

**Needham Finance Committee
Minutes of Meeting of February 17, 2021**

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm via Zoom Video conference:

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: Barry Coffman, John Connelly, James Healy, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others:

David Davison, Assistant Town Manager/Finance Director

Lee Newman, Director of Planning and Economic Development

Karen Sunnarborg, Community Housing Specialist

Jeanne McKnight, Planning Board

Evelyn Poness, Town Treasurer/Collector

Roger MacDonald, Director of Management Information Systems

Carys Lustig, Interim Director of Public Works

Cecelia Simchak, Director of Finance and Admin/Public Services

Citizen Requests to Address the Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of the meeting of February 10, 2021 be approved as distributed, subject to technical corrections. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 9-0.

2021 Annual Town Meeting Warrant Articles: Discuss and/or Vote

Small Repair Grant Program:

Ms. Newman stated that this appropriation would continue the program started in 2019. It provides funding assistance to financially eligible senior or disabled homeowners to make health and safety improvements to owner-occupied homes. Ms. Sunnarborg stated that the entire previous allocation of \$50K has been encumbered through 2 rounds of applications. In the fall of 2019, there were 4 participants and in the summer of 2020, there were 9 participants. The Town has received invoices for approximately half of the full amount. All awarded grants are going to seniors, some of whom are also disabled. Approximately half also have a disabled household member. She stated that almost all of the work has been exterior, which she suspects is due to Covid concerns. Ms. Newman stated that the current request is for \$50K to continue the program. Mr. Reilly asked how they determine how much funding for each award. Ms. Sunnarborg stated that they give up to \$4,000 per grant, but plan to increase that to \$5,000. Most participants have provided estimates for more than \$4,000. Mr. Reilly asked if they inspect the work. She stated that they do not inspect it, but they do require photographs showing the site

before and after the work, and a signed statement stating that the planned work was completed to the homeowner's satisfaction.

Ms. Miller asked if they had considered whether they could put a lien on the property for the cost of the work if there is a problem. Ms. Sunnarborg stated that they considered liens when they set up the program, but decided to make the program as simple as possible to apply to and administer. The participants sign a grant agreement, and the Town can request the money back if there is a violation. Ms. Miller asked the amount of the income qualification, which is 80% of the area median income. Ms. Sunnarborg stated that it is a maximum of \$77K for a household of 2, or \$67.4K for a household of one. The full amount of funds appropriated so far is committed. She suspects the full amount may not be expended, but they will likely use at least \$45K. She stated that applicants may apply for additional funds if an entire year has passed since they received funds, and they remain eligible for the program. In that case, they could get another \$3K. Mr. Reilly asked if there were other reasons than age, income or disability that could disqualify someone. Ms. Sunnarborg stated that there is an additional calculation which could disqualify an applicant who has a certain amount of equity in their house. She stated that some people have been turned down due to the income requirement. Ms. Miller asked if they considered having another department administer the program. Ms. Sunnarborg stated that they did, but she has the background that fits best with running the program.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2021 Annual Town Meeting Warrant Article: Appropriate for Small Repair Grant Program in the amount of \$50,000. Mr. Lunetta seconded the motion. The motion was approved by a roll call vote of 9-0.

Planning Consulting Assistance:

Ms. Newman stated that this request is to provide funding for the Planning Board to hire outside consultants for reports such as traffic studies and build-out analyses. She stated that there have been two previous appropriations, one for \$40K in 2015, and another for \$60K at the 2020 Annual Town Meeting. She stated that they have used all of the 2015 funds, and have also committed the 2020 funds, mostly to examine the Muzi and Channel 5 properties, including updating traffic studies and fiscal impact analyses and commissioning an urban design study. Ms. Miller stated that site plan review or issues regarding variances should be paid for by permit applicants. Ms. Newman stated that this funding is used to evaluate the effects of redevelopment in order to help determine policy goals. They do require permit applicants to fund studies where it is appropriate. Mr. Levy expressed concern that the Finance Committee was told that the 2020 appropriation would last 3 years. She stated that she expects this funding would last about 2 years. This past year, they have needed to update several studies in connection with the Mui rezoning proposal.

