

Needham Finance Committee
Minutes of Meeting of January 5, 2022

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, James Healy, Tom Jacob, Rick Lunetta, Louise Miller, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Carys Lustig, Director of Public Works

Cecelia Simchak, Director of Finance and Admin/Public Services

John Regan, Public Works, Fleet Supervisor

Edward Olsen, Public Works, Parks and Forestry Superintendent

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of December 15, 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. (Mr. Connelly had not yet arrived.)

FY 2023 Department Budget Requests

Fleet Capital

Ms. Miller stated that she reviewed the fleet capital that is being recommended by the Town Manager. She stated that the capital plan last year showed \$1.7 million planned fleet expenditures for FY23, but that has been updated to \$1.4 million since several items were removed from the list. She stated that Mr. Davison has a list of the items removed with the reasons for removal. The reason is usually that the equipment could last another 1-2 years. Also, because of inflation on the purchase costs, some estimates were no longer valid and needed to be updated. There may be need for more adjustments for FY23. She stated that two items that were planned for FY24 needed to be moved to FY23. Also, there is a request for an additional vehicle for the Parks Division. Ms. Miller stated that she discussed the effect of the Green Communities designation. Mr. Davison understands the requirements and has information on the vehicle fuel efficiency and federal emissions of the requested vehicles. The proposed vehicle purchases will continue to meet the Town's goals. She stated that she also discussed whether vehicles were traded in or auctioned off, and was told that vehicles were sold rather than traded in if a better price is expected. The plan is to take the funds from auctioned vehicle and use them toward the upcoming capital improvement plan. She stated that typically such funds are added to the Capital Improvement Fund at Town Meeting each year, but that has been deferred for the past 2

years to streamline Town Meeting due to the pandemic. The fund has a target of \$1 million. She feels that the Town should return to that practice and seek to reach the target since vehicles have been auctioned. She noted that there could be \$200K-\$225K to transfer.

Mr. Regan stated that he conducts an annual review of the fleet and evaluates each vehicle to see if there is need for early replacement or if replacement can be pushed off. This year he went deeper because of the data being collected and reviewed with each division how their equipment was used within their operations. He found that of all the divisions, Parks and Forestry are particularly shorthanded with respect to vehicles needed for the personnel. They use pool vehicles for backfilling, but in some instances the use of pool vehicles is essentially a permanent solution. The pool vehicles often don't last long. The issue is magnified in the summer when they have additional seasonal staff. It is difficult to move people where they need to be. For example, they found that adding a medium dump truck to the fleet for Parks would be the best solution. Mr. Lunetta asked whether the dump truck was the best approach to addressing moving personnel. Mr. Regan stated that they could actually use two dump trucks, but this would be a start. He stated that the vehicles are not just used for transporting people but are needed to be able to do the tasks that they do.

Mr. Levy asked about the recent program that was established to collect data from vehicles that could be accessed remotely and help monitor the usage of the vehicles. Mr. Regan stated that there are three systems that help monitor or gauge use of vehicles: the fuel pump which tracks the mileage and quantifies efficiency, the fleet management system which tracks maintenance, reported issues, and repairs on each vehicle, and the GPS system which tracks vehicle locations and how drivers perform including braking and acceleration. The location tracking is particularly helpful in the Snow and Ice program to know what areas have been treated. Ms. Miller asked if having better data has meant that the vehicle maintenance has improved. Mr. Regan said that it is much better, and that they used to rely on either time or miles driven, but that is not as useful. Mr. Lunetta asked what they have learned from monitoring utilization differently. Mr. Regan stated that specialty vehicles often have a lot of hours without going far, and may need replacement even with low mileage. Mr. Reilly suggested they carefully review the data when making decisions. Mr. Regan stated that he would not have the Town purchase any vehicle that he would not buy if this was his own business. Ms. Miller noted that they will be replacing a higher number of vehicles than originally planned, but for a lower cost because of the vehicles that they were able to push out. She stated that Mr. Davison is analyzing the data, and is stretching out the replacement plan even though they are adding to the fleet. She stated that it is taking 10-12 years to go through the whole cycle. Mr. Regan stated that they are also seeing the results of better maintenance.

Mr. Healy stated that it might be premature to add a vehicle at this time when they are still gathering data, and suggested it might be wiser to hold off until they are able to collect and analyze the data, and consider the longer term. Mr. Levy stated that there are vehicles that are at the end of their useful life and did not get the benefit of the protective maintenance and need replacing now rather than later. Mr. Regan stated that when he started with the Town, the replacement schedule was at 6, 8 or 10 years, and now the vehicles are replaced every 10, 12 or even 15 years. Mr. Levy asked for additional information to describe the Parks program that the new vehicle will support.

