Needham Finance Committee
Minutes of Meeting of February 10, 2021

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 5:30 pm via Zoom Video conference: https://us02web.zoom.us/j/83127232097?pwd=Z2s2VDZBTDQxNFE3UzBvUlJZQUdLUT09

Present from the Finance Committee:
Carol Fachetti, Chair; Joshua Levy, Vice Chair
Members: Barry Coffman (arrived 7:50 pm), John Connelly, James Healy, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others:
David Davison, Assistant Town Manager/Finance Director

Citizen Requests to Address the Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of February 3, 2021 be approved as distributed, subject to technical corrections. Ms. Miller seconded the motion. The motion was approved by a unanimous roll call vote of 8-0.

Stabilization Funds/Reserves

Ms. Fachetti stated that the Stabilization Fund may be able to provide funding for the Covid warrant article. Mr. Reilly stated that he has no issue with funding the Covid article through a warrant article. However, the Town does not have a good estimate of the expenses, and does not know to what extent these expenses will be reimbursed or offset by grants. He is concerned that if significant funds are set aside in a warrant article for Covid, then other articles may be underfunded as a result. If one of the stabilization funds is used to fund the Covid article, it will require a 2/3 vote of Town Meeting, but would allow the Town to wait until the fall Special Town Meeting when the revenue and expenses will be better understood. He stated that it is still important to fund the reserves as needed, and it would be necessary to make a plan for replacing any funds that are taken out. Ms. Miller agreed that the fall Special Town Meeting is a better idea since it is premature to guess where revenue will be now. She asked if the Town Meeting votes to fund an article from the Stabilization Fund, and the funds are not used, whether the funds would go back to the Stabilization Fund or go into free cash. Mr. Davison stated that a Town Meeting action is needed either to take funds out or to add funds to a stabilization fund. Once the funds are out, they will close out to free cash if not used. He stated that the Covid expenses are being presented as a warrant article because the amount is too much money to commit, and the full amount may not be needed. It is better to hold off allocating funds until more is known. If the funding is through a financial warrant article, the Finance Committee will have more time to consider the expenses and to find out more about offsetting amounts. Mr. Reilly asked if the fall Special Town Meeting could approve of a warrant article for a significant amount such as $2 million. Mr. Davison stated that it could, as long as there is an appropriate funding source.

Ms. Miller stated that there $7.8 million in property taxes and a hefty amount of free cash, approximately $12.5 million, so the Town is flush with revenue, so she is not as concerned about having funds for other needs. She stated that Covid expenses are one-time and should not be funded with recurring revenue. Mr. Reilly asked whether the Town is holding off spending on any item because of the funds expected to be needed for Covid expenses. Mr. Davison stated that the Town Manager's recommendations are all fundable within the Town's revenue stream. It is not yet understood whether the Covid expenses can be fully funded with free cash or if some other reserve will be needed. There was a recent change to FEMA reimbursements that could lower the amount needed to be appropriated for Covid expenses. Mr. Healy stated that a decision cannot be made if the Town cannot determine what the appropriate amount is or where the revenue will come from. Mr. Davison stated that more will be known by May, but he is not sure how certain they will be. However, this should not prevent the Finance Committee from voting a preliminary operating budget.

Mr. Connelly stated that the Covid article should be discussed with the other warrant articles. Mr. Levy stated the Committee should no longer consider putting funds for Covid expenses in the Reserve Fund. Ms. Miller stated that the funds could be set aside in the Reserve fund as one-time expenses, but the funds would need to come from one-time revenue. She added that the property taxes will not be determined until after the fall Special Town Meeting, and that the Town should not raise taxes for Covid expenses.

FY 2022 Draft Budget Recommendation

Police Department: Ms. Fachetti stated that there were questions last week about the clinical support position proposed to be funded in the budget. Mr. Levy stated that the information provided did not answer his question why this position should be in the Police Department budget. Since the person is not housed in the Police Department, he feels that it should be overseen within the HHS budget. Mr. Lunetta stated that the HHS Department does not have people with the same qualifications or credentials as the clinician position requires, and therefore are not better able to oversee the position. Mr. Levy noted that the certifications are not related to law enforcement.

Mr. Levy stated that he is concerned that this work has already been funded by the Police Department, so this is a request for funding from another source. Mr. Lunetta stated that the funds came from another part of the budget. They tried it out, and are now requesting that the position be funded. Mr. Davison stated that the clinician is a contracted service, not an additional employee, and was funded for half of a year in a joint procurement with the Town of Dedham. They used funds that they had from fuel costs that were dramatically lower than anticipated as well as fewer offsite training opportunities. However, additional funds are needed to be able to continue the service next year. Mr. Healy stated that he supports the service, but thinks it should be an on-call service not half-time person. He asked whether a department can spend money on an expense not approved by Town Meeting. Mr. Davison stated that a department has the discretion to spend funds on other items as needed such as contracted services. The budget is built on anticipated needs, but circumstances can change. Mr. Lunetta stated that the department is living within its means. They thought this would be a good way to supplement their services. It is not a frivolous expenditure. Ms. Fachetti asked if there was material limit on this discretion. Mr. Davison stated that they cannot exceed the appropriated amount or purchase things that are not reasonably associated with their mission.

