

**Needham Finance Committee
Minutes of Meeting of February 6, 2019**

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

Present from the Finance Committee:

Barry Coffman, Chair; Tom Jacob, Vice Chair

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

Others present:

David Davison, Assistant Town Manager/Finance Director

Kate Fitzpatrick, Town Manager

Marianne Cooley, Select Board

Dan Matthews, Select Board

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Assistant Superintendent for Finance and Operations

Theresa Duggan, Assistant Superintendent for Student Learning

John Schlittler, Police Chief

Citizen Requests to Address Finance Committee

No citizens requested to speak.

FY20-FY24 School Capital

Dr. Gutekanst handed out a spreadsheet listing the Superintendent's capital requests and showing which are included in the Town Manager's recommended capital plan. He stated that one of the significant items that is recommended is funding for a School Master Plan for facilities. He stated that they are looking for assistance in planning and prioritizing upcoming capital expenditures. He stated that the Mitchell School needs to be replaced and the Pollard School needs work. They need advice on the best approach to address all of the upcoming needs. The N2025 study will study what the Town will look like going forward, but this will be different and will entail a deep look at School facilities. Ms. Gulati added that this study will focus on infrastructure, and will look at different scenarios base on the demographer's projections, in order to consider different situations. There should be no overlap in the two studies. Ms. Fachetti asked if any of this work was already done in preparation for the Sunita Williams School. Ms. Gulati stated that they looked only at the Williams School district at that time. Dr. Gutekanst stated that they worked with the MSBA on that project to plan for projected enrollment needs. They did look broadly enough to consider full-day kindergarten needs across all of the elementary schools. Dr. Gutekanst stated that there is no existing School facilities master plan. Mr. Connelly asked if this might produce a second set of information that would conflict with the demographic information in the N2025 study. Ms. Gulati stated that in the N2025 study, Mr. McKibben will provide demographic information. This study will work off those projections and will not create new one, and will examine different possible scenarios for growth. The intention is to start after the other study is completed. Mr. Connelly stated that the RFP should include the fact that it will build off another study, and not duplicate parts of it. Ms. Gulati noted that there was \$65K of funding for a Pollard feasibility study that has been unused, and which could

supplement this, depending on the language of the appropriation. Otherwise, it could be returned to the Town.

Mr. Lunetta asked what would be gained from this study that would not be in the N2025 study. Dr. Gutekanst stated that the School Committee wants to know what the best approach to addressing the school building deficiencies, as well as the best approach to mitigate enrollment related issues at the elementary level, such as buffer zones or redistricting. He stated that N2025 will not be looking at school roofs, boilers and other facilities issues. Mr. Lunetta stated that the School Administration knows well what is needed, and asked if it was necessary to hire someone else to consider what is needed. Dr. Gutekanst stated that the School department does not have the requisite expertise in-house. He stated that in the past, they have come up with ideas of what to do at the High School or how to address space needs at Mitchell only to consult later with an architect who reveals that the ideas are not feasible. Additional expertise is needed.

Mr. Levy asked what is included in the School Technology request. Ms. Duggan stated that the request includes desktop and laptop computers, interactive whiteboards, TV studio equipment and infrastructure including Wi-Fi equipment. She stated that some things that were traditionally in the facilities budget are becoming part of the technology budget including electronic doors and keys and the phone system. She stated that \$66K of the request is items that would have been requested last year, but were reduced, so the requested increase is higher this year to cover that continuing need. She stated that some items, including Chromebook and iPads are in the operating budget. Ms. Gulati stated those items have a lifespan of less than 5 years, so they do not meet the Town's definition of capital. She stated that if there is insufficient funding, then the device replacements are pushed out. Mr. Lunetta asked if they have converted desktops to laptops as planned. Ms. Duggan stated that that has been done, and that there are as few desktops as possible. She stated that the current replacement schedule keeps expenses fairly stable each year. Mr. Jacob asked whether the decrease in the technology budget shown in future years is actually anticipated. Ms. Gulati stated that the TV studio will have been replaced in the later years, so that larger expense will not be there. Ms. Gulati stated that the request is backed up with expected numbers, but the replacement schedule could change.

Mr. Levy asked how the amount of \$125K needed for the study was determined. Dr. Gutekanst stated that the PPBC provided the number. Mr. Connelly requested that the PPBC provide the backup for the number, and to show how the money will be spent, including the contingency, along with a time line to the final product.

