miller asked how the \$80K would be spent. Ms. Fitzpatrick stated that the Town has been spending \$10K-\$15K per year for annual updates on classification and compensation. This would be to hire a new consultant to use a new methodology to rewrite job descriptions for 150 job titles, to apply FLSA tests to determine which titles are exempt, and to review compensation. She stated that it will be a complete reset for the amount usually spent in about 5 years. She stated that the study would take about a year. Ms. Miller stated that there could be substantial changes to compensation, and asked for a presentation to the Finance

Committee before adopting the changes. Ms. Fitzpatrick stated that it is a big project, and she will update the Finance Committee.

Vote: The motion was approved by a vote of 8-0.

Appropriate for Fleet Refurbishment

Mr. Zimbone stated that the Fleet Refurbishment has been discussed during the Fleet budget hearing.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Fleet Refurbishment in the amount of \$250,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Authorization to Expend State Funds for Public Ways

Ms. Miller stated that the Finance Committee has asked the DPW for an update on the Chapter 90 funded projects which has not yet been received. Mr. Zimbone stated that he wanted to vote the article now, since the Town will not turn down the funds.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Authorization to Expend State Funds for Public Ways. Mr. Lunetta seconded the motion.

Discussion: Ms. Miller stated that the Finance Committee should not vote \$1 million of funds without the spending plan. Mr. Reilly stated that he was sympathetic with Ms. Miller's position, but felt that the Committee does not want to micro-manage the use of funds, and felt that there is no realistic chance that the Town would turn down the funds. Mr. Zimbone noted that the funds are required to be spent on roadways. Ms. Miller stated that in past years, the funds have been spent on the salt shed and downtown improvements, or saved for later projects, and not spent on roads that year. Mr. Reilly stated that the Committee will have an opportunity to weigh in how the funds are appropriated.

Vote: The motion was approved by a vote of 7-1, with Ms. Miller dissenting.

Appropriate for General Fund Cash Capital

Mr. Zimbone stated that the article includes a number of items totaling of approximately \$1.9 million. He stated that the items were discussed during budget hearings. Mr. Reilly asked whether the Traffic Improvements were related to the new Hillside School project. Mr. Davison stated that it is a result of a study regarding pedestrian safety. This is part of a multi-year program to fund small pedestrian safety at crosswalks and intersections. Ms. Fitzpatrick stated that the Town is finishing a prior project near the Eliot School, but this would add an annual line for this work. Ms. Miller asked how this differs from the DPW's projects in the infrastructure

article. Ms. Fitzpatrick stated that this is meant to be reactive to concerns expressed by residents rather than part of bigger planned projects.

Mr. Zimbone asked if the School Technology Replacement included High School chrome books. Ms. Gulati stated that it included all 1:1 devices in the operating budget and servers and equipment that do not meet the definition of capital. Mr. Connelly asked whether the public address system for use at graduation would be used only once per year and whether they could rent a unit. Ms. Gulati stated that the system would be used at graduation and other events such as outside functions. It is portable and could travel to different schools. Mr. Connelly stated that he needed more information on how many times per year this equipment would be used and whether an analysis has been done about other options.

Pollard School Bathroom Upgrades

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Pollard School Bathroom Upgrades in the amount of \$650,000. Mr. Lavery seconded the motion.

Discussion: Mr. Reilly asked whether the gender bathroom issues would impact this project. Ms. Gulati stated that they would not affect this project. She stated that the general plan is to convert staff bathrooms into gender-neutral bathrooms, using existing space.

Vote: The motion was approved by a vote of 8-0.

Appropriate for High School Chiller Replacement

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for High School Chiller Replacement in the amount of \$400,000. Mr. Jacob seconded the motion.

Mr. Zimbone stated that he was concerned that the appropriation was not enough to cover the project. Mr. Davison stated that the full cost of the project would not be incurred right away. He stated that the appropriation could be supplemented at the October Special Town Meeting if additional funding is needed. Mr. Zimbone stated that he would be comfortable with the appropriation. Mr. Coffman asked about the overlay account where the funds were coming from. Mr. Davison explained that is the reserve for uncollectible taxes. Funds are being released because certain issues have been resolved favorably for the Town, so that there is less exposure. Ms. Miller suggested that the article information state that there may be a need to revise the amount. Mr. Zimbone stated that the Committee could re-vote this article if needed.

Vote: The motion was approved by a vote of 8-0.

Review of Audit Report Findings

Mr. Davison stated that the FY16 audit was completed and presented to the Board of Selectmen. The report was clean and showed no concerns regarding internal controls and financial statements. There were several recommendations concerning staffing levels which should be resolved by the next audit. The reconciliation recommendations were based on timing issues and

will always be an issue. Other informational items were workload related. He stated that there is going to be a change in reporting which will have no financial significance, but will appear negative to those unfamiliar with the situation. The OPEB and retirement liability will appear on the balance sheet so the Town's net worth will look about \$65 million worse. The audit fee will increase because of the need for actuarial analysis. Mr. Davison also stated that IT vulnerabilities need to be addressed. The Town has received \$20K in state funding for an assessment. The Town is working with the Technology Advisory Board.

