

**Needham Finance Committee
Minutes of Meeting of December 11, 2019**

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

Present from the Finance Committee:

Tom Jacob, Chair; Carol Fachetti, Vice Chair

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

Others present:

David Davison, Assistant Town Manager/Finance Director

David Tobin, Town Counsel

Ann MacFate, Director, Needham Public Library

Demetri Kyriakis, Assistant Director

Rick Hardy, Chair, Library Trustees

Stephen Popper, Director of Building Design and Construction Department

George Kent, Chair, PPBC

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Lunetta that the minutes November 6, 2019 be approved, subject to technical corrections. Ms. Fachetti seconded the motion. The motion was approved by a vote of 5-0. (Ms. Miller and Mr. Levy had not yet arrived.)

FY 2021 Department Budget Requests

Legal Department

Mr. Connelly stated that he reviewed the budget request with Mr. Tobin. The salary and wage line establishes a salary for the Town Counsel for office hours, Town Meeting, and other regular activities. The budget has an expense line of \$254K to pay for required additional services by Mr. Tobin or outside counsel as needed. He stated that the budget is the same as last year. For the rest of FY20, no major issues are expected.

Public Library

Ms. Fachetti stated that she met with Ms. MacFate. The Library budget is unique since it has alternate funding and revenue sources. The Committee has encouraged them to use those funds, and they have done a good job. The majority of the base budget increase is due to an increase in part-time and temporary pay scales. Ms. MacFate stated that they were having trouble holding onto part-time staff because other towns were paying higher rates, and there had been no increase in 5 years. The Personnel Board granted an increase which added \$92K to the budget request. Ms. MacFate briefly described the additional budget increases for seminars, and for library

databases, which lines were overspent in FY19. She stated that the additional funds needed came from other budget areas, such as the copier repair budget, that were not needed. Mr. Lunetta asked whether the funding for the increases could come from the state aid or trust funds. Ms. MacFate stated that other funds could be used, but there is not enough to continue in that way each year. She stated that it would not be prudent to spend down the funds completely.

Ms. MacFate discussed the Library's DSR4 requests. The first request is for a Reference Librarian/Digital Communications Specialist, which would be similar to the Town's Public Information Officer (PIO). The person would work on the website and increase the Library's presence in the digital world. Mr. Jacob asked what the result of the additional presence would be. Ms. MacFate stated it would increase business for the Library. Mr. Lunetta asked if the work could be done by the Town PIO, and whether the essential function is the same. Ms. MacFate stated that the PIO is very busy, but the functions are very close.

Ms. MacFate stated that the second DSR4 request would fund the OverDrive basic subscription for ebooks. The cost represents a portion of a fee shared by all of the Minuteman Libraries. She stated that if the Minuteman proposed budget passes, this requested amount will still be \$4000 short. The cost tends to increase substantially. She stated that this cost had been funded by the Friends of the Library, and now is covered by state aid. She stated that the Friends like to pay for new initiatives, so they can be tested. They paid for this for 2 years, and now state aid covers the cost. She stated that she is requesting the Town to pay for expenses that are essential operating needs. Since this is a basic library function, the request is to include it in the operating budget. Mr. Levy asked what the state aid funds would be used for if this is covered by the operating budget. Ms. MacFate stated that they would buy books and other materials. She stated that this subscription works with the OverDrive Advantage subscription, the fourth DSR4, which gives more access to best sellers, and has decreased the wait time for new books. She stated that those materials are available only to Needham residents.

The third request is for the OCLC Worldcat online database that is the world's largest materials database, and allows the reference department to access materials all around the world. Ms. MacFate stated that the cost is based on a per request fee that the Library pays. Patrons are never charged. The request is for \$3,000. Last year's fee of \$3,200 was covered by state aid.

