

**Needham Finance Committee
Minutes of Meeting of February 7, 2018**

The meeting of the Finance Committee was called to order by Chair Richard Reilly at approximately 7:00 pm at the Needham Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair; Barry Coffman, Vice Chair

Members: John Connelly, Tom Jacob, Kenneth Lavery, Joshua Levy, Richard Lunetta, Louise Miller, Carol Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Christopher Coleman, Assistant Town Manager/Director of Operations

Patricia Carey, Director, Park and Recreation Department

Matthew M. Toolan, Chairman, Park and Recreation Commission

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Ms. Miller that the minutes of January 31, 2017, be approved as distributed, subject to technical corrections. Mr. Connelly seconded the motion. The motion was approved by a vote of 8-0. (Ms. Smith-Fachetti had not yet arrived.)

FY 2019 Department Budget Discussion

Mr. Reilly asked if there were any issues about the base budgets as submitted. Mr. Jacob expressed concern about the transition of the HHS part-time Emergency Management Coordinator position into the operating budget without a more formal review process. Mr. Reilly stated that this position will be addressed in conjunction with the DSR4 request to expand the position to full-time. Ms. Miller commented that the requests for level services need to be clear about what exactly is being done with the funding from the budget, particularly where there is a transition from grant or other funding. Mr. Reilly stated that the budget descriptions are good, and show clearly the changes being made in the budget.

Mr. Lunetta stated that it would be helpful to know how much money is returned from budgets at year-end. Mr. Reilly stated that it is usually 2.5-3%. Mr. Davison stated that there is a wide range among the departments, but the bottom line is approximately 3% turn-back. Mr. Davison stated that he reports to the auditors every year which departments have turn-back and why. He stated that anything over 3% is usually due to a long-term vacant position. Mr. Reilly relayed examples of turn-back from the most recent audit.

DSR4s:

Mr. Reilly stated that the Finance Department requests an Administrative Analyst with the skills to do reconciliation work. He stated that he had been concerned about the salary level, but the

position requires more skill than he had realized. The Planning and Economic Development has requested funding for a recording secretary for the Conservation Commission. Ms. Fachetti stated the meetings are quite technical, and that the Conservation Specialist has been taking notes but it is difficult to focus on the meeting and add value when taking notes. Mr. Connelly stated that the work is now getting done, and asked if there was a triggering event for the request. Mr. Davison stated that with the Open Meeting Law, minutes are subject to more scrutiny, so they want to make sure to have someone with technical knowledge. Ms. Fachetti stated that they could record the meeting and make a transcript. Mr. Davison stated also that the actions of some boards such as Planning and Conservation are more likely to be challenged than other groups.

Mr. Reilly stated that the Police are seeking an additional officer. Ms. Miller stated that the Police Department plans to add four officers in the next three years, and asked how that plan is being implemented. She asked whether this is a need for this additional officer now or if it is part of a need for a group of new officers for an additional cruiser. Mr. Lunetta stated that the Chief described that there is a current need to deal with individuals with mental illness and that when an officer follows up on cases, it takes that officer off patrol. The new officer would need in-depth knowledge of mental health and related issues. Mr. Levy stated that the additional officer would alleviate the outreach work for others, but he is not sure how the other officers will use the time that is freed up. He stated that in subsequent requests for additional officers, the Committee should understand how the new position changes the workload for the existing officers. Ms. Fachetti stated that last year she got the same impression as Ms. Miller described: that there was additional workload due to the development in the Route 128 area, and that the Police needed new positions for additional coverage. Mr. Reilly stated that adding one officer now would provide minimal additional coverage and allow two officers to patrol while one officer could write reports. Mr. Reilly asked the liaisons to reach out to the Chief to better flesh out the goals of the position. Mr. Connelly stated that the Chief described this proposal as a request for a new community officer, and not as part of a pod or a plan for additional coverage area. He stated that the community officer did not need to be available at all hours, but would be able to take over the case when s/he came in. Ms. Miller stated that if that is the position that they are hiring for, then it is different than she had thought. Mr. Reilly stated that this will need to be clarified.