Ms. Miller stated that she is also troubled by the speed of the spending of the 2020 funding. She noted that the 2015 funding was intended for any need that came up unexpectedly, but this request seems to seek funds to support the Planning Board and the goals of the Planning Department, which should be funded in the operating budget. Ms. Newman stated that the original funds were used for preliminary work to see the redevelopment potential of various areas, and the use has not changed. She stated that the most recent funds were used for the Muzi area zoning which is a unique situation. Ms. McKnight stated that the proposed funds are for forward planning. Mr. Levy noted that they did not mention last year that they planned to spend

the funds for the Muzi area. If that was known, it should have been mentioned. If the costs will be recurring, they should be in the operating budget. Mr. Healy agreed that the funds should be part of the operating budget if there is a demonstrated yearly need, but he was not comfortable allocating funds where there is no specific project for the Finance Committee to consider. There should be a specific request with goals they are seeking to achieve. Ms. Newman described the high priority areas they will be examining, including: the Chestnut St. corridor, Sudbury Farms area, and behind Hillside Ave.

Mr. Reilly suggested that a financial warrant article may be needed, since it gives flexibility on timing of the spending. He agreed that specific projects should be identified. Ms. Fachetti asked if there would be any impact on spending with the transfer of the Economic Development Director position to the Town Manager's office. Ms. Newman stated that they have common goals of redeveloping the Town Center, and this could help to achieve an understanding of what dimensional or land use changes would be needed. Mr. Lunetta asked whether the designated work would not be done if this funding is not approved. Ms. Newman stated that they would not be able to provide the same high level information that the Town and residents expect. Some of the work could be done internally, but for a sophisticated analysis, a high level of expertise is needed. Mr. Lunetta asked if these funds were added to the annual budget, if the work would get done in one year. Ms. Newman stated that it would not.

Mr. Jacob asked for clarification whether the funds are intended for identified projects or to quickly access funds when needs come up. Ms. Newman stated that, like the request in 2015, the funds are intended for the Planning Board to address evolving needs that come up. Mr. Jacob noted that was different from what was being described. Ms. Newman stated that the purpose is to give the Planning Board funds to move quickly, and it is not necessarily clear what they will do in advance. There are currently several problems that need to be addressed. Ms. McKnight stated that the funds also help the Planning Board support initiatives and presentations to Town Meeting. Mr. Healy stated that zoning moves slowly so there is no need to have immediate funds ready to move quickly. If there are priorities, they should be brought before the Finance Committee. He disagreed with the idea of setting aside a pool of money for the Planning Board to decide how to spend without anyone else considering the use. The Finance Committee should have the ability to make recommendations on requests to appropriate taxpayer money, and if the Committee does not believe a proposed expenditure is in the best interest of the Town, it should recommend against it. He feels that there should be a stated purpose before funds are appropriated.

Mr. Reilly stated that there is no mechanism for the Planning Board to come to the Finance Committee to ask for funds. Further, he is not confident that would be consistent with the purpose of the Reserve Fund, which is for unforeseen expenses. Mr. Reilly disagreed that the Finance Committee needs to decide on the specific uses for the funding, and stated that the question should be whether it is reasonable to provide the Planning Board funding so it would have the ability to hire people to provide expert opinions. If the answer is yes, then the next question is whether the funding should come through a financial warrant article or the operating budget. He feels that this expense should be in the budget.

Ms. Fachetti stated that the Committee is not ready to vote this article, and that more information is needed about how the money is expected to be spent, and what the timing of the expenditures would be.

