

**Needham Finance Committee
Minutes of Meeting of February 12, 2020**

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, Garrett Parker, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Ted Owens, Planning Board

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of January 22 and January 29, 2020 be approved as distributed, subject to technical corrections. Mr. Parker seconded the motion. The motion was approved by a vote of 8-0. (Ms. Fachetti had not yet arrived.)

Planning Board Update

Mr. Owens stated that the Planning Board has decided to defer the proposal to amend the zoning in the Muzi Ford/Channel 5 area until at least May 2021. They are still waiting for the results of the traffic study, and the recent public hearing showed that they are not yet ready to proceed. He felt it was important to tell the Finance Committee directly that the proposal is being delayed but not killed. Mr. Reilly asked why the traffic study was delayed. Mr. Owens stated that there were various administrative reasons, including that the Board was not early in its request for the study, and the response by the consultant has not been quick. Mr. Connelly asked if there has been a signed agreement with the consultant, and whether the funds for the study were encumbered. Mr. Owens stated that the Board was not involved in selecting the consultant or the financial part of commissioning the study. Mr. Connelly asked for the information to be provided, and suggested that they might want to consider using a different consultant. Mr. Owen stated that the Planning Board would have needed the study information much earlier to move forward at the Annual Town Meeting, since they would have had to vote the proposed language by February 4. Mr. Jacob supported the decision to delay the proposal until they have the necessary information, and suggested that they make sure that there is new information, and simply not a roll forward of the prior study.

Mr. Coffman asked if there was feedback from the Muzi company on the proposed zoning changes. Mr. Owens stated that the Planning Board has not been in contact with any members of the family, but has seen reports that Select Board members have been in touch. Ms. Fachetti asked if the family is known to have plans to sell the property without the zoning changes. Mr.

Owens stated that the property would likely be worth significantly less under the current zoning, than with the proposed changes, so he would expect that they would wait to sell it.

Mr. Reilly stated that he is frustrated that the Town is spending money on these studies rather than letting a developer with a proposal do studies later or, in this case, have the property owner, who would be the beneficiary of the zoning change, underwrite the costs of the study. Mr. Connelly stated that the traffic affects more than this one property, and that there are several important intersections in the area. He might be wary of the results of a developer-funded study. He stated that there may be issues that the Town should be addressing now. Mr. Jacob noted that making zoning changes before a developer comes in would allow the Town to set parameters for the use of the property and get out in front of potential issues. Ms. Miller noted that when the New England Business District was first zoned, there were many changes that had to be made with regard to infrastructure and roads, and as developers came, such changes were made. She stated that appropriate infrastructure needs to be in place to support any zoning changes. Mr. Reilly stated that the Town is paying \$50K for the study, and zoning changes would primarily be benefitting one property owner, whom he feels should pay. Ms. Miller stated that the study will provide information about traffic and safety issues. Mr. Levy noted that the Planning Board requested a Reserve Fund transfer for the funds to support the study, and expressed concern whether this need had adequately met the requirements for such transfers. Mr. Davison stated that this study was unforeseen at the time of budgeting. He stated that if the funds are not used in FY20, then they will become part of free cash.

FY2021 Operating Budget Discussion

Mr. Reilly stated that he had a general comment. The Town Manager has recommended applying less Free Cash toward the operating budget than is allowed under the Town's formula. He stated that there is additional capacity, though he understands that could mean having less free cash to spend on capital. He is not advocating for a change, but wanted to point it out. Mr. Davison stated that the policy provides that the ceiling of use of Free Cash for operations is the lesser of the actual budgetary turnback from the prior year or 2% of the prior year's budget. He stated that for FY21, less than \$1.5 million of Free Cash is recommended to be applied to the FY21 budget.

