

**Needham Finance Committee
Minutes of Meeting of September 4, 2019**

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

Present from the Finance Committee:

Tom Jacob, Chair; Carol Smith-Fachetti, Vice Chair

Members: Barry Coffman, John Connelly, Joshua Levy, Richard Lunetta, Louise Miller, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of Jun 19, 2019 the minutes of the executive session of September 12, 2018 be approved as distributed. Mr. Levy seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

2019 October 28, 2019 Town Meeting Warrant Articles: Update, Discuss and/or Vote

Article 1: Collective Bargaining Agreement - Fire Union

Ms. Fitzpatrick stated that an agreement has not yet been reached, and she was unsure whether an agreement could be reached prior to Town Meeting. She stated that there was a recent transition of leadership in the union affecting the timing. She stated that the Police and Police Superiors unions also had outstanding contracts.

Article 2: Amend FY 2020 Budget

Mr. Davison stated that he was waiting for clarification on some department budgets and would have final information for the next meeting.

Article 3: Unpaid Bills from Prior Year

Mr. Davison stated that he would have final numbers for the next meeting. This article would require a 9/10 majority vote to pass, per state law.

Article 4: Amend FY 2020 Sewer Enterprise Fund Budget

Mr. Davison stated that the Sewer budget is being amended due to a decrease in the MWRA sewer assessment. The MWRA budget has been approved and the final allocation to the Town was determined. This article will decrease the appropriation.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2019 Special Town Meeting Warrant Article 4: Amend FY 2020 Sewer Enterprise Fund Budget. Ms. Miller seconded the motion.

Ms. Miller asked if the change would affect the rates for ratepayers. Mr. Davison stated that it would not.

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

Article 5: Amend FY 2020 Water Enterprise Fund Budget

Mr. Davison stated that, similar to the sewer budget, the water budget was decreasing due to a decrease in the MWRA water assessment.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2019 Special Town Meeting Warrant Article 5: Amend FY 2020 Water Enterprise Fund Budget, as set forth in the warrant. Mr. Levy seconded the motion. The motion was approved by a vote of 8-0.

Article 6: Transportation Improvement Funds

Ms. Fitzpatrick stated that the Town receives \$0.10 for every rideshare ride that originates in Town. She stated that the Commonwealth requires a spending plan by December each year. Mr. Davison stated that this is the second year that these funds have been distributed. Ms. Fitzpatrick stated that the amount from FY18 was not known prior to the 2018 October Special Town Meeting so those funds were appropriated at the 2019 Annual Town Meeting. The appropriation will be included in the warrant every fall if there is a Special Town Meeting. This article appropriates the FY19 funds.

Mr. Connelly asked if the Town is confident in the number of rides that is the basis for the allocation of transportation funds. Mr. Davison stated that the Town has no way to independently verify the number of rides. Ms. Fitzpatrick stated that the Town receives a list of all rides and reviews the information. She stated that the Town is considering using the funds for bike and pedestrian safety, which is allowed under the state requirements. She stated that they have tried to find funds for the projects from other sources without success.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2019 Special Town Meeting Warrant Article 6: Transportation Improvement Funds as set forth in the warrant. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0.

Article 7: Zoning By-law - Highway Commercial 1

Article 8: Zoning - Map Change Highway Commercial 1

Article 9: Zoning - Accessory Dwelling Unit

Ms. Mizgerd stated that the Planning Director was planning to present the zoning articles to the Finance Committee on September 25. Mr. Connelly suggested that the zoning articles would require more than one meeting to address, and requested that there not be a vote on September 25.

Article 10: Appropriate for Pollard School Improvements

Mr. Davison stated that this article provides a supplemental appropriation for the Pollard School. The amount needed will be known in the next week. He stated that the request is in the Special TM warrant so that the work can begin immediately after school is out.

Town Manager Consultation - FY2020 Budget Guidelines

Ms. Fitzpatrick stated that she consults annually with the Finance Committee about whether there are any issues that the Committee may want to focus on in the FY20 budget preparation. She stated that she plans to have 2 areas of focus: (1) she is asking departments to be more creative to find ways to expand services without FTE growth; and (2) DSR-5 requests, which are requests for financial warrant articles, will be reviewed in the conjunction with department budget requests, to allow more time for review and discussion in the context of the development of the budget.