Public Facilities Maintenance Program:

Ms. Lustig stated that this program has been in place approximately 10 years. It provides funding for projects that typically do not fall into the category of capital or for extraordinary repairs outside of the planned capital projects. She stated that there was a large increase from FY21 to FY22 for 2 reasons. First, in the fall of 2020, the school master plan was completed, which identified a number of repairs. There was not time to submit requests to fund the newly recommended projects in the FY22-FY26 Capital Improvement Plan. Second, much of the funding for this program in FY21 was used in the summer for addressing Covid-safety measure. As a result, a number of planned summer 2020 projects were deferred, particularly at Pollard and Mitchell. Ms. Miller asked if they will be getting CARES Act funding for the Covid work. Ms. Lustig stated that they will, but they do not yet know the extent of the reimbursement.

The proposed funding for FY22 will fund the projects deferred from FY21 as well as for the additional projects in FY22. Ms. Lustig stated that they are still finalizing the FY22 list. Mr. Davison stated that the article will be funded from free cash. He stated that the CARES Act will reimburse for expenses directly related to air handling and cleaning and disinfecting. He stated that the federal government has changed its grant programs, and is reimbursing certain cleaning and HVAC costs at 100% rather than 75%. The 25% differential which would have come from CARES Act, which was supposed to be the last resort, will now come from FEMA. If the funds are received this fiscal year, they will replenish the budget for the FY21 Public Facilities Maintenance Program and allow them to do the deferred projects, but if the funds come in after the end of FY21, they will go into free cash.

Mr. Lunetta asked how the \$1 million amount was determined. Ms. Lustig stated that they used the consultant's report and considered the deferred projects and thought that \$1 million would allow them to do the routine maintenance and also a portion of the critical needs in the school master plan. They started with the amount and are vetting out the specifics of how that can be best used. They will live within that amount for FY22. Mr. Levy asked if there might be a better return if they spent funds at schools that are going to last longer than Mitchell and Pollard. Ms. Lustig stated that the projects at Mitchell and Pollard are designed to make the schools comfortable for the users, while other schools are getting more predictive maintenance. She stated that they plan to do some things like paint projects at Mitchell and Pollard now, while they will be used for a little while, rather than right before they are torn down.

Ms. Fachetti stated that the Committee will vote on this article once more information is provided about the planned projects.

NPDES Permit Compliance:

Ms. Lustig stated that there was a similar request last year to fund this work in the operating budget. But it was changed to be funded through a financial warrant article. The funds will be used to fulfil the reporting requirement under the NPDES permit. They anticipate that all of the FY21 funds will be expended by the end of this fiscal year or early next year. The need will continue as part of the normal NPDES reporting. She stated that all the work is outsourced. Ms. Simchak noted that there is a separate NPDES capital project for \$660K. The FY21 amount was higher because there were start-up costs.

Ms. Miller stated that if this compliance work is recurring, it should be in the operating budget, or be funded through another fee-based program, such as a revolving fund or an enterprise fund. Mr. Davison stated that the Finance Committee suggested funding through a warrant article last year to see if it would be an annual expense. He stated that he felt that a 2-year trial was appropriate, so there is another warrant article this year. If it continues at this level, then this amount would be added to the annual drains budget within the operating budget. Ms. Miller asked if they are considering a fee-based NPDES program. Mr. Davison stated that that was underway before Covid. There was a working group, and a planned fee structure and plans for a public hearing. It is on the docket for the Select Board this spring.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for NPDES Permit Compliance in the amount of \$195,000. Mr. Lunetta seconded the motion. The motion was approved by a roll call vote of 9-0.

Fleet Refurbishment:

Ms. Lustig stated that this is the second request for funds for fleet refurbishment. About 4 years ago, the program was started to do work to extend the life cycles of equipment. The funds will be exhausted soon. She discussed specific equipment refurbishments. She stated that they have been able to extend 8-year expected life cycles to 10 years, and 10-year life cycles to 12 years with these refurbishments. Mr. Reilly asked if the funds are for parts or for outsourced labor. Ms. Lustig stated they are used for both. They do not use the funds for any supplementary overtime or salaries. She stated that the first appropriation was \$250K and they expected it to last for 3 years, but it lasted 5 years. She stated that they will come back if there are greater needs, but she expects the funds will last 3-5 years.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for Fleet Refurbishment in the amount of \$150,000. Mr. Lunetta seconded the motion. The motion was approved by a roll call vote of 9-0.