Mr. Jacob suggested discussing each department line if there are proposed changes from the Town Manager's recommendations. Ms. Miller stated that the Town should consider increasing the amount spent on community activities. The DSR4 from the Office of the Town Manager requests \$8,000 for this purpose in FY21, but more may be needed later. She stated that these events are important to the community and to businesses, and that it is difficult to raise funds for them. Mr. Lunetta asked if there is information about "in-kind" or volunteer contributions to such events. Mr. Davison stated that there is a lot of time and effort put in by volunteers, but none of that is quantified. Mr. Davison stated that the Needham/Newton Chamber of Commerce absorbed the downtown Needham business organization, and they have lost interest in helping to fund these activities. He stated that a lot of time is put in by Town staff.

Mr. Jacob stated that the Finance Department's DSR4 for network security was half-funded by the Town Manager's budget. Mr. Davison stated that the plan is to phase it in during the last half of FY21 and the first half of FY22. In response to questions, he stated that this request is entirely different than the request for the new billing system, and they should not be merged.

Ms. Miller stated that the phased approach makes sense because they would not likely to be able to get started on July 1 of the new fiscal year.

Mr. Davison stated that the Planning and Economic Development Department's request for trail mapping was not funded in the operating budget because funding will be requested from CPA money.

Mr. Levy stated that the Police Department is requesting two additional officers, but they stated that they currently have 2 vacancies, and asked whether the funding should wait until they see if the new positions are still needed while they are at full staffing. Mr. Davison stated that the open positions will be filled in the next 6 months. He stated that there has been high turnover lately due to a mandatory retirement age. He stated that they can have trouble finding candidates they want to hire, and then have to wait until the next civil service exam. Mr. Coffman asked if the new positions would reduce the overtime costs. Mr. Connelly stated that the newly requested positions are to provide community services for specialized needs, and not the same as the other officers, and would not reduce the overtime. Mr. Davison stated the benefits costs for the new positions are in Townwide expenses.

Mr. Jacob stated that the Minuteman assessment has been reduced from when the Town Manager made her recommendation, so that line should be decreased accordingly.

Mr. Reilly stated that the Needham public schools' enrollment has increased about 3.4% over the past 4 years, while the staffing has increased 12% in that time frame. Mr. Coffman stated that the change to full-day kindergarten has been part of that increase, since the number of students did not increase. Mr. Lunetta stated that the bulk of the increase is in special education. Mr. Reilly stated that there should still be more emphasis on controlling headcount. Mr. Connelly stated that the School Department has justified much of the increase based on the fact that they are seeking to offer more services in-house to avoid out-of-district placements where possible. He stated that the liaisons have explained that this rate of expansion is not sustainable. Mr. Coffman stated that the regular education classes have basic guidelines for pupils per teacher, and the School Department does react and shift staff around in different years. The liaisons asked about caseload per teacher, but with special education, it is not an apples-to-apples comparison. He stated that the percentage of students with independent educational plans has been increasing. Mr. Connelly stated that the liaisons asked about reductions and the School Department reduced the budget by over \$200K, and he does not feel compelled to put those funds back in. He stated that there have been significant increases in this budget and in recent years, and the Finance Committee has been very giving. Mr. Reilly noted that Needham has reasonable student/teacher ratios compared with other communities. Ms. Miller stated that Needham has a very high administrator ratio compared to other towns.

Mr. Lunetta stated that his wife is a special education teacher at Broadmeadow and that the budget has increased for good reasons, but the ultimate question is: what level of service does the Town want to provide? Is there a ceiling? Does it want to be the best that attracts people to the Town specifically for these services? Mr. Coffman stated that these services are mandated. Mr. Reilly stated that his wife had been a special education teacher, and that there are more and more students being placed on IEPs. The schools can try to control the numbers, but some parents sue to require services. Mr. Coffman stated that there is a limited number of dollars, and this takes away from other services. Mr. Levy stated that the Superintendent told the Committee when

requesting funds for full day kindergarten in FY20, that he did not expect to request a large increase for FY21.

