

**Needham Finance Committee
Minutes of Meeting of January 9, 2019**

The meeting of the Finance Committee was called to order by Chair Barry Coffman at approximately 6:00 pm at the Needham Town Hall.

Present from the Finance Committee:

Barry Coffman, Chair; Tom Jacobs, Vice Chair

Members: John Connelly, Joshua Levy, Richard Lunetta, Louise Miller, Carol Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Timothy Muir McDonald, Director of Health & Human Services

Sara Shine, Director of Youth & Family Services

Dawn Stiller, Administrative Coordinator, Public Health Division

Dr. Steve Epstein, Chair, Board of Health

Dr. Edward Cosgrove, Board of Health

Dr. Kathleen Ward Brown, Board of Health Julie Stevens, Chair, Youth Commission

Kevin Keane, Vice Chair, Youth Commission

Susan Patkin, Youth Commission

Colleen Schaller, Chair, Council on Aging

John Regan, Fleet Supervisor

Carys Lustig, Director of Finance and Admin/Public Services

Evelyn Poness, Town Treasurer/Collector

Michelle Vaillancourt, Town Accountant

Roger MacDonald, Director of Management Information Systems

Tatiana Swanson, Finance and Procurement Coordinator

Chip Davis, Administrative Assessor

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Director of School Financial Operations

Aaron Pressman, Chair, School Committee

Andrea Longo Carter, School Committee

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes January 2, 2019 be approved as distributed, subject to technical corrections. Mr. Connelly seconded the motion. The motion was approved by a vote of 5-0. (Ms. Fachetti and Ms. Miller had not yet arrived.)

FY 2020 Department Budget Requests / Capital Plan

Health and Human Services

Mr. Jacob stated that the budget contains minimal change in expenses. The most significant change is an increase of approximately \$3K in the assessment for the Veterans' Services

consortium which is balanced out by other decreases. He stated that the salary line is increasing modestly. He stated that there are four DSR4 requests. The top priority request is for a Part-Time Therapist. Ms. Shine stated that there have been some crisis situations in the school that have required a therapist, and that there is a waitlist for services. She stated that this year, they have been able to use some other unused salary funds from a vacancy to fund someone who is currently in this role. She added that this person would like to stay on in the role. She stated that the waitlist for a therapist has been reduced from a couple of months to a couple of weeks. She stated that having the additional therapist will free up some other time for additional programming and outreach. Mr. Jacob stated that this funding would have a clear direct impact on the end users. He stated that the request amount is not much money to provide an important benefit.

Mr. McDonald stated that Ms. Shine had sent out a memo analyzing whether medical billing would work. It seemed that it would require more work than it would be worth for the revenue. Additionally, medical billing would not align with the current way that the department operates. Mr. Levy agreed that medical billing seemed to have too much of a cost compared to the benefit, but felt that a nominal fee was realistic. Mr. Jacob stated that \$30K return for implementing medical billing was a decent return, but he agreed that it could be disadvantageous and might not even be possible to manage with just one person doing it since medical billing has become so complicated. He stated that the fee is a creative way to recoup some funds. Ms. Shine stated that they are concerned that implementing a fee could discourage some people. She stated that it is important to prioritize the people who would not otherwise have access to services.

Mr. Coffman asked how people end up coming to them, and why there is an increased need. Ms. Shine stated that they work closely with the schools, and provide programs in certain grades and have people come to them through those programs. The Department also get specific referrals from the schools. She stated that they also go to parent nights at schools and have hosted a community open house to make people more aware of services. Mr. Connelly asked where the part-time therapist is on the organizational chart. Mr. McDonald stated that the person is listed as Special Assignment Support.

