

**Needham Finance Committee
Minutes of Meeting of June 16, 2021**

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm in Powers Hall at the Needham Town Hall.

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: John Connelly, Richard Lunetta, Louise Miller, Richard Reilly

Others:

David Davison, Assistant Town Manager/Finance Director

Robert Petitt, Chair, Library Trustees

Jay Fialkov, Library Trustee

Citizen Requests to Address the Finance Committee

No requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of April 21, 2021 be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 6-0.

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Discussion - Library Trustees

Mr. Petitt explained that most significant source of the Library funding is the Town operating budget which supports its core mission. Other sources of Library funds include trust funds, many of which have restrictions on how they can be spent, and state aid. The Trustees voted a state aid policy in March 2020. They consider state aid funds as seed funding for pilot programs to determine whether the programs would add value to the Town. Mr. Petitt stated that the Library also receives support from the Friends of the Library and the Library Foundation that can be applied at the discretion of those groups. Mr. Fialkov stated that they are currently transforming the Library website with Friends and Foundation funds. Mr. Petitt stated that the website could have been a great use of state aid except that they would have had to go through the RFP process which would have slowed it down. He stated that the website will cost about \$39k, shared equally with the Friends and the Foundation, and that they did not request Town funding for the project. The Friends and Foundation have agreed to cover the annual upkeep fees for the website in the near future. Mr. Fialkov stated that the Trustees would like to know what information the Finance Committee would need in the future to see to justify expense requests. Ms. Fachetti asked if the Library actively fundraises for the groups. Mr. Petitt stated that they facilitate some efforts such as allowing them to use the space.

Mr. Petitt provided a handout with various statistics. Mr. Reilly stated that the circulation per resident is provided, but asked if they knew how many residents were active users of the Library. Mr. Petitt stated that circulation per resident is a typical library metric, along with the number of visits. Mr. Fialkov stated that the new website will have some additional analytics. Mr. Petitt stated that the handouts also provide some comparative information for other towns using data from towns with 20K-40K residents along Route 128. Needham's library funding is lower than the average of these peers, particularly when looking at the library operating budget as a percentage of the town operating budget. He stated that the scattergrams show that there is a correlation between circulation and funding, and also between funding and number of visits

Mr. Petitt stated that there are several activities that they expect to be transformative to the Library: a new director, hopefully to be hired by the fall; a new 5-year strategic plan, which will be performed under the new director; and staffing changes. Currently there is a high percentage of part-time staff, and they plan to reconsider what model is optimal. They expect to use state aid to study the issue. Ms. Miller asked whether representatives from other committees would be invited to participate in the study. She stated that it would be helpful because many changes will lead to additional costs, and those effects should be considered.

Mr. Petitt stated that the data show a drop-off in circulation. Demand for paper books has remained steady, but circulation of CDs and DVDs has dropped off considerably. There has been a major uptick in downloadable audio and e-books. He noted that there was also a dip in circulation in 2006 when the Library was re-done. Mr. Lunetta asked what they expected to see post-COVID. Mr. Petitt stated that any numbers collected now would not yet reflect normal usage. They will want to look at numbers starting in a few months. He stated that the in-person aspect of libraries will not go away even as the use of electronic media increases. Mr. Fialkov stated that they actually hope to increase the use and reach of the Library, and hope the website will help. Mr. Reilly noted that they spend less than other towns on book purchases but have more print holdings. Mr. Petitt explained that the Town likely holds books longer and spends less, perhaps due to better prices. Mr. Lunetta asked if the Library ties into other Town resources. Mr. Petitt stated that the Library is administered by the Town and does integrate with other Town departments including the senior center and the recreation departments, and functions as part of the community with its programming.