Mr. Jacob raised question of whether the Town ever considered increasing property taxes less than the full 2.5% allowed under Proposition 2 1/2. He stated that seems to be the only area in annual tax increases where is discretion. Mr. Davison stated that property taxes constitute 75% of the Town's funding for operations, and restricting that could lead to deep cuts. He stated that this would, in effect, amount to forgoing tax on new growth. He stated that any tax not assessed would not be added to the base in the following year. Mr. Jacob stated that the law allows an increase of 2.5%, but there has never been a specific discussion of whether the full amount should be collected. Mr. Davison stated that the 2.5% amount is the growth in the tax levy, but it does not impact the taxpayer in the same way. He stated that changes in tax assessments will shift the amounts taxpayers must pay. Properties that increase at a higher rate than most will have a disproportionate increase in their tax bills. Ms. Miller stated that it would be most helpful to have this discussion when considering the amount of debt exclusions. She stated that when excluded debt is added to the revenue allowed under the law, that directly increases tax bills. Taxpayers can save when debt exclusions are lower. The conversation should center on how capital projects are funded. Ms. Fitzpatrick stated that not collecting the full 2.5% would not only add the complication of not being able to tax new growth that wasn't taxed in the prior year, but would not allow the Town to fully assess the commercial taxpayers have had significant growth in property value. The Town would not want to forgo that tax.

Ms. Miller stated that when the Town is considering funding a project with excluded debt, it is better, where possible, to fund some through the levy to reduce the impact on the tax payer. Mr. Coffman stated that the Town has been bumping up against the 3% debt policy which is an artificial limit. Ms. Miller stated that if the goal is to reduce the impact on the taxpayer, it may be worth considering increasing the 3% limit. Ms. Fitzpatrick stated that the Town is constantly trying to think of ways to decrease the impacts on residential taxpayers, and noted that commercial taxpayers do not locate in Needham because of the tax rate.

Mr. Reilly asked if the existing collective bargaining agreements could hamper the efforts to achieve efficiencies without increasing FTE counts. Ms. Fitzpatrick stated that they would not, and noted that they have been able to contract out some work without issue. She stated that the Town is currently looking at moving some fire department work to civilians since firefighters are some of the most expensive workers. Mr. Reilly asked about the fleet maintenance. Mr. Davison stated that some of the most sophisticated work is sent out, but regular maintenance is often done in-house. He stated that the facilities cannot handle all of the maintenance work, however.

Mr. Levy stated that some towns, including Needham, have agreements between police and Amazon ring video doorbells to help with investigations. He asked whether these devices are subsidized or promoted by the Town. Ms. Fitzpatrick stated that she would get information from the Police department, but that their interest is in public safety. She stated that these types of devices are becoming more useful to police. Mr. Levy stated that he does not think that the Town should promote any specific company.

Mr. Coffman asked for an update on the Town capital projects. Ms. Fitzpatrick stated that the Memorial Park Building is getting its final occupancy permit this month. She expects much use of the building. The project is at budget, but very tight. She stated that the Cogswell seasonal storage building for the DPW should be completed at the end of this calendar year. She stated that Fire Station 2 will be demolished in 2020. Fire Station 1 is on schedule to be opened in July or August of 2020. She stated that the students have moves into the new Mitchell modular classrooms.

Mr. Connelly asked if the turf fields had been finished. He stated that it is frustrating to be taking so long given all of the planning. Mr. Davison stated that there was an issue involving a fire at the turf supplier. They looked for substitutes, but they were not viable. Ms. Fitzpatrick stated that the work at Cricket Field was on time.

Mr. Connelly stated that the Sunita Williams School is beautiful. He requested that the PPBC be pushed to close the project as quickly as possible in order to free up debt capacity. He stated with the number of projects wrapping up, the Building construction department will not need so many people, and he expected the FY20 budget to reflect that.

Mr. Reilly asked if the Town could refinance debt to save money. Mr. Davison stated that the Town has already refinanced everything that it could, and there are not debts that are now callable. He stated that the average interest rate that the Town is paying for all outstanding debt is in the high 3% range. He stated that there will be new bonding soon for the Public Safety building and the Sunita Williams School.

Mr. Lunetta asked for the status of the new communications position. Ms. Fitzpatrick stated that the Town is doing final interviews. She stated that candidates tended to have backgrounds in communications or journalism. Mr. Levy asked about revenue at the new pool. Mr. Davison stated that the pool revenue will be reported. Ms. Fitzpatrick stated that they had started dredging the lake.

Needham Minuteman Committee appointments

Mr. Jacob appointed Mr. Connelly and Mr. Coffman to the Needham Minuteman Committee. Mr. Connelly stated that the new Minuteman School building is open. He stated that the enrollment at the school from Needham did not increase, but he felt that if more students could see the new facility, more would be interested.

Finance Committee Updates

There were no additional updates.

Adjournment

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, there being no further business. Mr. Coffman seconded the motion. The motion was approved by a vote of 8-0 at approximately 8:07 p.m.

Documents: Special Town Meeting warrant, 8-20-19 draft

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved October 10, 2019