Mr. McDonald stated that the 2nd priority DSR4 is for additional staffing for the Health Department including a full-time Director and a full-time Administrative Analyst. He stated that since he has become Director of HHS, he has been able to spend only about 60% of his time on Public Health matters, and the rest on other divisions including aging and veterans' services. He stated that the Board of Health would like a dedicated Director. He stated that the Board is frustrated that the Health Department is more reactive than proactive. He stated that they supported the consolidation of the Health Department into HHS on the condition that there would be no reduction in their staffing, but they feel that there has been. Dr. Epstein stated that they have goals such as becoming more proactive in the area of obesity, and have not been able to get programs going in over a year. He stated that the Department cannot get accredited without a Director of Public Health. Mr. Connelly stated that this issue should be raised with the Selectmen and the Town Manager, who made the decision to consolidate the departments. Dr. Epstein stated that he has met with them, and feels that they are in support of the new positions. Mr. McDonald indicated that he was less sure of their support.

Mr. Coffman asked Mr. McDonald whether adding an Administrative Analyst as requested would help alleviate some of his work. He stated that it would help, since that person would work across all divisions. He stated that it is difficult to create efficiencies across three different

divisions in different buildings. Mr. Connelly asked what Mr. McDonald would do if the 60% of his time spent on Public Health was freed up. Mr. McDonald stated that he would extend collaborations among the divisions, and would work on healthy aging initiatives, youth initiatives, and intergenerational programs. He stated that the Admin position is not on the org chart, as the chart depicts current positions, but it would be at the top with the Director of HHS, working across all divisions. Mr. Jacob commented that there is a lot of management in the Department. Mr. McDonald stated that there is an Assistant Director of Public Health, a Director and Assistant Director of Aging Services, with the Assistant position vacant, and a Director of Youth Services. Mr. Jacob stated that having five management positions out of 17.6 FTEs is a high ratio. Mr. Davison stated that the number of FTEs is approximately 21, which includes positions funded with grants, as well as positions funded in the operating budget. Mr. Levy asked if the Director of HHS had a different opinion on the need for the position from the Board of Health. Mr. McDonald stated that he works with both the Town Manager and the Board of Health who have different opinions. Mr. Lunetta questioned whether fewer managerial positions were needed. Mr. McDonald stated that last year, the Finance Committee supported the full-time Environmental Health Agent being promoted to Assistant Director. The position is still spending 90% in the field inspecting, but also spends 10% in the office.

Mr. Lunetta asked if there is any synergy between Youth and Family Services and Public Health. Mr. McDonald stated that the divisions are working together on programs in suicide and substance abuse prevention, as well as improving and implementing other programs.

Mr. Jacob stated that the third priority DSR4 is included to highlight the need next year when grant funding ends for SPAN, Substance Abuse Prevention of Needham. He stated that the Town has been fortunate to have the funding for this program for many years. He stated that he has asked the Department to look into what other towns have done after running out of funds under this grant. He stated the options are to fund it within the operating budget, discontinue the program, or come up with an alternative.

Mr. Jacob stated that the final DSR4 is seeking funding to expand programs, support services and transportation by the Aging Services division. He stated that the current model is not sustainable. Mr. McDonald stated that there are four parts to the request. First, the Selectmen asked him the cost of making the fitness center free for all participants. The fee is currently \$25 per month. He stated that there are limited hours, as a certified trainer is there at all times. He stated that the program loses money, as it costs \$65 per hour, and brings in about \$25K-\$30K in dues. He stated that he does not favor this plan, as the fitness center is already at 80-90% capacity when it is open. He put it in the request to respond to the Select Board's request.

Mr. McDonald stated that the second component of the request is seeking service expansion. He stated that the third part of the request would fund additional van drivers. Currently, some salary funds from a vacant position were used for additional van drivers' time. He stated that the last part would provide funding to send the Compass newsletter for aging services to all eligible residents instead of only to those who have registered at the Center at the Heights.

Mr. Coffman asked if there has been any further coordination with the Community Council for transportation. Mr. McDonald stated that they have struggled to find drivers. He stated that the Community Council did provide transportation in the summer to the Community Farm for people who qualified. He stated that they are now trying to develop a program with Lyft, but

seniors are not often comfortable with cell phones, so they are trying to make it work more like a taxi, though it has been difficult.

