

**Needham Finance Committee
Minutes of Meeting of December 8, 2021**

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 7:00 pm via Zoom videoconference.

Present from the Finance Committee:

Joshua Levy, Chair; John Connelly, Vice Chair

Members: Barry Coffman, Carol Fachetti, Tom Jacob, Rick Lunetta, Louise Miller

Others present:

David Davison, Assistant Town Manager/Finance Director

Rose Doherty, Chair, Historical Commission

John Schlittler, Police Chief

Chris Baker, Police Deputy Chief

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Assistant Superintendent for Finance and Operations

Aaron Pressman, Chair, School Committee

Citizen Requests to Address the Finance Committee

Noah Mertz, affiliated with Equal Justice in Needham, addressed the Committee. He urged the Committee as part of its fiscal responsibilities, to monitor Police Department programs to address the issue of disparity of treatment of people of different races. He noted that there are potential financial implications of civil rights claims.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of the meeting of October 25, 2021, and the open session of December 1, 2021 be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a unanimous roll call vote of 7-0.

FY 2023 Department Budget Requests

Resident Committees

Mr. Levy stated that these committees, which include the Memorial Park Trustees, Commission on Disabilities, and Historical Commission, have small budgets though they have critical functions in the Town. He described line item changes in the budgets for the Commission on Disabilities and in the Historical Commission, each having no effect on the bottom line. The bottom line of all of the three budget requests was unchanged from the FY22 bottom line. Ms. Miller stated that the Commission on Disabilities was partially funded through fines for handicapped parking violations and asked for an update on the amount collected and what it was spent on. Mr. Davison stated that he would get that information for the next Finance Committee meeting.

Ms. Doherty, Chair of the Historical Commission, stated that the Historical Commission has changed its structure, and will have a new chair each year so that there will be more people with

experience how the Commission runs. She stated that as part of the NUARI initiative, they are planning to research properties that are thought to have had enslaved people live there. The Commission believes that it is important to know that history. Mr. Lunetta asked if they had spent money on plaques recently. She stated that they did not make any new plaques, since there are fewer and fewer historic houses that don't have plaques. Ms. Miller stated that they have not used their communications budget recently. Ms. Doherty stated that they had had plans for a special event for historical home owners with a guest speaker which would have used such funds, but the event had to be canceled due to COVID-19. They are planning more outreach in the future. She stated that people confuse the Historical Commission with other historical societies, and she hopes to help address that misunderstanding.

Police Department

Mr. Lunetta introduced the budget. He stated that the staffing level remained the same at 63, including 53 officers and 5 dispatchers. The department has 21 vehicles, including 11 front line cruisers. The most recent collective bargaining agreement expired in June 2019, but has had annual extensions. The budget request includes longevity and overtime under the current agreement, but also a \$24K reduction in salaries due to retirements and vacancies that will be filled with lower paid staff. Expenses are increasing \$48K due to increased gas prices, with projected consumption based on a 3-year average. The department has additional costs in FY23 for maintaining the second microwave tower. Mr. Lunetta stated that they receive a consistent \$157K per year in grant funding. The FY23 operating capital budget is increasing \$144K to replace four front line cruisers in accordance with the replacement schedule.

Mr. Lunetta stated that there is one DSR-4 for a Master's level clinical support person, shared 50% with Dedham, to provide additional services for mental health and related issues. This expense was funded through a warrant article for FY22. The whole department budget request reflects an increase of \$212K or 2.8% over FY22. He noted that the amount will increase when the collective bargaining agreement is settled.

Chief Schlittler stated that there are a few issues that may impact operations next year. The current climate for police officers makes it more difficult to recruit and retain officers. They are therefore focusing more on officer wellness. Many officers early in their careers have questioned the profession. It is more difficult to recruit qualified officers. He noted that far fewer people from Needham are taking the Civil Service tests.

Chief Schlittler stated that the clinical officer from Riverside has been a big success and works well with the community outreach officer. The clinical officer is able to access and create medical records and also find beds for people who need them. Without that person, they would first have to take people in need to a hospital who would then try to find a place to admit the person. With the clinical officer, the arrangements can be made from the person's home and an officer can transport them right to the facility. Chief Schlittler stated that the community outreach officer spent 750 hours on phone calls outside of code responses. He stated that the calls used to be handled by dispatchers and then possibly require a response. The community outreach officer creates a relationship with certain people which means less need to rely on calls to dispatchers and involvement of other officers. It benefits the dispatchers and other officers as well as the residents.