Ms. MacFate stated that the fifth DSR4 request is for a space planner to study the use of space and see if it could be arranged to better accommodate the study rooms and study areas. The Trustees would also like to explore whether the library could accommodate an automated materials handler to check in and sort materials for quicker turnaround. Ms. MacFate stated that the cost of the machine could be \$500K. Ms. Fachetti asked if it would eliminate some part-time positions. Ms. MacFate stated that it would free people up to do different things and that it would take time to see if fewer positions would be needed. Mr. Garrett asked how long a materials handler would last. Mr. Kyriakis stated that they can be leased or purchased. Mr. Davison stated that the request for a materials handler is being made simultaneously as a capital request and a DSR4. He stated that there will be a request to fund the space planning study through the capital plan to determine the feasibility and the cost. It may require a building modification, and would then go to the PPBC to manage.

Ms. MacFate stated that the last DSR4 request would fund the page to pack and unpack the boxes of materials from other towns or going to other towns in the network. Mr. Jacob stated that this is funded with state aid. He stated that the Committee discusses every year to what extent ongoing needs should be funded in the operating budget. This department is unique because of the dedicated aid from the state for the library. Ms. MacFate stated that the Library only receives state aid if it qualifies based requirements including the budget amount, the number of hours open per week, and the ratio of funds used to purchase materials. Ms. Miller stated that the required budget appropriation is the average of the prior 3 years' budgets multiplied by 1.025, or a 2.5% increase over the 3-year average. Ms. MacFate stated that the state aid is not guaranteed and depends on the state budget appropriation. Last year there was an increase in the state budget appropriation, but in some years the allocation is less. Mr. Kyriakis stated that state aid can provide funds for trial programs, such as when the Town implemented Sunday hours to see if there was a demand. Ms. MacFate stated that they have a list of things that they would like to spend state aid on which amounts to about \$44K, though they expect to receive about \$39K from the state. Mr. Lunetta asked the last time that state aid was reduced enough to affect services. Ms. MacFate stated that the Library was decertified in 1991 and thus did not qualify for any state aid. She stated that a few years ago, the amount was reduced a few thousand. She stated that state aid has also been used in the past for copy machines, as well as to install wireless internet. Mr. Connelly stated that there needs to be a vetting process for the expenditures, because not everything should be automatically moved in to the operating budget. Mr. Kyriakis stated that the Library does carefully consider how new initiatives are working before requesting that. Ms. MacFate stated that the Town's budget process is a vetting process. Mr. Coffman asked why the state aid is not spent down. Ms. MacFate stated that it is given to the library without any appropriation needed. Other towns do many different things. Some spend it all, some stockpile it. She stated that the Library stockpiled in the 1980s then used it on a feasibility study on the facility.

Building Design and Construction

Mr. Connelly stated that he reviewed the FY20 operations and the FY21 budget request with Mr. Popper. He stated that there have been great successes recently including the Sunita Williams School, the Memorial Park building, the Rosemary Pool complex, and the Cogswell building. He wanted to focus consideration on the period of 7/1/2020 through 6/30/2021 to determine the workload in terms of construction and studies during that period, and to look at the current staffing level. He asked Mr. Popper to explain the need to keep the staffing level the same during that period when there will be only the Public Safety project. Mr. Popper stated that all of the staff need to be kept on because that one project actually has different components, including two buildings (the headquarters and the new Fire Station) as well as preparing and moving services into the Hillside School building, and then moving out again.

Mr. Kent stated that is it important to understand the function of the OPM to understand the value. He stated that their work on a project begins well before the first shovel is in the ground and continues after the building is in use. He stated that the PPBC had also considered whether the full staff was needed. He stated that this is a valuable team with the experience that is needed to stay at the same high level of success delivering buildings on time and within the budget. Mr. Popper stated that he has identified the activities and staffing needed for managing the public safety headquarters and Fire Station 2 project as well as the School facility master plan. He stated that the Public Safety headquarters is a significant project that requires expertise not only