Fleet Capital

Mr. Coffman stated approximately \$2 million is spent on fleet capital each year. He stated that they have developed a replacement schedule, but vehicles are evaluated before being replaced to see if the vehicle can be refurbished, if replacement can be deferred, and if the vehicle should be retained for the pool. Mr. Regan stated that there were several big items that were considered for replacement in FY20. He stated that two pieces of equipment can be deferred for a reduction of over \$640K. He stated that the planned fleet replacement for FY20 will be \$1.5 million instead of \$2.1 million. He stated that the replacement schedule is based on industry standards, but they also examine the vehicles and meet with department staff to discuss needs.

Mr. Regan stated that the refurbishment funding has not been heavily spent yet because when he started as Fleet Director, the fleet was not in good shape and many vehicles needed replacement since they were not in good enough condition to refurbish. He stated that, it is expensive to have vendors refurbish vehicles, and the vendors can't always meet the Town's needed time line.

They plan do much of the refurbishment in-house, but they are currently at capacity. Mr. Levy asked if these funds are better used for refurbishment or put into capital for replacement. Mr. Regan stated that he would need to research the issue to know for sure.

Mr. Regan provided examples of refurbishment work where they was able to use old vehicles and equipment to make new equipment, including a road sprayer for ice prevention, and a caution sign to mount on a truck to warn drivers of road work and protect workers. He stated that the fleet readiness is better than ever. He stated that with newer vehicles, good maintenance, and refurbishment funds, the fleet should remain in good shape. He stated that the top priority is a bucket truck must be replaced. It is safety equipment that is used after storms. It needs to be safe for workers as well. He stated that there is a loader for the highway division that must also be replaced. He stated that the street sweeper will be deferred. Mr. Davison stated that it may be replaced, but may not be. Ms. Lustig stated that the street vac would be replaced with a brush sweeper because the street vac is more expensive to maintain, while the cost of contracting the work out is the same for either a brush sweeper or street vac.

Mr. Davison stated that the fleet replacement is funded with cash capital, except for some equipment that does not meet the test for capital, including police cruisers and DPW trailers.

Finance Department

Mr. Coffman stated that the main source of expense increases in the Finance Department budget is software subscriptions. He stated that the DSR4s should be the focus of discussion. The top priority is an Applications Administrator. Mr. Davison stated that this would increase the staff in the Department by one, with someone with a particular skill set, to help with anticipated new software packages. Mr. MacDonald stated that the IT Assessment study suggested this need, and also a need for some redundancy for these skills. He noted that there is another Applications Administrator who may retire in the coming years.

Mr. Davison stated that the second DSR4 seeks to add hours to an existing position. Ms. Vaillancourt stated that there is now a part-time person in that position who would be able to

take on extra hours. The position had been part of a full-time position shared with the Treasurer's office which did not work out because of the different skill sets that were needed. This part-time position has already been expanded from 15 to 22.5 hour per week because of increasing regulatory requirements. This request seeks to increase the position to full-time, which will help address the current backlog of work as well as to manage the increasing workload. Mr. Davison stated that Accounting has a significant amount of reporting work due to the differences in calendar and fiscal years of different programs. Ms. Vaillancourt added that the Town has been successful at getting grant funding, which requires more reporting and other requirements for reimbursement.

Mr. Davison stated that the third DSR4 would fund a change from a paper to an electronic process for reporting on food establishment inspections. He stated that the change would improve how the people in the field prepare, file, and send out reports, and allow them to include photos and other attachments. He stated that he strongly supports funding the \$12K per year for this request, which will help the Health Department. Mr. McDonald described how the paper inspections work, and how the new process would be more efficient and effective if electronic. Mr. MacDonald stated that this request is part of the effort to bring all of the software into the IT budget.

Technology Capital

Mr. MacDonald stated that the plan includes replacement of all of the computers at the Center at the Heights. He described how they are used primarily for training seniors on basic computer and internet skills. Ms. Miller questioned whether computers used for these basic purposes need replacement every 5 years. Mr. MacDonald stated that these computers do wear out and the software gets bogged down. He stated that they run Windows 7. No updates will be available next year, so they will become unusable.