Mr. Connelly stated that they request more every year, and will continue to make aggressive requests. Mr. Reilly stated that he does not question their integrity, but the increase is substantial. Mr. Coffman stated that there have been fewer teacher retirements than usual, and little turnover, so they have less salary savings. Ms. Fachetti stated that there is a new pay parity law. Mr. Connelly stated that they backed off the initial claim that this was consequential. Mr. Levy asked how much tuition is prepaid and how much budgetary turn-back have they had. Mr. Davison stated that the turn-back from the Schools is very little.

Ms. Miller stated that the message to the School Department should be that they need to stay within revenue growth. She stated that the estimated growth is 4.5%. She stated that New Growth is lower than for the 3 prior fiscal years. Mr. Parker stated that it is important to keep up the quality of education. Mr. Davison stated that the residential new growth has been constant, but the commercial new growth fluctuates more. Ms. Miller stated that the commercial new growth has been subsidizing the schools.

MOVED: By Ms. Miller that the Finance Committee's draft budget recommend include funding for the School Department budget in accordance the School Committee's voted FY2021 operating budget. There was no further discussion. The motion passes by a vote of 8-0-1, with Mr. Parker abstaining.

Mr. Connelly stated that the Committee should consider whether the Building Design and Construction Department needs the full current level of staffing to continue for future years. Ms. Miller stated that there was a discussion last week about whether the Town could repurpose a staff member from this department to supervise the DPW projects instead. Mr. Jacob stated that the 5th staff person was added to this department with the expectation that one staff person would be leaving and that position would not be filled. He understands that these are real people working in these positions and it is hard to cut a position. Mr. Coffman stated that there was also a temporary growth in the amount of construction being managed. Mr. Jacob stated that the Committee needs to be more firm about staffing next year. Mr. Connelly stated that he would like the department to be more proactive about what to do, and not to continue bringing more justifications for retaining the whole staff. Mr. Levy stated that the Committee's job is to push back, and he thinks that there is no justification for 5 staff for next year. Ms. Miller stated that the Committee should make clear that the DPW project manager position is not being funded because the needs can be met by the Building Design and Construction staff. Mr. Reilly stated that the Town Manager can resolve the issue in the coming year, or the Committee will step in next year.

Mr. Reilly stated that the DPW is requesting an additional custodian and also a supervisor in the building maintenance division, since there are more buildings. He stated that there is a request for additional funds for vehicle washing for larger vehicles that cannot be washed at Muzi, and so runoff can be collected. Mr. Davison stated that this is an inexpensive solution to meet the NPDES requirement for catching runoff. Mr. Reilly stated that there is a request for contracted roof maintenance work in order to extend the lives of roofs which are very expensive to repair. Mr. Coffman stated that these contractors have specialized knowledge of many different roof types. Mr. Davison stated that they do inspections and be able to do smaller and larger repairs. Mr. Reilly stated that there is a request for a parts manager that has been recommended by the

Town Manager. Mr. Connelly stated that he disagrees that this is necessary, and asked if there was pushback at the meeting last week. Ms. Miller stated that there was a discussion of the function which was inventory and parts control. She stated that the position is administrative and not technical, as they are not looking for a licensed mechanic. She stated that the position could be needed DPW-wide. She stated that there have been absences and there is a tendency in that situation to feel that more positions are needed, but there are plenty of administrators. There are only 5 people in the Fleet division and an additional supervisor is not needed.

Mr. Lunetta stated that he had asked about the need for a supervisor in the maintenance division, and said that he would need further explanation for the \$100K for the position. Mr. Davison stated that the position would support the building maintenance department, and would also oversee the contractors. Mr. Lunetta stated that the School Superintendent advocated for more building maintenance work, and he would prefer to fund that. Mr. Reilly stated that the Town Manager also considered a request for an HVAC technician and chose to fund the supervisor and custodian positions. He felt that there was no reason to second guess that decision. Mr. Coffman stated that the supervisor would also be addressing the Superintendent's request.