Department of Public Works

Mr. Reilly stated that the FY23 DPW budget requests an increase of \$758K in the expense line from FY22. He stated that salaries are up as well due to the new classification and compensation study which affects the base rates of even some staff at the highest steps, and also affect overtime rates. He stated that expenses are increasing mostly due to inflation. He stated that three divisions account for most of the increases. Building Maintenance costs are increasing, primarily due to higher costs HVAC maintenance and repairs and cleaning services contracts. He stated that they need to develop an appropriate method to track HVAC maintenance. Ms. Lustig stated that they are looking at increasing their investment in HVAC maintenance. She stated that the work they did due to Covid has unmasked certain underlying issues in building management and maintenance not only locally but industry-wide. She stated that the practice has typically been to operate building systems to failure, but it is no longer acceptable to allow heat and ventilation systems to fail. She stated that the increases in building maintenance costs from FY19 to FY21 show the costs of making the buildings safer. Some of these additional expenses have been covered by CARES Act funds. She noted that it is more expensive to maintain newer buildings since they are very complex while older buildings are more simple. She noted that there are benefits such as better ventilation, air quality, and temperature regulation. She stated that a big driver of the increase is due to the decision to outsource filter exchanges. Custodians have been changing the filters, but using a HVAC professional provides an opportunity for a trained person to evaluate the system. She stated that the in-house HVAC technicians can diagnose problems and then dispatch others to fix issue. She stated that there is currently one HVAC technician on staff, with two vacancies. She stated that they need to keep evolving to be able to match their maintenance work to the assets. Ms. Miller suggested that they consider the cost of doing filter changes in-house and also having regular inspections from contractors. She also suggested that there should be a schedule of when buildings are re-commissioned, and that they should be checking whether any of the work is eligible for Green Communities grant funding before doing upgrades.

Mr. Reilly remarked that it is difficult for lay people to evaluate the building maintenance work. He stated that there should be a review of the work by someone who can look with a dispassionate eye. He stated that he looked for some possible benchmarks such as the amount spent per square foot of the building. He stated that it would be helpful to have standards to help both the Finance Committee and the DPW to reach intelligent conclusions. Ms. Fachetti asked if the Town has any issues with the timing or responsiveness for outsourced work. Ms. Lustig stated that Building Maintenance is doing a lot of their own HVAC work because they are relying on Mr. Dulong who is doing this work rather than his other work. The goal is not to outsource all work but to have staff triage issues first. They are currently using different vendors for different systems. They require a 2-hour response time in contracts. She stated that it is difficult to have in-house staff manage all of the buildings since they range from over 100 years old to brand new. Contractors can provide a person that is trained in the specific system to be serviced. Often in-house staff can diagnose the problem but not necessarily do the work.

Mr. Levy stated that the Superintendent said that some systems are more troublesome than others. Ms. Lustig stated that there are trade-offs. Some systems are chosen because they need to be quieter due to their location near classrooms, while others might be more efficient. The different systems have different controls. She stated that standardizing them could be helpful. She stated that DPW has recently become more involved in building design and working collaboratively with the PPBC.

Mr. Levy asked if building systems could be monitored remotely. Ms. Lustig stated that they can see if the systems are functioning and make some tweaks remotely, but if a mechanical system is not functioning, they need to be onsite to fix the issue.

Mr. Levy asked about other needs in Building Maintenance beyond HVAC. Ms. Lustig stated that they do a good job with preventative maintenance which is funded through an annual warrant article. Mr. Healy stated that Broadmeadow and Eliot have been in use 20-21 years and Mitchell for 65 years, so they should provide some perspective on the longevity of the useful life of systems. Ms. Lustig stated that older systems like Mitchell tend to have a longer lifespan because they have less functionality and do less modulating and therefore have a lower rate of wear and tear. Mr. Levy noted that the School Superintendent said that Mitchell HVAC has the lowest maintenance cost which he found surprising. Mr. Reilly stated that the higher level of sophistication gives more flexibility and more cost so the Town needs to consider the value of these factors. Ms. Miller stated that there needs to be a prioritization of the goals that the Town is trying to achieve. Ms. Fachetti stated that it is a recurring theme and that the Town needs to consider the costs of operations more carefully when considering capital projects.

Mr. Reilly stated that there are increases in the Fleet Division budget due to the increasing costs of tires and other petroleum-based products. The Highway Division has the highest percentage increase in expenses due to the increased costs of petroleum based products including asphalt. The requested increase may not cover the full increases. Mr. Lustig stated that the paving contracts are in place, but they include an inflator for those commodities. They calculated the potential increases at 30-40% based on what other communities are seeing, but included 20-30% in the budget request. They may need to request additional funding during the year. Ms. Miller stated that inflation is hitting the DPW hard, but they can't just add a 30% inflator. There needs to be a discussion of what it would mean if they could only increase expenses by 5%. The Town will see inflationary pressure on a number of budgets, not just the DPW.