Ms. Miller asked whether the FY23 estimate for gas is too low at \$3.67 per gallon. Mr. Davison stated that this is a 50% increase from FY22, and he thinks it will be sufficient. He stated that there may be a need for a Reserve Fund Transfer at the end of the current fiscal year since they are currently paying over \$4 per gallon, with \$2.45 per gallon budgeted.

Ms. Miller stated that the budget request includes \$1000 new funding for the Citizen's Academy, and asked what the funds would be used for. Chief Schlittler stated that they held their first Citizen's Academy and used funds for supplies and refreshments. He stated that they will adjust the amount after they hold the second one and have a better idea of what the actual annual costs will be.

Ms. Miller asked if they could provide the vehicle replacement schedule. She stated that the Finance Committee had asked previously about trying to flatten out the expenses each year. Chief Schlittler stated that there used to be four cruisers replaced every year, but they found that they did not need replacing so often and that with the lag in orders, sometimes the orders from different years caught up with each other. They stretched out the replacement schedule and now buy extended warranties to protect from some costs. He stated that they currently replace four cruisers every other year instead of every year. In the off years, they buy other vehicles such as detective or administrative vehicles.

Ms. Miller asked for a memo outlining the benefits of the clinical officer position, as just explained by Chief Schlittler. Mr. Levy stated that he had been provided a write-up that he would distribute to the Committee. Ms. Miller asked if there were any grants that might be able to fund this position, at least for the short term. Chief Schlittler stated that they have searched and found that the grants in this area are legacy and not available unless someone gives it up.

Ms. Miller asked the effect of police reform on the department and whether the department is in a good position going forward. Chief Schlittler stated that he feels that they are where they should be with reform, though the requirements were rolled out without any infrastructure and there was not a clear picture of what training is required. He stated that he thinks that they do good training, but they will need a lot of training in upcoming years because there will be newer officers that will need additional training.

Ms. Fachetti asked how many officers are at risk of leaving in light of the fact that many are questioning this career choice, and if additional funds are need for the retention efforts. Chief Schlittler stated that he is not hearing this from each one individually, but there have been 3-4 early career officers who are looking at firefighting training. He stated that new officers spend 1½ years in the training program. He will be able to make adjustments within this budget, but there could be more funds needed later. He stated that this issue is part of the union contract negotiations and they are trying to make changes and include benefits that other towns offer that will help with retention such as education opportunities.

Mr. Levy stated that the fact that the clinical officer has access to medical records and beds provides an advantage to having this position and makes it different from other positions. He stated that also the types of responses and co-responses has been lower, and asked if there are unmet needs because this position is shared and part-time. Chief Schlittler stated that it is due to a combination of factors, including that the position is shared with Dedham, and also due to scheduling and the fact that it is a 24-hour department, and one person in that position. If the clinical officer or community outreach officer is not there, other officers respond and their

reports will be forwarded. It would be great if they were always able to co-respond but that is not possible. He noted that the follow-up is typically more than one outreach. He stated that the Riverside person the Town was working with was promoted and there will be a new person. As the program develops more, the process will become more fluid. He stated that the Town did not pay for this service when there was no one in place. Mr. Levy asked if they planned to have more hours for Needham going forward. Chief Schlittler stated that they are looking at it, but he is not sure that the Town needs 40 hours. They are also monitoring funding opportunities to see if more grant funding might be available.

Finance Committee

Mr. Levy stated that there is a salary increase approved by the Personnel Board, and no increase in expenses.

Revenue Update

Mr. Davison stated that the Town shifts the maximum allowable amount of the tax burden from residential to commercial, so there has been some concern about the pandemic's effect on tax revenue with the weaker economy. He stated that the assessors found that tenants of larger commercial properties in Town continued to pay their rent and the owners did not have to make concessions, although some concessions have been made for smaller businesses, in the form of adjustments to rent or rent deferred to be paid later. The Town did experience significant commercial growth due to upgrades in natural gas transmission lines. There was \$35 million of new growth due to the increased assessed value of personal property that is taxed at the commercial rate. On top of this, there has been no slow-down in construction so residential new growth continues to be strong and did not abate over the last year, even with new large house zoning restrictions. The average single family home value has reached \$1 million in Needham.