Ms. Miller stated that all members seem to be in agreement that the clinical support is necessary to the department, but the question was whether this would be a single person assigned to both Needham and Dedham. The Police did respond that this is not intended to provide service in response to calls, but would be involved in follow-up. Mr. Lunetta stated that they would go on a call if available. He noted that Riverside does not provide 24/7 on-call services. Mr. Reilly opined that it is appropriate for the Finance Committee to discuss whether the services hours or the hiring of a dedicated person makes sense, but the question of where that worker would be housed is not within the purview of the Finance Committee.

Mr. Healy stated the he supported the request and feels that it should continue as a trial to see if this is the best way to provide this critical service. Ms. Miller stated that last year two new police officer positions, including one with social work element, were added to the budget. It would be helpful to understand how this will work with those positions. She stated that she would like more information, but is not against adding the clinician. Mr. Levy stated that the funding for a pilot program is usually through a financial warrant article, and asked whether that would be appropriate here. He stated that he is in favor of this position in the HHS budget in order to foster collaboration. Mr. Healy stated that he feels that the Police need this support, and the Police should be responsible for it, but would go with others if they prefer HHS since the services are critical.

Mr. Lunetta proposed a motion that the Finance Committee include the Police Department full requested amount of $7,525,435. The motion was not seconded. Mr. Levy asked if the clinical position would be considered to be funded instead with a financial warrant article. Ms. Miller stated that either way, recurring revenue should be used. Mr. Lunetta stated that he thinks that the Police will come back and say whether the service has worked or not, and if not will likely have another idea. Mr. Jacob stated that the PIO was a pilot because the Committee did not understand whether there was a need. He noted that there is a consensus that the clinical work is a critical need, and concern about how it is managed. He stated that he would not support a financial warrant article and thinks this should be funded in the budget. Mr. Reilly stated that once an expense is in the budget, it is hard to reverse. There is clear concern as to whether this is the best way to spend these funds. He is in favor of the stricter mandate. By funding through a financial warrant article, the expense will be reviewed next year out of necessity. Mr. Jacob stated that all seem to agree that the service is needed, and that it should be up to management to determine how to provide it.

Mr. Levy proposed a motion that the Police Department be funded in the amount of $7,480,425, with the $45,000 for clinical services to be funded through a separate financial warrant article. Ms. Miller stated that this is just for discussion. Two members (Mr. Lunetta, and Mr. Jacob) expressed support for funding the clinical position in the operating budget. Seven members (Mr. Coffman, Mr. Connelly, Ms. Miller, Mr. Reilly, Mr. Levy, Mr. Healy and Ms. Fachetti) expressed support for funding the clinical position through a financial warrant article.

Fire Department (Ms. Miller recused herself from the discussion.) Mr. Levy stated that FY22 is the last year that the grant that is supporting the eight additional firefighter positions. He hopes that the success of these positions is evaluated in the FY23 budget process. Mr. Reilly stated that there is a request for additional funding for a stair chair included and asked if anyone had concerns. No objections were raised.

Building Department: No further comments on the requested amount.

Minuteman School Assessment: Ms. Fachetti stated that the assessment amount is set.

Needham Public Schools: The Committee supported the requested operating budget, not including the Covid-related expenses.

Building Design and Construction: Ms. Fachetti stated that the Town Manager recommended funding two fewer full-time positions than requested. One position was eliminated due to an anticipated retirement, the other would be redeployed to the DPW. Mr. Connelly stated that he was glad the Committee's comments were heard and that he supported the Town Manager's recommendation.

Department of Public Works (DPW): Mr. Levy stated that he followed up about the support provided for opening and closing the pool. He was told that 50 hours of work was provided for opening and 50 hours was provided for closing. The same level of funds is still in the DPW overtime budget, but funds for that work are also included in a request for additional funding in the Park and Recreation budget. Mr. Reilly stated that the funds would then not be needed in the DPW budget. Mr. Davison clarified that the DPW has one comprehensive budget for overtime. The work needed at Park and Recreation ate into that budget. There were not funds specifically intended for the opening and closing work at the pool. Mr. Levy noted that the DPW funds would be freed up for other work. Mr. Davison stated that they would do some work there, such as landscaping. Ms. Miller asked if anyone felt any of the other recommended requests should be deferred. Mr. Coffman stated that he liked the DPW's idea of bringing in interns.