Mr. Reilly stated that the Parks & Forestry Division budget's most significant increase is in mulching and mowing contracts. He stated that the RTS has increased expenses due to two factors: the closure of a disposal facility in Dedham which had increased use of the RTS, and supply chain issues which have affected recycling activities. Ms. Lustig stated that last year there was a return to receiving revenue for recycled materials. She stated that due to shipping issues, some Chinese companies have opened recycling facilities in the U.S. Also, due to the pandemic and the related supply chain problems, new materials are harder to get which has increased the demand for recycled products. The Town is now net positive for recycling, though there is still a net cost for running the RTS. Mr. Healy stated that the Town should charge enough from the outside users to make up for costs. Mr. Davison stated that there is a net gain for commercial waste disposal. Needham's rate is \$140 per ton which they did not increase last year because it is the most expensive in the area. There is a net gain so it subsidizes other RTS users. He noted that there is also a permit fee for commercial users. He stated that the revenue from fees does not go directly to operations but needs to be appropriated. The budget therefore needs to have sufficient funds for operations in order to increase volume of trash disposal and increase revenue. Mr. Healy noted that it is important not to have a fee that harms in-town businesses, but users outside of town should be paying full market value. Mr. Jacob stated that the Town should be able to charge what Dedham used to charge since the businesses that used that facility could absorb that cost.

Mr. Reilly stated that the DPW has requested an increase of close to \$800K for level service. Mr. Healy stated that the budget should include funds for known needs but that any money that may be needed for unexpected expenses should be in the Reserve Fund. Mr. Reilly agreed, and stated that the Town's operating budget should have one contingency rather than having each department build in contingency funds. Ms. Miller stated that there is already a hefty Reserve Fund so that makes sense.

Mr. Reilly stated that there are a number of DSR4 requests for additional discretionary items beyond the base budget. Ms. Lustig stated that there is a request for additional overtime funds for cleaning Public Safety buildings on weekends. She stated that it will be overtime work, not a regular shift, but will continue as needed after the pandemic. Ms. Miller stated that firefighters clean their own buildings. She understood that additional work had been needed during Covid, but that this would be changing what they do as part of their job. Mr. Reilly stated that while it is not a big number, it still may not be a compelling need. Mr. Connelly asked whether this really was considered the highest priority request, since it is listed as the top priority. Ms. Lustig stated that their practice is to prioritize requests that are related to maintaining infrastructure. Mr. Lunetta asked how the work would get done if this request is not funded. Ms. Lustig stated that the buildings would not be cleaned on weekends, or that the occupants would clean it themselves. She stated that this funding would provide for 4 hours of cleaning on Saturday and on Sunday at each location.

Mr. Healy noted that the Town used to provide one list of requests that was prioritized, not prioritizations by each department. Mr. Levy stated that the Town Manager's recommended budget will show her prioritizations but that comes later in the process. Mr. Healy noted that her recommendations do not show prioritization among the various funded requests.

Ms. Lustig stated that the next request is for a Laborer 3 in the Highway Division. They used to have 2 additional FTEs, but one was reallocated to another division and one was eliminated. This request is part of a 2-year plan to increase to a full staff of 12 to better cover the snow and ice program and for day to day work in the spring, summer and fall. She stated that there is now a staff of 10, and there are 2 construction crews of 4-5 people. That often leaves no one else to cover work orders or see/click/fix reports. Also, if there is a vacation or other absence, they can't have a full second crew. The division is most effective with 2 crews. She stated that the new position would be entry level which will be very helpful. It is currently hard to get people that will grow within this division, though the summer program has helped with that. She stated that they have asked the Select Board to consider expanding the sidewalk plowing but that route would require additional staff to better plow downtown sidewalks. They currently have 2 vacancies, and this would add another position. She stated that the Highway positions require staff to have a commercial driver's license or get one within 6 months of starting. They are now planning to certify an in-house person to be able to train people to meet CLD requirements, since eth requirements are changing. Mr. Lunetta asked for them to look at the work completed last year in this division and to provide information on what more they would get done with the additional position. In response to a question from Mr. Jacob, Ms. Lustig stated that the request next year would be for a Heavy Motor Equipment Operator.