Mr. MacDonald stated that there is a request for new computers for the new public safety buildings. He stated that there will be a big jump in technology needs with the new public safety buildings. For example, Fire Station 2 is increasing from two computers in the current building to 30 computers in the new building. Ms. Miller and Mr. Lunetta asked why 30 computers were needed when there would not be that many staff in the building at one time. Mr. MacDonald stated that he was provided the number as part of the project plan.

Mr. MacDonald stated that another capital item is mobile devices for public safety. He stated that these will be specialized hardened computers that can be taken outside and can be mounted in for patrol cars and other vehicles, including for detectives. He stated that there is also a plan to purchase replacement copiers as needed in various locations throughout Town. He stated that another item is revenue software that will allow residents to pay for online permitting and other services online. He stated that the Application Administrator, if funded, would be involved with this software package.

Townwide Expenses (General Insurance, Debt Service, Needham Electric, Light and Gas Program, Reserve Fund)

Mr. Coffman stated that the general insurance line is essentially flat. He pointed out that the Town has a Risk Management Committee that has conducted training seminars which has been effect at saving up to \$30K of annual premiums. Mr. Davison stated that Ms. Swanson has

headed up the Committee, and described how the premiums have come down, so the savings appear to have decreased, but the rate of decline has not decreased. Ms. Swanson stated that the Committee started in FY16, so there was an initial big jump in premium savings that year. She stated that they have maximized savings in 90% of the possible areas. She stated that the focus of the training is loss prevention and best practices.

Mr. Coffman stated that the Debt Service line shows the biggest increase. Mr. Davison stated that the major driver is the borrowing for the Sunita Williams School project. He stated that the construction is 65% complete, and the Town has borrowed about 45% of the authorized amount. He stated that in FY20, the CPA debt service payments for the Rosemary Pool project will begin. The Town's CPA-supported debt will increase from \$440K to \$1.1 million in FY20. He stated that in May, there will be multiple bond issues for funding the Williams School, the Pool and the High School projects.

Mr. Connelly asked when the MSBA reimbursement will come in. Mr. Davison stated that the MSBA now reimburses during the course of the project. Reimbursements are made about 10 days after a request is submitted. He stated that there is automatic rescission of the debt authorization when the grant funding comes in, so the Town will ultimately not borrow the full originally authorized amount. Mr. Davison stated that the borrowing has not yet started for the public safety projects. He stated that the biggest years for debt service for those projects will be FY21 to FY23. He stated that the amortization includes level principal and declining interest. The payments decrease through time. He stated that the debt service payments for the Broadmeadow and Newman projects will drop off the payment schedule in the mid-2020s.

Mr. Coffman stated that the budget line for Needham Electric, Light and Gas Program is increasing due to higher rates, particularly for natural gas, as well as for expanded facilities. He stated that in FY20, the Town will add the Sunita Williams School, the new Memorial Park building and the High School additional space will be annualized (the costs had not been paid by the Town for the first 4 months of FY19.) Mr. Davison stated that when the Police operations move to the Hillside School building temporarily, the energy funds will follow from the old Police Station. The energy costs for the Police at Hillside will likely be lower than the energy costs of the old Station, and also lower than the costs of using the Hillside building as a school.

Special Town Meeting/Mitchell School Modular Classroom project

Mr. Coffman asked if there had been any changes since the bids were received. Mr. Davison stated that the PPBC is working with the bidder, and intends to negotiate after awarding the contract. The PPBC would come to the next Finance Committee meeting to answer questions. He stated that the additional funds would come from Free Cash. Ms. Miller asked if using Free Cash to fund the additional cost of this project would mean less funding would be available at the Annual Town Meeting. Mr. Davison stated that the funds would have been used for additional cash capital. Mr. Coffman stated that any alternatives to the project would cause a delay of the project for a year which would have significant implications for the school for the upcoming year. Mr. Connelly stated that he toured the school in February and saw the building in action. He stated that it is a 70-year old building with little change, and that the modulares are badly needed. He was disappointed at the cost, but it would be grossly inappropriate to start full day kindergarten without proper facilities in that one school. He stated that the modular units could be used for construction trailers or other uses later. He stated that he has heard anecdotally that the modular unit market is spiking, so he was not shocked by what happened. Ms. Fachetti