Rosemary Dam Decommissioning:

Ms. Lustig stated that she had forwarded a letter with an opinion from Town Counsel. The DCR has jurisdiction over the dam, and has the ability to levy fines for noncompliance in reporting. There is a disagreement as to whether the dam actually exists. Until the dam is decommissioned, the Town must meet reporting requirements, which is outsourced to consultants. The cost to decommission is similar to the cost of annual reporting. Once the dam is decommissioned, there will be no further reporting requirements. There is no other process available. The fine for noncompliance could exceed \$30K. Mr. Reilly stated that this makes sense.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for Rosemary Dam Decommissioning in the amount of \$30,000. Mr. Lunetta seconded the motion. The motion was approved by a roll call vote of 9-0.

Property Tax Assistance Program:

Mr. Davison stated that this article will continue this program. It will be funded with \$50K from the Overlay surplus. The program has been in place over a decade. Originally, the Town provided funds to match the amount raised through voluntary contributions to provide property tax relief to eligible owners. When donations declined, the Select Board increased the funding amount beyond the match. The amount has increased from \$25K in FY18 to \$27K in FY20 and then to \$50K in FY21. Mr. Lunetta stated that the intention was to advertise more with the increase to \$50K. He asked if that happened. Ms. Poness stated that they used all of the funds to provide relief to 25 individuals. Mr. Levy asked if they could provide the table like one in prior years with data showing the numbers of applicants and the number and average amount of awards to see if the number of awards increased. Ms. Poness stated that the number of awards has decreased, which she thinks is likely due to Covid. The applications were available in February and are usually due in March. She stated during the pandemic, seniors have been hesitant to reach out to Town Hall. In addition, the Senior Center has been closed. She stated that the Commission will meet next week, and awards will be given in April. Mr. Levy asked if it would make sense to delay the appropriation until the fall. Mr. Davison stated that the program cannot take applications until the tax bills are sent out when they know the actual amount of the tax. The distribution is made in late March or April every year. He stated that the numbers and amounts will be known before Town Meeting.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for Property Tax Assistance Program in the amount of \$50,000. Mr. Lunetta seconded the motion. The motion was approved by a roll call vote of 9-0.

Compensated Absences Fund:

Mr. Davison stated that this fund started last year. The fund covers payments for long term employees who are allowed to sell back sick time upon retirement or death at 25 cents on the dollar. The program is being phased out, but there are still a number of eligible employees. Some of the cost can be covered by the salary savings between when the eligible person leaves and the position is filled, but this article provides any funding needed beyond that. The \$125K would come from the tax levy.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for Compensated Absences Fund in the amount of \$125,000. Mr. Connelly seconded the motion. The motion was approved by a roll call vote of 9-0.

Town Network and Internet Control:

Mr. Davison stated that this expense was discussed in the course of the budget hearing for the Finance Department, but he and his staff would be happy to answer remaining questions. Ms. Miller asked how the amount of \$75K was determined. Mr. MacDonald stated that they spoke with consultants about the services needed, as well as the required hardware and software. Mr. Levy asked whether there would be recurring costs. Mr. MacDonald stated that there would be some recurring maintenance costs. He noted that they usually get 2-3 years of maintenance included as part of the initial installation and support. After that there will be licensing/support/maintenance costs of about \$50K and maintenance will be about 20% of that.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2021 Town Meeting Warrant Article: Appropriate for Town Network and Internet Control in the amount of \$75,000. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 9-0.