Follow-up: Police Department FY2020 Budget Request

Mr. Coffman stated that the Committee is seeking to connect the metrics provided to the request for an additional officer position in the budget. Chief Schlittler stated that the data comes from the CAD system. He stated that the need for an additional officer is based on the volume of calls and that fact that calls are more complex, particularly with more mental health issues and the opioid crisis. He stated that the Police do not only go out to calls and file reports, but now also try to follow up to get people the services that they may need. He stated that there has been some growth in residential areas of Town and significant commercial growth, particularly in the industrial area, which requires more services. He stated that the Department had planned to add another patrol sector to help manage the workload, but that turned out to be too difficult logistically, so the plan is to bring in two additional patrol cars for additional officers to be added to the day shift and provide backup for existing staffing across Town. He stated that they need a

total of four additional staff including a community service officer, as approved last year, and one new patrol officer in FY20 plus two new patrol officers in FY21. Mr. Lunetta asked why they are asking for an additional officer in FY20, when the department has not yet filled the community service position. Chief Schlittler stated that they are in the process of filling vacancies for four positions. The community service person will be filled through a lateral move within the department, and they will then hire an officer who will back fill the vacancy when that happens. The reason the new position has not been filled is that they need to wait for space at the academy. He stated that the Civil Service requirements limit whom they can hire if they are using the Civil Service list. He described the process for hiring new officers which includes many steps that can take months. There is a requirement for a physical test that expires and can cause additional delay. The process can take a long time, including 20-24 weeks in the academy followed by 12 weeks of field training before an officer can be on their own. Mr. Connelly asked if they have considered lateral hires from other towns, since they do not need the training and could be less expensive. Chief Schlittler stated that they want to hire people with Needham connections, but they would have to take someone off the Civil Service list for a lateral hire. Methuen recently laid off 50 officers who are at the top of the list. Chief Schlittler stated that they have not moved anyone into the community service officer position because they are currently down officers.

Mr. Coffman asked if there is any evidence to show that the new plan of three new patrol officers and one community service officer would be beneficial. Mr. Levy stated that he would rather see the additional patrol officers come on all at once if they are needed. He stated that the community service officer position funded in FY19 has not yet been filled, so it cannot be assessed. He stated that the complexity of calls supporting the new patrol position is not easily inferred from the metrics provided. Chief Schlittler stated that they are currently unable to fill all shifts with overtime, and that this new position would add bench strength to support the patrol rotation. Mr. Coffman asked if there would be meaningfully less overtime with the new position filled. Chief Schlittler stated that there would be less overtime with more coverage, but the budget request seeks to include the amount they expect to need in FY20. The overtime budget is up 1.7% in FY20, based on salary increases, but not any increase in hours. Mr. Davison stated that the budget does not include any additional overtime for vacancies. That overtime would come from salary budgeted for the vacant position. He stated that overtime is budgeted for contingencies and events. Filling a new position will not affect the overtime budgeted for existing positions. He stated that there are many variables in the calculation including known vacations, events and training and that it is based on the salaries of the people who do the work.

Mr. Lunetta stated that there is questionable reasoning since the community service officer was needed to free up time for patrol officers, and now new patrol officers are needed to get to full staff, add bench strength, and to avoid too much overtime. Chief Schlittler stated that currently, patrol officers do not have time to follow up on calls and get people the needed resources, so the work of the community service officer is not being done. He stated that it can take 12-16 months to get a position filled, which is why they have not yet filled the community service position.

Follow-up: Town Manager/Select Board FY2020 Budget Request

Mr. Coffman stated that the Committee has been seeking to quantify the benefits of the new position of Public Information Officer (PIO). He stated that there is not a clear understanding of the tangible benefits. Ms. Cooley stated that she might not be able to quantify the change. In recent years, changes in the ways information is communicated have added responsibilities to all