asked if the possibility of refurbished units was explored. Mr. Connelly stated that the significant cost is the site work rather than the boxes. Ms. Miller stated that she had asked what happened between the estimates and the bids and the PPBC had said the additional costs were in both the cost of the units and labor. Even if labor costs had increased 10%, it would not cause this difference. She stated that it is important to know what happened so that it cannot happen again. Mr. Coffman stated that there was a process issue. Because of a compressed schedule, Town Meeting voted before there was sufficient time to obtain better information. He asked whether that is sufficient cause to delay the project to see if it might be more affordable later, which is highly uncertain. Mr. Jacob stated that it is unclear why the estimate would be so far off only three months ago.

Ms. Miller asked how much Free Cash was certified this year. Mr. Davison stated that the amount is \$10 million. He stated that the Capital Improvement Plan takes into account that an additional \$630K would be used for this project. Mr. Lunetta stated that the high bid is unfortunate, but this error should be separated from the need to implement full day kindergarten. It would be unfair to the students and staff to open full day kindergarten without the necessary space. Ms. Miller stated that it would be dangerous to tie the funding for this project to full day kindergarten, since that program is part of the FY20 operating budget and has not yet been approved. Mr. Coffman asked if this issue would have gone to Town Meeting now if full day kindergarten were not on the table. Dr. Gutekanst stated that it would not have. He stated that KASE would then stay in the same space, and Art and Music would continue the same way. Mr. Levy asked why the request was not made last year. Dr. Gutekanst stated that the support of the Finance Committee was the reason to fast-track this project. He stated that he had not pushed for the project to be pushed early because he been concerned about asking for too much with the other school construction projects.

Mr. Connelly asked if any school priorities funded within the \$10 million of free cash would come off the table because of this. Mr. Davison stated that some of the requested copiers, as well as the street sweeper truck were pulled out of the plan in order to make room for this. He stated that the Town does not need the third sweeper, so that will certainly not be devastating.

Mr. Levy stated that the enrollment projections show Mitchell's enrollment topping out in FY20 and decreasing for the foreseeable future. He asked what was the life of the modular units, since a Mitchell refurbishment/replacement project is planned. Dr. Gutekanst stated that there is not significant decrease in the number of elementary students in the foreseeable future. He stated that they will use the modulars until it is decided what to do with the school. He stated that the units can then be moved and used for other purposes. Mr. Pressman stated that the School Committee could need to redistrict at some point which would affect how the enrollment is spread among the different schools. Dr. Gutekanst stated that the School Committee is also looking at the idea of buffer zones between schools where new students may be assigned to different districts, depending on space and enrollment issues. Mr. Jacob stated that the additional modular units will solve two issues: adding space for full day kindergarten and for music and art programming. Dr. Gutekanst stated that the two existing modular units provide four classrooms, and the new modular units will add two classrooms. Mr. Jacob stated that he understands the need, but he would like an explanation of why the estimate is so far off. Mr. Coffman asked whether one modular unit would work if funding is an issue. Dr. Gutekanst stated that they would need to re-bid the project with only one modular unit. He stated that there is a recognized need for space, and the need for the kindergarten classrooms and the additional programming is not separable. Mr. Levy asked what had happened to the modular units from the Newman

School. Dr. Gutekanst stated that they had been leased. Ms. Miller stated that the Town considered and decided against purchasing the units.

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 7-0 at approximately 9:00 p.m.

Documents: FY 2020 Town of Needham Department Spending Requests; FY2020-FY2024 Capital Improvement Plan; Memorandum from Sara Shine, Director of Youth Services to Finance Committee re: Cost-Benefit Analysis of Mental Health Service Billing dated January 3, 2019.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved January 16, 2019