FY 2022 Draft Budget Recommendation

Ms. Miller stated that she followed up with the Library Director on the remaining questions. She stated that Ms. MacFate is concerned whether the state will be able to fund FY22 library aid. Ms. Miller stated that she asked her what would happen if they do receive state aid, and the OverDrive and Worldcat subscriptions were funded in the operating budget. She stated that Ms MacFate told her that they would use \$3K-\$4 for equipment, \$5K-\$7K to hire a library planning consultant to help with a strategic plan, and \$12K for a space study. Mr. Lunetta stated that it would be reasonable to ask them to cover the subscriptions with state aid, and to use the Reserve Fund if state aid disappears. Ms. Miller stated that the Library Trustees strongly disagree with that point of view, and do not seem to understand the Finance Committee's questions or why they are being asked. She did note that the OverDrive basic subscription and Worldcat are things that libraries are expected to have. The OverDrive Advantage subscription is more of a nice feature. She stated that at least \$19K of what they are requesting would be included in the regular operating budget for any library. Mr. Lunetta stated that state aid should cover it as long as the aid still comes in. Adding these costs to the budget only increases the level needed for certification. Mr. Healy stated that the state aid has a purpose, and he would like to support the Library Director. Mr. Lunetta stated that his objection is not personal. He suggests not putting the expenses [are not] in the operating budget, and seeing if anything changes. He suspects it will not. Ms. Miller stated that it could be time to have a discussion with the Library Trustees to see what they expect the Library to look like in the next years, and how they will deliver services. Mr. Reilly suggested putting none of the subscriptions in the budget. It is \$17K that does not need to be spent by the Town. Because of the certification requirements, there is a ratchet effect when anything is added to the budget. They have alternate sources of funding if these items are important. He supported the idea of a constructive discussion with the Trustees.

Mr. Coffman asked their philosophy of using state aid for "need to have" items versus "nice to have" items. Integral functions should be funded in the operating budget. Ms. Miller stated that they don't see the state aid as recurring, so they do not want to use it to pay for recurring expenses. Ms. MacFate is very careful with the Library budget and uses additional funds toward certain expenses. Ms. Fachetti noted that some of these expenses are normal operating expenses. Ms. Fachetti asked if people wanted to recommend \$46K less than the Town Manager's recommendation. Mr. Healy stated that it seemed that the consensus was not to include these costs in the operating budget. The question was raised whether amounts removed from department budgets should be removed from the bottom line of the operating budget or moved to a different line such as the Reserve Fund. Mr. Levy stated that if the amount is taken from the bottom line, fewer taxes would be collected. Mr. Healy stated that it is not necessary to work off the Town Manager's budget alone, and that other initiatives could be funded with these monies as well. Mr. Reilly stated that the Finance Committee has done that in the past.

MOVED: By Mr. Reilly that the Finance Committee recommend the Town Manager's FY 2022 balanced budget, but eliminating the following: \$98,163 from the Town Manager's Office budget for the Public Information Officer; \$45,000 from the Police Department's budget for the Law Enforcement Clinician; and \$46,000

from the Library budget for the OverDrive and Worldcat subscriptions, and adding the sum of those amounts to the Reserve Fund line, for a bottom line of \$195,989,980. Mr. Levy seconded the motion. The motion was approved by a roll call vote of 9-0.

Mr. Jacob noted that the Finance Committee was planning to recommend funding for the Public Information Officer and the Law Enforcement Clinical Support in financial warrant articles.

Updates

There were no updates.

Adjournment

MOVED: By Mr. Connelly 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 9:11 p.m.

Documents: Town of Needham – Proposed Annual Budget – Office of the Town Manager Fiscal Year 2022; Town of Needham Capital Improvement Plan FY 2022 – FY 2026 (December 2020); Town of Needham 2021 Annual Town Meeting Warrant (2-5-2021 draft); Letter from Town Counsel to Carys Lustig re: Rosemary Lake Dam, dated February 11, 2021.

Respectfully submitted,

Louise Mizgerd
Staff Analyst