Mr. Reilly stated that the request for additional ambulance staffing for the Fire Department has been deferred until the new building is ready. He stated that the request for an additional Project Manager in Public Facilities may be needed in the short term, but the Town Manager has agreed that the Town would be overstaffed later with an additional person. He stated that Mr. Popper expects to retire, and the Town Manager said that she would reduce the staffing in Public Facilities when the workload decreases. Mr. Connelly stated that he believes that the position is not needed now, and that it certainly won't be needed later. He added that the succession plan for a new director does not require new staff at this level. He stated that there are already three high-salaried positions, and that this request has not been looked at correctly. Mr. Reilly suggested funding the position for 2 years through a financial warrant article, and then the position would go away. Mr. Connelly stated that that option could be explored, but he feels that the existing staff can handle the work. Mr. Reilly stated that Mr. Kent strongly supported the need for additional people. Mr. Connelly stated that he has great respect for Mr. Kent and Mr. Popper, but he feels that the Committee should push back on this request.

Mr. Reilly stated that the DPW has requested three positions, two custodians and a tradesperson, to maintain the expanded High School and the new Rosemary building. Mr. Levy stated that the

senior custodian and the tradesperson are needed, but the liaisons were not sure about the need for a second custodian. He stated that additional information is needed, particularly metrics, to establish the need for the second custodian. Mr. Reilly stated that there is also a request for a Compliance Coordinator. Ms. Miller stated that there are 2 compliance functions: to ensure compliance with environmental requirements and regulations including storm-water, and also for facilities compliance, such as elevator inspections. She stated that additional research is needed to determine whether one position could do both or if separate positions would be better. Mr. Reilly asked if there will be a financial warrant article for a facilities maintenance best practices study. Mr. Davison stated that it would be in the May Special Town Meeting warrant. Ms. Miller noted that in prior years, the Finance Committee had recommended moving funds into the Reserve Fund if more information is needed regarding a request and there is insufficient time.

Mr. Reilly stated that the Town Manager plans to come to the next meeting to address the need for the Emergency Management position requested by HHS. Mr. Reilly stated that the Library has a list of requests, and the Town Manager recommended a new children's librarian, along with funding additional Sunday hours and the Comcast wireless subscription. Ms. Miller stated that she did not take issue with the recommendations, but pointed out that they will become part of the annual operating budget, and that the Finance Committee has wanted the Library to make more efforts to spend down the state aid account.

Ms. Miller noted that there has been funding for a study at the RTS, and at this time she would suggest deferring the DSR4 for the RTS. Mr. Reilly stated that the FY19 budget discussion would resume after the hearing regarding the Park and Recreation budget.

FY 2019 Department Budget Request:

Park and Recreation Department

Mr. Jacob stated that he had prepared a table showing staffing and other expenses including marketing and contingency funds. He stated that the spreadsheet was not reviewed by the Park and Recreation Commission. He stated that the pool is on track for opening in mid-June, but that the building construction is behind, and the pool cannot open until the building has been finished, so they are anticipating a July 1 opening. Mr. Toolan stated that they are investigating whether it might be possible to open the pool without the full building. Ms. Carey stated that the building department needs to sign off on the building, and that the health department and the state need to sign off on the pool. She stated that an environmental review is no longer needed since the pool is not in the lake. Mr. Reilly asked how the 2016 pool revenue compared to the 2019 projection of \$165K. Mr. Carey stated that the 2016 revenue was \$75K. Mr. Jacob stated that he projected the \$165K revenue for 2019 using 2016 volume and applying 2019 prices. Mr. Connelly asked the theory behind the early bird discount. Mr. Toolan stated they were trying to get people to commit for the first year, as a marketing plan. He stated that potentially they would back away from the early bird offer in subsequent years. He stated that the discount applies only to season passes, and that it helps the department determine appropriate staffing. He stated that they are telling people that there is a July 1 opening date, but also that they are not certain.

Mr. Jacob stated that for the projections, he used a tame rate of growth. Mr. Toolan stated that they anticipate twice the current level of programming in the new building because it will be available year-round. He stated that they give \$5 per participant to the general fund, but will increase it to \$10. Mr. Jacob stated that the 2019 numbers include no growth in programming to

start. Mr. Jacob stated that it is important to look at the net revenue of the whole facility with both the pool and the programming space. Ms. Fachetti stated that the budget does not reflect additional programming. Mr. Toolan stated that no additional staff is needed, since most programming is outsourced.