Health and Human Services (HHS): Mr. Reilly stated that he was surprised that they would not need more money, given the pandemic, although they are not asking for more. Ms. Fachetti stated that they will request what they need for the pandemic response through the Covid expense warrant article. Mr. Jacob stated that they have also requested a warrant article for $130K to fund vaccination clinics.

Commission on Disabilities and Historical Commission: No discussion.

Library: Ms. Miller stated that the Town Manager recommended deferring the Library's requests for a reference position and for funding library pages. The pages are funded out of state aid if there are not sufficient salary savings. She stated that the digital communications function of the reference position should be discussed as part of the PIO position.

Mr. Jacob stated that he feels that the Library's state aid should be used for operational purposes. The purpose of the aid is to make sure that libraries stay open, so it seems the funding is intended to support daily operations. Mr. Healy stated that he was involved in this issue previously. In 1995 or 1996 there was a large menu of override questions for many departments' operating budgets, and because of similar experiences across the Commonwealth, the State implemented or enhanced state aid to assist libraries. The State wanted municipalities to keep libraries open with town funds, and the state would supplement those funds with State aid. Ms. Miller stated that libraries need to spend a certain amount to maintain certification, and that state aid is not guaranteed. She stated that it is good to fund items that are "nice to have" with state aid rather than necessary items. Overdrive Basic is something every library has and needs, while Overdrive Advantage only reduces wait time for electronic books. She would recommend that the

Overdrive Advantage be funded with state aid, but the Overdrive Basic and Worldcat subscriptions should be in the operating budget.

Mr. Lunetta stated that he had been a liaison to the Library previously, and he has always felt that state aid should be used as much as possible, and if the aid dries up, then items should be funded in the operating budget. If the Town spends more, then it will keep having to put more into the operating budget to keep the certification. Mr. Levy stated that he would like to know what the Library would spend the money on if the items were moved into the operating budget. He would feel more comfortable putting more in the operating budget if there were a plan for the state aid funds. Mr. Reilly stated that he feels that Overdrive Basic is a basic need. He would like to know that the state aid would be used to try other programs if other items are funded in the operating budget. Mr. Healy stated that he used to think that no other department has additional funds like State aid, so why let them fully fund their operating budget through the operating budget and also get the additional benefit of State aid. But he now thinks that there is a special place for free public libraries. Mr. Jacob stated that he feels the Library continues to keep and grow its funds, and would like to know the plan. Mr. Lunetta stated that the Committee has the same discussion every year. The question needs to be answered what they will do with the saved money. Mr. Coffman stated that they have never provided specific items.

Park and Recreation: Mr. Reilly stated that questions were answered. While it is not clear that all the positions would be needed, they are managing it well. If they don't need the positions, they won't hire people.

Memorial Park: No issues were raised.

Townwide Expenses: Mr. Reilly stated that he met with Mr. Davison and is comfortable with the Town Manager's recommendations in all categories. The consensus of the Committee was to accept the recommendations.

Office of the Town Manager: Mr. Connelly stated that he feels that there is no need for further information or discussion. He supports funding the position outside of the operating budget for 2 years through a financial warrant article. Ms. Miller, Ms. Fachetti and Mr. Levy stated that they agreed with Mr. Connelly. Mr. Healy also agreed. He stated that he is not convinced whether the position should be funded within the existing budget at all, but if it is going to be funded, he feels that a governor is needed. Funding for 2 years through a financial warrant article can be that governor.

Mr. Coffman stated that he feels that the position has proven itself. The Town has changed, and people's expectations have changed. The Town has been behind in communications. He agrees that Mr. Levy's earlier suggestions that the websites needs improvements, but he also sees additional benefits to the position. The Town has experienced significant costs due to issues in the past such as with the issue with placement of communications towers that could have been avoided with consolidated communications. He noted that department heads have different skills. He supports funding the position in the operating budget. Mr. Reilly, Mr. Lunetta and Mr. Jacob agreed with Mr. Coffman. Mr. Reilly noted that a person will grow in this position and that institutional knowledge is important, so turnover is not good. Funding through a warrant article would be setting up a situation for high turnover. Mr. Lunetta agreed that making the position have to prove itself continually could make it transitory.

Ms. Fachetti proposed that the position be funded with a warrant article, and decreasing the budget for the Town Manager's office accordingly. Five members supported the financial warrant article, as described above, while four members supported funding the position through the operating budget.

Updates

Mr. Jacob stated that the presentation at the Select Board meeting addressing the N2025 report showed interesting statistics about the education levels, family sizes, and ages of Town residents, and what the means for infrastructure and schools.

Adjournment

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

Documents: Town of Needham – Proposed Annual Budget – Office of the Town Manager Fiscal Year 2022; Police Department's Answers to Questions from Finance Committee; Police Department Social Worker Write-Up.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved February 17, 2021