Mr. Reilly requested that the Town Manager provide further justification of the Fleet Parts Manager position, and also why the HVAC Technician is not being funded. Mr. Connelly stated that he would like to have a thoughtful presentation on the Parts Manager position, and suggested that the \$81K for that position be moved into the Reserve Fund for the draft budget.

Mr. Parker asked if there are metrics to know what the savings of the new position would be. Mr. Connelly stated that the parts and ordering would be more organized. Mr. Reilly stated that work is slowed down if needed parts aren't available. Ms. Miller stated that many parts suppliers will track inventories and orders and keep customers well stocked. Ms. Miller noted that two years ago, there was an appropriation for preventative maintenance software that would track data from vehicles. She stated that they have the tools to be well organized.

Mr. Davison recommended that the Committee vote the DPW line \$82,385 lower with the understanding that the Committee is receptive to learning more about the position before voting the final budget. There were no objections.

Mr. Levy stated that he felt that the request for pest management for parking lots should be consolidated with the pest management activities in HHS/Public Health.

MOVED: By Mr. Levy that the Finance Committee's draft budget recommend funding the request for \$15,000 for pest control for municipal parking lots in the Health and Human Services Department budget, and be removed from the Municipal Parking budget. There was no further discussion. The motion passed by a vote of 9-0.

Mr. Levy stated that he felt that the HHS request for additional hours for an Environmental Health Inspector should be funded. Mr. Reilly stated that it was \$18,200 for part-time work, and agreed it should be funded.

Mr. Jacob noted that the Environmental Health Inspector and the Public Health Director were on the same request, asked that in the future, that DSR4s have separate positions on separate forms. Ms. Miller stated that more information is needed on the support that is provided to the Board of Health. There may not be a need for a Director but it is not acceptable that an elected statutory

board is not getting adequate support for its meetings. She stated that the Chair stated that they were getting documents at 11 pm the night before meetings which is not acceptable. She stated that to the extent additional support it needed, it should be funded. Mr. Coffman stated that the Board was unhappy that it was not getting more of the time of the Director of HHS now that he no longer is Director of Public Health.

MOVED: By Mr. Levy that the Finance Committee's draft budget recommend fund the request for \$18,200 for the additional hours for Environmental Health Inspections in the Health and Human Services Department budget, with funds from the Reserve Fund line.

There was a question whether the Committee should wait for additional information on the Director position. Mr. Reilly stated that it would not be relevant. The motion passed by a vote of 9-0.

Mr. Jacob stated that each year, the Committee discusses what should be included in the Library operating budget versus what State Aid should pay for. He stated that there are requests for the Overdrive system as well as the OCLC WorldCat program to be moved into the budget and no longer covered by State Aid. Mr. Levy stated that the Director did not indicate what the State Aid would be used for if these programs were shifted into the operating budget. Mr. Jacob stated that they would be able to use the money for something else they wanted. Ms. Miller stated that she would prefer that they were spending it, but the account is growing again. There is a balance of \$133K. Mr. Jacob stated that the Library likes to have reserves. Mr. Coffman stated that there seem to be different philosophies between the Library management and others about the use of these funds. Ms. Miller stated that they often use salary savings to fund positions that aren't in the operating budget and save the State Aid. Ms. Fachetti stated that the DSR4 requests are for programs that started as pilot programs but are now core functions, and that the Library would like to save the State Aid for trying out new programs. Mr. Lunetta stated that the Library always raises the point that they don't know when the State Aid will go away, but he does not see that happening. Mr. Jacob stated that if the State Aid did disappear, he would have no trouble supporting these programs in the operating budget. Ms. Miller stated that it is like the DPW's Chapter 90 funding—they get to determine how it is used. Mr. Jacob asked if other departments have this kind of funding. Mr. Davison stated that the School Departments have some direct aid that is not subject to further appropriation such as METCO or school lunch funds. He noted that in the economic downturn of the 1990s, many municipalities took funding from libraries, so the State created this aid program. The Trustees are currently working to create a policy for the use of State Aid that will help explain their plans to the Finance Committee. Mr. Lunetta stated that he would like to pull the \$24K for the Overdrive and OCLC WorldCat programs until the policy has been clarified. Mr. Levy stated that the programs are basic Library needs, but that he would like to see what the plans for the use of the State Aid.