Ms. Carey described the projected pool expenses which are expected to decrease when comparing 2016 and 2018. She stated that some expenses will be covered by the revolving fund, but most come from the General Fund. She stated that the DPW maintenance costs are not included in this budget. Mr. Jacob stated that the fees and expenses are not escalated in 2019.

Mr. Reilly asked why the hourly rates are not escalated on the labor cost sheet. Mr. Jacob stated that the rate had not changed in years. He stated that there was a DSR4 to increase the rates, but it was not recommended. There was discussion of the process to increase the hourly rate, which must be supported by Human Resources then approved by the Personnel Board. After that it would take effect. Mr. Toolan stated that the currently hourly pay rates for pool staff are below market rate in a competitive field. Mr. Reilly asked if there was pushback on the increase in the pass rates. Mr. Toolan stated that, anecdotally, he saw a social media discussion, and some complained, but others pushed back citing the value for the cost. Ms. Carey stated that the new slide will require heavy staffing. She stated that there is an additional \$64K in expenses due to the slide, the longer days, and the longer season. Mr. Reilly asked why the salary budget is increasing by \$174K in FY19. Ms. Carey stated that the funds from the summer of 2018 were moved from the Park and Rec budget to the Reserve Fund.

Mr. Toolan stated that the Park and Rec Commission is still determining policies for the use of the building. Ms. Carey explained that the building monitor fee will be collected for non-fee events held at the building. Mr. Davison stated that the building monitors are seasonal non-benefitted people. Mr. Connelly asked how they will fund training and other costs for the spring. Ms. Carey stated that \$113K is in the reserve fund. They still do not know what the costs will be, since it depends on when the pool will open, and when they can use the indoor space or whether they will need to rent space. Mr. Reilly asked whether they will need the equivalent of about 30% of the \$174K proposed salary increase for FY19 to open up in FY18. Ms. Carey stated that it will not be near that much. Ms. Carey stated that she will need a reserve fund transfer for some funds. Mr. Davison stated that if there is a wage increase, the incremental increase would be funded from the Classification, Performance and Settlements line. Mr. Davison stated that he expects no increase in FY18, but if it happens, he will make it work.

Ms. Miller asked who would decide about the use of the building. Mr. Toolan stated that the Park and Rec Commission will, and that the first priority will be Park and Rec programs, and then Public Health. He stated that they are working on a policy, but programming will be the primary use and community uses secondary. Mr. Lunetta asked why not allow more private uses. Mr. Toolan stated that there are insurance and liability issues. Mr. Lunetta stated that he does not want to see empty rooms when they can generate revenue. Mr. Toolan stated that they also want to maximize use. Mr. Davison stated that for-profit use would not be covered by the Town's insurance. He stated that the board that controls the building has discretion regarding the use, but there are general Town policies about standard hours, supervision and the types of groups allowed. Ms. Carey stated that they are looking at the policies of Powers Hall and the CATH to be consistent. She stated that the public can look online to see available spaces in Town facilities.

Mr. Reilly asked for an update about the trails. Ms. Carey described the work being done, and about the usage. She stated that she does not have statistics, as there is no good way to track it.

FY 2019 Department Budget Discussion

Ms. Miller stated that there is a total of over \$800K of DSR4 requests for increased expenses which will continue year to year plus another \$1.9 million of recurring revenue placed into reserves in anticipation of including them in the budget. This means there is potentially \$2.7 million more than what will be needed for a level-services budget. She stated that it can be more difficult to be restrained when there is plenty of revenue. It is important to make sure that the things being included will be needed in future years. Mr. Reilly agreed that there is an assumption that anything in one year's budget should be carried into the next year's budget. The Committee should consider the costs in the base budget, and not just accept last year's budget, as inflated. Ms. Miller stated that the Town will need overrides, and it is important to consider all spending, as well as the tax burden on residents.

Finance Committee Updates

There were no updates.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Lavery seconded the motion. The motion was approved by a vote of 9-0 at approximately 9:00 p.m.

Documents: Town of Needham FY2019 Department Spending Requests, Finance Committee Draft FY19 Budget Spreadsheets, Rosemary Pool: Summer 2018 marketing brochure, 5-year P&L projection, Pool Labor Costs, and Expense Breakdown.

Respectfully submitted,

Louise Mizgerd
Staff Analyst