Mr. Lunetta asked why not continue to have state aid pay for the activities that it has been paying for lately rather than move them into the operating budget. Mr. Petitt stated that the Trustees' policy calls for state aid to be used as seed money for pilot programs. The Library will become mediocre if it cannot explore new programs. He stated that statute used to allow towns to appropriate state aid, but that was changed to give the trustees the ability to use the funds as they see fit. He asked what the Committee would like to see to support specific funding requests. Mr. Lunetta stated that he would like to see what the trustees are planning for the longer term. Mr. Levy stated that he would like to see what the trustees plan to do with the funds that would be saved by transitioning costs into the operating budget. Mr. Petitt stated that they will quantify what they expect to do with the funds and will provide metrics. Mr. Lunetta stated that it would be helpful to know what criteria are used to determine when they will use state aid funds for seed money. Ms. Miller stated that, as a Finance Committee member, when she hears about seed money, then it sounds like that will lead to growth. She stated that the state aid funds should also be used for one-time expenses. Mr. Petitt stated that the Library portion has stayed pretty consistent at 1% of the Town operating budget, while many peer towns have a budget that is approximately 1.5% of the town budget. He added that the Library does not have a history of

expanding, and that they do cut programs that don't work. Mr. Reilly stated that he would not be comfortable with the high level of appropriations per capita coupled with the low level of materials per capita that Concord appears to have. Mr. Petitt stated that they do not want to follow that model, nor the model of Woburn with lowest per capita appropriations and materials. He stated that he did not exclude outlier in the data in the information provided. They want to follow best practices.

Facility Financing Working Group Update

Mr. Connelly stated that the working group had its first meeting, and there is much work to do. The various groups need to get on the same page. Currently, the Schools are moving forward on the proposed Emery Grover project and plan to seek design funding at the fall Town Meeting. He feels the cost is high for what the Town is getting. About 37 people use the building for a cost of \$27 million. Mr. Lunetta stated that he does not generally support a single-use building. Mr. Connelly stated that the current conditions for School Administration are unacceptable but there should be short term and long terms plans. The cost of the current proposal is daunting. He felt that the numbers may need to be refreshed rather than just inflated forward because circumstances have changed. He still has questions about the 6th elementary school and the addition at Pollard. These ideas have not been introduced to the Town. Ms. Fachetti stated that she would like to know what the Town can afford before making decisions on how to proceed. They seem to be using a different approach, and the Town might not be able to afford everything that is being proposed in the School Master Plan. Ms. Miller stated that she is concerned by the fact that the Schools have a separate master plan since their plans need to fit in with the Town. Mr. Levy noted that, at the working group meeting, the Town Manager pointed out that the DPW building also needs to be considered. Mr. Connelly stated that the only thing left on the Town's last master plan is the DPW building, but there are no plans for what else might be coming up.

Mr. Levy asked whether the Committee wants to take a position on what to do about proposed plans that exceed the Town debt policies. Ms. Miller stated that it will be important that we always have a plan on how to get back within the limits. She stated that about 5 years ago, the Select Board wanted to consider raising the policy limits to avoid going over, but that would defeat the purpose of the limits. Mr. Reilly stated that the same issues were presented by the Rosemary Complex, particularly whether the Town should first figure out what it wants and then how to make that happen, rather than figuring out what the Town can afford and then to work within that amount.

Mr. Connelly stated that he would like the Schools to consider other solutions for School Administration than just the Emery Grover renovation, such as incorporating School Administration into one of the other projects. It will be important for them to look at short term options at Hillside compared to renting space, and also the long term options at Mitchell or Pollard. Mr. Levy asked if the MSBA had priorities among the school projects. Mr. Davison stated that the MSBA did an inventory of Needham schools years ago and identified Mitchell as a priority over Hillside, so the School Department thinks that starting with Mitchell over Pollard would be an easier process. He stated that the MSBA will not do two projects in one town at the same time. If the Schools want funding for Pollard, it would not be on the accelerated plan. He stated that the amount of time that the Town would have to wait between projects for MSBA funding would depend on available funds. The MSBA's primary funding source is sales tax.

Mr. Davison stated that he would have a first run of financing numbers for the working group meeting on June 24. Mr. Reilly stated that the Finance Committee should articulate and emphasize that the 3% and 10% debt policies are there precisely because they will pinch at times. The Town could exceed the policies but only if the Town establishes a plan how to return to being in compliance.

Updates:

Mr. Reilly stated that the Ridge Hill working group toured the buildings, and they are in terrible shape. He stated that the Town needs to identify what a standard demolition would cost, and demonstrate where and why this particular project differs from that, and also provide the associated incremental costs. He stated that they feel pressure to avoid having to request additional funding. He stated that the existence of hazardous materials is not yet certain.

Adjournment

MOVED: By Mr. 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 6-0 at approximately 8:20 p.m.

Documents: Library Trustees Handout: Needham Circulation Trends, etc.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved June 23, 2021