Mr. Reilly asked about Enterprise Funds. Mr. Davison stated that the RTS has a negative cash flow which is shown in the audit report. He stated that the Water Fund shows an increase in water usage. He stated that there was a staffing change between Water and Sewer Divisions, with Water increasing by one FTE and Sewer decreasing by one. Mr. Reilly asked if Mr. Davison is concerned about the negative net cash of the RTS Fund and the size of the General Fund contribution. Mr. Davison stated that it is not out of the norm compared to other years. Part of it is caused by the timing of the amortization of a capital asset. He stated that the Town plans to look at whether the RTS Enterprise Fund should continue to exist. Ms. Miller stated that there is no warrant article for Sewer Fund cash capital and asked if there would be any use of retained earnings. Mr. Davison stated that the revenue stream will continue to support ongoing functions.

Appropriate for RTS Enterprise Fund Cash Capital

Mr. Zimbone stated that the items in the article were talked about in the budget hearings.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for RTS Enterprise Fund Cash Capital in the amount of \$710,342. Mr. Jacob seconded the motion.

Mr. Reilly asked the approximate net earnings. Mr. Davison stated that it was approximately \$900K. Mr. Davison stated that this complies with the town's retained earnings policy.

Vote: The motion was approved by a vote of 8-0.

Appropriate for Wastewater System Rehabilitation

Ms. Miller recused herself from the discussion and vote due to a conflict of interest. Mr. Davison stated that these costs would have been Sewer Enterprise Fund cash capital items but the Town will instead fund it with a zero interest loan from the Mass Clean Water Trust. It will be funded under a grant/loan program that may have some of it paid for by the MWRA, but it only applies to purchases with debt, and not cash.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Wastewater System Rehabilitation in the amount of \$600,000. Mr. Jacob seconded the motion. The motion was approved by a vote of 7-0-1, with Ms. Miller recusing herself.

Appropriate for Water Enterprise Fund Cash Capital

Mr. Reilly asked the retained earnings for the year. Mr. Davison stated that they were not yet certified, but last year were \$3 million and he expected at least that much.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Water Enterprise Fund Cash Capital in the amount of \$396,074. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Appropriate for Water Service Connections

Ms. Miller recused herself from the discussion and vote due to a conflict of interest. Mr. Davison stated that this expense is usually included in cash capital, but because there is an opportunity for a zero interest MWRA loan, the Town will take the 5-year recommended spending and seek one authorization for \$1 million. This will allow the work to be done quickly. It involves replacing water connections to homes that may have lead.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Water Service Connections in the amount of \$1,000,000. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0-1, with Ms. Miller recusing herself.

Finance Committee Updates

Mr. Zimbone asked Mr. Davison for an update on the changes of the Municipal Modernization Act that are being implemented. He stated that revolving funds no longer need to be re-approved every year, but will need to be adopted as a by-law which will need to be approved by the Attorney General. Town Meeting will still be required to vote an annual budget amount. In order to allow the AG time to review the by-laws, towns may also approve the revolving funds in the old way. Otherwise, any delay would delay the ability to use the funds during the summer. Therefore, the warrant will contain article for both the new by-laws and the old approval.

Mr. Davison stated that the new law gives the Treasurer more flexibility for investments. There is also a change in how borrowing premiums are applied. They will be used to reduce the borrowing authorization. This will mean that the Town will not have to later rescind the borrowing authorization to use it for something else.

Ms. Fitzpatrick stated that the Board of Selectmen is working on a Tax Increment Financing (TIF) agreement with a worldwide media conglomerate that has not yet been finalized, so it will be in the Special Town Meeting warrant. The Town expects that the new business will have significant taxable personal property that is not subject to the TIF.

Mr. Zimbone stated that there was a draft presentation showing the options being considered for expanding space at the High School. He stated that the consultant has done a better job addressing the issues the Finance Committee had expressed. They looked at the schedules and the existing space and what is needed. They should have the costs for the 4 options soon. He stated that they want to include boiler work with this project. He stated that it has been

determined that there were gas supply problems that caused this failure, but that Eversource refuses to acknowledge the problem. He stated that tests need to be done, and this part may not be ready for funding at Town Meeting.

Adjournment

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, as there was no further business. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0, at approximately 9:25 p.m.

Documents: 2017 Annual Town Meeting warrant, 2/14/2017 draft; FY 2016 Town of Needham Annual Financial Report for the year ended June 30, 2016; Needham Police Department Staffing and Deployment Report, February 2017; Needham Fire Department Staffing and Service Analysis, 2/24/2017; Draft High School Expansion presentation.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved March 8, 2017