MOVED: By Ms. Miller that the Finance Committee's recommended draft budget recommend remove \$24,000 of funds for the requests for Overdrive and OCLC WorldCat programs from the Library operating budget and put the funds into the Reserve Fund budget in anticipation of the State Aid policy. Mr. Lunetta seconded the motion.

Discussion: Mr. Jacob supports this motion because it is important to know whether the State Aid funds can be used to support basic services. If the policy allows the use of the funds for

basic services, then it would be jumping the gun to move them into the operating budget. Mr. Lunetta stated that he supports the motion as well, and is not bothered by the fact that the State Aid would pay for a basic service. He stated that the budgeting process does not need to be a pure science. He does have concern that the policy will in effect muzzle the Committee. Mr. Coffman disagrees with the motion. Basic services of the Library should be covered by the operating budget. The discussion of how State Aid should be spent is different. He agrees that the money should be spent, but in the right way. Mr. Reilly agreed with Mr. Coffman.

Vote: The motion was approved by a vote of 6-3, with Mr. Coffman, Mr. Reilly and Ms. Fachetti dissenting.

Mr. Jacob stated that the Park and Recreation Department has two requests for pool staffing. The first one adds the positions that had been funded in FY20 by a warrant article. The second one proposes additional booth staffing. Ms. Miller stated that the pool generated fees far beyond the requests for additional funds.

MOVED: By Mr. Connelly that the Finance Committee recommend the FY 2021 General Fund draft operating budget with the changes discussed (depicted in spreadsheet below) for a total appropriation of \$190,247,810. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

Finance Committee Updates

The Committee agreed to meet on February 26 and March 11, 2020. Mr. Jacob stated that he would like to have a handout at Town Meeting of financial terms and definitions.

Adjournment

MOVED: By Ms. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0 at approximately 8:55 p.m.

Documents: FY 2021 Proposed Annual Budget, Office of the Town Manager, Town of Needham; FY2021-FY2025 Capital Improvement Plan; 2020 Annual Town Meeting warrant, draft dated 2/7/2020; Draft budget spreadsheets.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved February 26, 2020

**FINANCE COMMITTEE FY2021 DRAFT GENERAL FUND OPERATING
BUDGET RECOMMENDATION**

| Line # | Description | FY2021 Finance Committee Recommendation |
|--------|-------------|---|
|--------|-------------|---|

Townwide Expenses

| | | |
|---|--|------------|
| 1 | Casualty, Liability, Property & Self-Insurance Program | 665,795 |
| 2 | Debt Service | 21,111,388 |
| 3 | Group Health Insurance, Employee Benefits & Administrative Costs | 16,128,308 |
| 4 | Needham Electric, Light & Gas Program | 3,901,384 |
| 5 | Retiree Insurance & Insurance Liability Fund | 7,197,713 |
| 6 | Retirement Assessments | 9,513,643 |
| 7 | Workers Compensation | 746,833 |
| 8 | Classification Performance & Settlements | 1,255,000 |
| 9 | Reserve Fund | 2,077,091 |

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|--|-------------------------------|-------------------|
| | Townwide Expense Total | 62,597,155 |
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**Select Board and the
Office of the Town
Manager**

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|--------------|----------------|------------------|
| 10A | Salary & Wages | 942,708 |
| 10B | Expenses | 153,795 |
| Total | | 1,096,503 |

**Office of the Town Clerk
and Board of Registrars**

| | | |
|------------|----------------|---------|
| 11A | Salary & Wages | 391,124 |
| 11B | Expenses | 66,305 |
| | Total | 457,429 |