of the construction company but also the project manager. The Town is required to have an OPM, and has the capability to handle it in-house. Mr. Kent stated that most towns hire outside OPMs and pay substantially more. Mr. Popper stated that OPMs typically cost 3.5%-5% of the construction budget, based on MSBA data and industry sources. Mr. Popper stated that the in-house OPM can make decisions faster than an outside OPM that needs to check with a building committee. Mr. Kent stated that this is multiple projects in one, including the communications system, the temporary Hillside 24/7 facility, the headquarters, and Fire Station 2. Mr. Popper stated that the Williams school was one project but took 2.5 project managers to support. He stated that 3 project managers are needed to support the public safety project. Mr. Popper stated that the scope of work would contract in FY22. He stated that there are currently no specified projects after the public safety project, but the Emery Grover building and the School master plan may lead to additional work, which will depend on funding. Mr. Popper stated that the School master plan study required hands-on work.

Ms. Miller stated that contracted OPMs are much worse, while in-house OPMs provide substantially better quality at a substantially lower cost. Mr. Kent stated that the current team is outstanding, and there will be a very difficult decision to make when there is not enough work. Ms. Popper stated that the Town is currently spending \$4 million per month on construction, and will spend \$100 million in 2 years. Contracted OPM would have cost \$4 million versus \$500K for in-house work. Mr. Connelly stated that the department budget is \$500K so over 2 years, the cost is \$1 million. Mr. Popper stated that the department needs to exist, so he used only 50% of the salary for the calculation.

Mr. Connelly stated that the Committee needs to look at FY21 and FY22 and consider whether the department needs 5 people for the construction and other activities. Mr. Levy asked if the department could be funded partially and reconsidered at the fall Special Town Meeting. Mr. Kent stated that he would prefer to fund the whole team. He stated that there may be a need to reduce the staff at some point, but FY21 is not the time.

Finance Committee Updates

Mr. Jacob stated that the Planning Board formed a small committee to review the issues related to zoning of the Muzi property, and Ms. Fachetti has been attending the meetings. He stated that they have requested that the whole Finance Committee attend their meeting on January 7. Ms. Fachetti stated that they want to bring the zoning article back to Town Meeting, and have been talking to the Muzi family. The Planning Board is frustrated that the Finance Committee did not come to a decision on the article in the fall. She believes that they want to know what positions the Committee members are taking. Mr. Lunetta stated that he said to Paul Alpert that they needed to be well prepared for Town Meeting. He does not mind attending the January 7 meeting, but feels that they need to be better prepared to address Town Meeting's questions. Mr. Jacob stated that the Finance Committee had wanted more detail and a better traffic study. They simply stated that the Town doesn't usually do a traffic study, without further explanation. Mr. Davison stated that the Planning Department is planning to ask for a \$30K transfer from the Reserve Fund for a study. Mr. Jacob stated that they need to spend money for a decent study. Mr. Jacob and Ms. Fachetti will attend the January 7 meeting.

Mr. Connelly stated that he would like to discuss the Building Design and Construction budget request. He stated that it is a very difficult decision, since he respects them and feels they do

good work. He feels that there is not enough work to justify 5 staff members. Ms. Fachetti stated that the Committee had been told that the staff increase was intended to cover a period of additional work, and then the staff would decrease with a retirement. Mr. Jacob stated that it looks like they need 5 people for half of the year and 4 for half. Mr. Connelly stated that the public safety project has a full time architect and full time contractor on the job and the project manager is a support role. He stated that much work has already happened. There are five parts to the project, but it is still one \$65 million project. Mr. Lunetta stated the he would like to review the chart of hours for the department from last year. Ms. Coffman questioned what would happen if one position was defunded and then there was a future need for 5 people. Mr. Connelly questioned whether people would stay on through this year if they knew a position would be disappearing next year. Mr. Jacob stated that there is a sunset for the additional staff, but it is just farther out than expected.

Adjournment

MOVED: By Mr. Connelly 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 7-0 at approximately 8:35 p.m. (Ms. Miller had left the meeting.)

Documents: FY 2021 Town of Needham Department Spending Requests; Library packet on state aid and trust funds; PPBC Staffing information

Respectfully submitted,

Louise Mizgerd
Staff Analyst