Mr. Davison stated that there were declines in local receipts last year, but they were anticipated and so there was no revenue shortfall. The FY22 revenue estimates have been decreased. Meals and room tax revenues are better than expected. However, the original estimates for interest income have had to be adjusted downward as interest rates have decreased. There was an increase in DPW trash fees collected. State aid increased this year, though it was estimated to remain level, so the Town has a few hundred thousand dollars more than the current budget plan anticipated. By the end of January, the Governor will announce his FY23 state budget plan, and Mr. Davison will adjust his FY23 state aid estimates. He expects that there will be no reductions, but the question is what the growth rate will be, particularly for Chapter 70 school aid.

Mr. Jacob asked about the increase expected in property tax for the average single family house. Mr. Davison stated that the average increase was 5% in FY22, which was the lowest in about 4 years. Mr. Levy asked if the rate of increase in property tax is proportional to the rate of increase in spending since the spending drives the property taxes. Mr. Davison stated that it is not strictly proportional since the Town has excess capacity of about \$600K compared to the spending level allowed under Proposition 2½. He stated that the Town has passed the peak of the currently approved excluded debt, so that will decrease unless further debt exclusions are voted.

School Master Plan Extension Study Working Group Update

Mr. Levy stated that he has been sitting in on all of the working group meetings. There was a Reserve Fund Transfer in August to fund further study “for the purpose of developing project scenarios that spread capital costs so that borrowing costs are affordable within the Town’s debt plan limitations.” The working group is taking a more detailed and refined look at the recent School Master Plan, with a goal of increasing affordability over time and having less impact than the previous recommendations had on the Town’s financing plan. Four scenarios are being discussed in order to develop more affordable plans, one of which is new. Important factors are the potential for MSBA funding, as well as the timing and the configuration of the schools. He stated that the report is not yet ready, and is expected in early January. Mr. Coffman asked if the timeline was extended to stay within the Town’s 10% debt policy. Mr. Levy stated that was one reason, and also to possibly get more MSBA funding. He noted that MSBA funds through reimbursements, so the Town is still required to bond for the full amount, and then is reimbursed later. Ms. Gulati stated approximately 25% of the total project cost for the Sunita Williams School was reimbursed through MSBA. Mr. Jacob asked if some options do not expect to have MSBA funding because the program is changing or because the working group does not want to guess. Mr. Levy stated that he is not aware of any anticipated changes to the program. The MSBA is not committed to any project yet and the Town does not want to assume support. He stated that once the specifics of the scenarios are established, they will ask Mr. Davison to plug them into his financing plan to determine the debt burden and the effect on taxpayers.

Mr. Connelly asked if there is a placeholder to account for operating costs for a 6th elementary school in the plan. He stated that there are currently 5 elementary schools, so a new school would require additional staff. Mr. Davison stated that the operating costs has not been part of the discussion and not what the designers are looking at. Dr. Gutekanst stated that he and Ms. Gulati could come up with a rough estimate of the additional costs. Mr. Connelly asked if there is any clarity from the MSBA on potential funding for the different scenarios. He stated that it would be helpful to compare the likelihood. Mr. Levy stated that there is uncertainty on what the MSBA will do. Dr. Gutekanst stated that one way to know more is to file a Statement of Interest with the MSBA describing the problem that needs to be addressed. Ms. Fachetti asked if the MSBA provides any information on the interval needed between funded projects in the same town. Dr. Gutekanst stated that they have not made any public comments, and that the funding is based on their consideration of the needs. It is a long process with many steps.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Jacob seconded the motion. The motion was approved by a roll call vote of 7-0 at approximately 8:20 p.m.

Documents: Town of Needham, FY 2023 Department Budget Requests, submitted December 2021; slides - Working Group Update: School Master Plan Extension Study December 8, 2021.

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved December 15, 2021