managers and department heads. There is less citizen engagement and understanding of what is going on, based on attendance at public hearings and the questions raised. The goal is to have someone with the responsibility of thinking about what information citizens need to know, and how to get that information out. This will free up managers to do their work. The PIO would take frenetic information and craft clear communications. Mr. Jacob stated that he is concerned about upcoming significant tax increases, and this position will add to the operating budget. An important way to alleviate the tax burden is to keep the operating budget lower. He stated that this position would be nice to have, but felt it is not necessary. He asked whether there is a way to combine the PIO function with the Fire Department's request to increase the Emergency Management position to full time, since both positions are intended to work with all departments. He felt that both requested needs are questionable. Mr. Connelly stated that he does not support the position and will not recommend including it in the budget because it is nice to have, but not necessary. There is plenty of information available, though people may choose not to access it or to engage. He stated that the PIO position does not appear to cure any problem or change anything. In three years, the eight new firefighter positions will be fully funded within the operating budget, in addition to the new police officers being phased in. He stated that these positions are needed for emergency needs and public safety. In addition to those increases, there is \$4 million increase this year in the debt service line, and more the following year.

Mr. Levy stated that he sees some value in this position, but his conception differs from the job description. He sees that they would be involved with social media, but the position does not seem to need to be full time. He stated that at the MMA conference, he learned that in some towns, the town managers are involved in social media postings. They can manage it by preparing a series of postings at one time which are issued over a period of time. He stated that that a high school student could be brought in to do some of the work for much less than full time. Ms. Cooley stated that the position would do social media, but would also be an emergency position. It could not be the same person as the emergency management position because they would both be needed for different purposes at the same time. She stated that the communications role is important and the time needed to do it well is significant and cannot be done on a part time basis. Ms. Fachetti asked if it could be outsourced if the work is needed at particular times. Ms. Cooley stated that the PIO would need to partner with department heads, and it would not be worth it to try to outsource.

Mr. Coffman stated that he feels conflicted. He is concerned about the significant FTE growth this year, and not sure about the benefit of this position. He understands that it helps to diffuse issues if communications are handled well. He stated that the recent issue concerning the communications towers resulted from a strong public reaction without adequate time to prepare a response. Having to delay projects or make alternative plans can cost the Town. He is inclined to support the position, but the question is whether to fund it with a warrant article or to add it to the operating budget. Ms. Fitzpatrick stated that she would not recommend a warrant article for this position since the Town has already tried hiring for positions that are not permanent. She stated that they are mindful of FTE growth, but there is also residential growth that leads to additional service needs.

Mr. Lunetta stated the he feels that the position is both needed and useful. He stated young people tend to want to get information fast, and older people want information that is not confusing. He is not worried about FTE growth as long as it is carefully considered and justified. He stated that the Town's business is to deliver services and if more people are needed for services, then they should be added. He encouraged the Town to hire someone on a full time

basis, since they would not likely find a qualified person to do it part-time. He stated that there is not much need for crisis communications as the Town does not tend to make significant mistakes, but having better communications on a day-to-day basis will make the Town stronger. Mr. Levy asked how much of the job would be about conveying versus crafting messages. He understood that the department managers would write and the PIO would convey messages. Ms. Cooley stated that the PIO would not be a spokesperson for all issues. The person would make sure that the message is clear across Town. Mr. Levy stated that he felt that the need for conveying information is a higher priority than consistent messaging. Ms. Cooley stated that the person would do both. They would look at upcoming issues and could stage the communications. Mr. Coffman stated that often the intent of a proposal is not made clear from the start. He stated that it would be better to have people more informed, but he is not sure people would become more engaged. Mr. Connelly asked if the person would work with the schools. Ms. Fachetti stated that they have a person in charge of communication. Ms. Cooley stated that there is a person there who prepares the annual report but does not do full time communications. Ms. Fachetti stated that she is against the PIO position. It would be asking a lot of somebody who is essentially a digital communications specialist. The expertise lies in the department heads, and she is not convinced that communicating with the public should not be part of their jobs. Ms. Fitzpatrick stated that that her own time would be freed up the most by the PIO, since the person could look over all communications and make them consistent, and to make sure that the right stories are being told. Mr. Jacob stated that it sounds like it would not really be freeing up much time off department heads, but may possibly reduce confusion. He stated that it might be useful to speak with the Select Board about their idea of what the operating budget will look like over the next 5 years. Mr. Matthews stated that this position would coordinate and craft messaging in a more proactive way. Even with a Town Manager, the Town government has six governing bodies and is decentralized, and this will help consolidate messaging. It is a priority of the Select Board.