Town Counsel

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|------------|----------------|---------|
| 12A | Salary & Wages | 75,140 |
| 12B | Expenses | 254,000 |
| | Total | 329,140 |

Finance Department

| | | |
|------------|----------------|-----------|
| 13A | Salary & Wages | 2,100,223 |
| 13B | Expenses | 1,282,520 |
| 13C | Capital | 95,000 |
| | Total | 3,477,743 |

Finance Committee

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|------------|----------------|--------|
| 14A | Salary & Wages | 38,522 |
| 14B | Expenses | 1,400 |
| | Total | 39,922 |

**Planning and Community
Development**

| | | |
|------------|----------------|---------|
| 15A | Salary & Wages | 582,251 |
| 15B | Expenses | 34,400 |
| | Total | 616,651 |

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|---------------------------|------------------|
| General Government | 6,017,388 |
|---------------------------|------------------|

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|--------------------------|----------------|-----------|
| Police Department | | |
| 16A | Salary & Wages | 6,752,022 |
| 16B | Expenses | 404,312 |
| 16C | Capital | 284,516 |
| | Total | 7,440,850 |

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|------------------------|----------------|-----------|
| Fire Department | | |
| 17A | Salary & Wages | 8,378,394 |
| 17B | Expenses | 407,464 |
| 17C | Capital | 24,983 |
| | Total | 8,810,841 |

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|----------------------------|----------------|---------|
| Building Department | | |
| 18A | Salary & Wages | 744,760 |
| 18B | Expenses | 51,040 |
| | Total | 795,800 |

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|--|----------------------|-------------------|
| | Public Safety | 17,047,491 |
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| Minuteman Regional High School Assessment | | |
| 19 | Assessment | 1,099,935 |
| | Total | 1,099,935 |

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| Needham Public Schools | | |
| 20 | Needham Public School Budget | 80,735,089 |
| | Total | 80,735,089 |

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|---|------------------------------------|------------|
| | Education | 81,835,024 |
| Building Design & Construction Department# | | |
| 21A | Salary & Wages | 525,164 |
| 21B | Expenses | 19,495 |
| | Total | 544,659 |
| Department of Public Works# | | |
| 22A | Salary & Wages | 9,228,146 |
| 22B | Expenses | 7,037,810 |
| 22C | Capital | 150,018 |
| 22D | Snow and Ice | 424,604 |
| | Total | 16,840,578 |
| | Public Facilities and Public Works | 17,385,237 |
| Municipal Parking Program | | |
| 23 | Program | 130,522 |
| | Total | 130,522 |
| Health and Human Services Department | | |
| 24A | Salary & Wages | 1,842,113 |
| 24B | Expenses | 455,040 |
| | Total | 2,297,153 |

**Commission on
Disabilities**

| | | |
|------------|----------------|-------|
| 25A | Salary & Wages | 1,500 |
| 25B | Expenses | 550 |
| | Total | 2,050 |

Historical Commission

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|------------|----------------|-------|
| 26A | Salary & Wages | |
| 26B | Expenses | 1,050 |
| | Total | 1,050 |

Needham Public Library

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|------------|----------------|-----------|
| 27A | Salary & Wages | 1,613,880 |
| 27B | Expenses | 372,140 |
| | Total | 1,986,020 |

**Park and Recreation
Department**

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|------------|----------------|---------|
| 28A | Salary & Wages | 805,365 |
| 28B | Expenses | 142,605 |
| | Total | 947,970 |

Memorial Park

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|------------|----------------|-----|
| 29A | Salary & Wages | |
| 29B | Expenses | 750 |
| | Total | 750 |

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| | Community Services | 5,365,515 |
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| Department Budget Total | 127,650,655 |
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| Total Operating Budget | 190,247,810 |
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FY19 budget information has been restated to reflect the transfer of the building maintenance and RTS operations into the DPW budget.