FY20 Estimated Revenue

Mr. Davison stated that the Town Manager's budget book contains not only the operating budget, but also the revenue estimates to pay for the expenditures. He stated that it is a moving picture, and that revenue consists of estimates until the tax rate is set in November/December. He stated that the estimates are based on what has been done in the past, and the anticipated drivers for what will happen in the future. He stated that property taxes are increasing, which is driven in part by a 35% increase in the debt service line of the budget due to debt exclusions. He stated that there is an additional \$3 million of excluded debt being collected through property tax in FY20 over FY19, including \$700K for the CPA excluded debt for the Rosemary Pool project. Mr. Davison stated that another factor for increased revenue is the dissolution of the RTS Enterprise Fund and including the RTS operations and revenue in the General fund.

Mr. Davison stated that State Aid is also projected to increase based on the Governor's pledge, which he has kept for the past three years. Unrestricted aid and school aid are expected to increase by 2.7%. He stated that school aid is 70% of cherry sheet aid. The school aid will have a particularly high level of growth in FY20 because of the launch of full-day kindergarten, which will double the number of kindergarteners for purposes of the calculation of state education aid. He stated that also the state has set a goal of meeting the target requirement that it should provide state aid to all towns in the amount of 17.5% of the foundation budget. Needham has not been receiving the full amount, and each year enrollment growth has made the target harder to reach.

He stated that the School Department has estimated that there will be an additional \$700K in Chapter 70 aid in FY20.

Mr. Levy asked what factors drive the tax rate. Mr. Davison stated that the amount of taxes collected need to cover the amount appropriated at Town Meeting. He stated that the Select Board has a tax classification hearing each year to decide whether to shift tax burden from commercial to residential, since the ratio that the commercial segment pays is the maximum allowed. As residential property values increase, it can affect the amount shifted to commercial taxpayers because only a certain percentage can be shifted from residential to commercial.

Mr. Davison stated that New Growth is projected to be \$2.7 million, which is conservative, but the appropriate amount to use as a basis for Town Meeting's appropriations. The actual amount will not be known until after June 30. He stated the "Excess Levy" shown in the Town Manager's budget book is the levy limit less the appropriations. If New Growth end up higher than estimated (and it usually does because the estimates are conservative), then there can be additional appropriations later. He stated that this estimate was based on projections at the time the budget was prepared. He noted that New Growth has been trending downward. He anticipates more New Growth in FY21 when the TIF (tax increment financing) agreement with NBC Universal ends and the regular tax rate applies.

Mr. Levy asked if the assessors determines the property values on which property taxes are based. Mr. Davison stated that he adjusts the amount based on market conditions. He then looks at permits and zoning changes to determined property values which are used to apportion the tax levy. He stated that the change in the percentage that the average single family home (ASFH) tax bill increases is not the same increase for everyone since it is relative, but it serves as a standard way to compare. Mr. Levy asked for the projections for increases in the ASFH tax bill in the coming years. Mr. Davison stated that he provides that when he is looking at debt. Mr. Coffman asked why the motor vehicle excise tax revenue is decreasing. Mr. Davison stated that it is partially due to the fact that people keep cars longer, but also the fact that fewer cars may be registered in Town, since cars that are leased may be listed in a different location.

FY 2020 budget discussion/vote if appropriate

Mr. Coffman suggested that the discussion be postponed until the following meeting to provide more time for discussion and to consider the new information. Mr. Jacob stated that he could not come next week, but is not in favor of funding the Library DSR4 requests in the operating budget until the other funding runs out. He stated that he agrees with the Town Manager's recommendation for HHS requests.

Finance Committee Updates

There were no updates.

Adjournment

MOVED: By Mr. Levy that the Finance Committee meeting be adjourned, there being no further business. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0 at approximately 9:15 p.m.

Documents: FY 2020 Town of Needham Department Spending Requests; FY2020-FY2024 Capital Improvement Plan; Memo: Anne Gulati to Needham School Committee re: Recommended Capital Improvement Plan (CIP), dated January 3, 2019; Proposed Annual Budget Fiscal Year 2020, Office of the Town Manager, dated January 29, 2019; Memorandum to Finance Committee from David Davison, Assistant Town Manager/Director of Finance re: Uniformed Fire Personnel Positions, dated February 6, 2019.

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved February 13, 2019