Mr. Reilly stated that the next request is for a Survey Party Chief in the Engineering Division. Ms. Lustig stated that this position would address issues with capacity in the Engineering Division. There has been much infrastructure growth in the last decade, and most every infrastructure project goes through Engineering. When they get backed up on survey, design or

inspection work, it can cause delays for projects. There currently are not enough man hours to keep up with the work so there is a backlog. She noted that performing surveys is not the only function, and the position also does a lot of construction inspection work in the summer. This position is prioritized higher because it would help relieve the bottleneck in Engineering. She noted that the titles of these positions may need to change to fit better. There is a separate request for an Administrative Analyst in Engineering for contract review and design review, another source of bottlenecks. The new position would be able to conduct reviews and help move things along. They felt that hiring a design review company would not be satisfactory, particularly since they have found that contractors do not tend to provide adequate reviews, and engineering consulting firms do not currently have the capacity to take on additional work. They may need to change the position to a civil engineer. That position has a slightly higher salary level at the high end but the request would be for the same cost.

Mr. Levy asked if the Survey Chief will be able to conduct the town-owned land surveys that were funded at Town Meeting, and whether the backlog would recur once it is resolved. Mr. Reilly stated that the title is misleading, and that the issue in the division is different from the surveys of Town land. Ms. Lustig stated that the Survey Chief position would not be working on the town-owned surveys, but the work is to do topographical surveys and oversee the contracted work on Town building projects. They make sure that any work relating to public works infrastructure is done to specification and also that any work done does not interfere with or damage other Town infrastructure such as sewer lines. Mr. Levy asked if there is some overlap with the oversight of contract work by the Building Design and Construction. Ms. Lustig stated that there is also work contracted out by the Engineering Division to oversee work by utility companies, but Building Design oversight is focused on the building itself and not the other infrastructure.

Ms. Lustig stated that there is a request for an HVAC supervisor. She stated that they have advertised for a HVAC technician, but it is a hot market. Most staff in facilities management came from a background in HVAC. Right now the Building Maintenance Director is doing some hands-on HVAC work, but that should not continue. She stated that the Town's HVAC salaries are not competitive, and the positions may need to be reclassified. Mr. Reilly stated that it is important to have personnel who can manage the buildings well.

Ms. Lustig stated that the next request is for an Administrative Analyst in the Fleet Division. This is position that has been requested as a Fleet parts manager for several years. The classification and compensation study showed that it would require the same skills as an Administrative Analyst. The work would consist of 50% sourcing parts needed for repairs and vehicle maintenance, 25% scheduling inspections and repairs of fleet vehicles and reconciling invoices, and 25% managing the pool vehicles and fuel deliveries, and managing the sales of old property. Mr. Coffman asked who is doing this work now. Ms. Lustig stated that the Fleet supervisors are doing it but they are often pulled away and scrambling to keep up with their work. The parts are being ordered by the parts mechanics who do not have time to compare prices. She stated that the annual cost of parts is about \$200K. Ms. Miller stated that they need to think about what else the person could do. She is not convinced that every division needs its own administrator. Ms. Lustig stated that this is the only division without secondary support, and there are capacity concerns without the support. Mr. Coffman stated that if there is some crossover, there may be a way to optimize the functions without adding staff. Ms. Lustig stated that this position would be different than other Administrative Analysts. They would be looking

for someone with experience in vehicle service management who can manage workloads on the shop floor.

Ms. Lustig stated that there is a request for a float custodian to fill in for absences. They had a float custodian several years ago but since there are more buildings, there is no longer someone floating. They have approximately 6 absences per day of approximately 41 positions. There is a request for additional overtime funds to provide additional trash collection needed due to school early release days. Mr. Coffman asked why this is being requested as DSR4. Ms. Lustig stated that it is primarily to draw attention to the burden on the RTS. There is also a request for additional overtime funds in the Parks and Forestry budget to provide for the setup and cleanup of the fields due to large High School events. Ms. Fachetti asked who has provided these services in the past. Ms. Lustig stated that she can provide more detail.

Ms. Lustig stated that the Sustainability Coordinator request has a “0” priority for a since it is needed to fulfill certain townwide goals, though she is not requesting it for the DPW budget. There is also a future request for a Heavy Motor Equipment Operating that is planned for FY24 for the Highway Division.

Ms. Lustig stated that there are also DSR5 requests for funding of programs through warrant articles, including the annual \$1 million request for the facilities maintenance program. Another article seeks funding for more surveys of town-owned property since there are many properties that are not surveyed. The Town is not sure exactly what it owns, and this information may be necessary to have on hand if there is a potential claim against the Town for something that happened on Town land. This is a proactive approach since a survey can take months. Mr. Reilly asked how often the 5 wooded areas owned by the Town are used for pedestrian traffic. Ms. Lustig stated that she would follow up. Mr. Lunetta asked if there is a long list of properties. Ms. Lustig replied that the Town owns many small properties. Mr. Levy asked if surveys expire. Ms. Lustig stated that she would need to check with the Assistant Town Engineer. Mr. Lunetta asked if other Towns do this. Ms. Lustig stated that she did not know, but that Mr. Del Gaizo, the Town Engineer who recently passed away, wanted to have very precise information.

Mr. Reilly stated that there is a DSR5 to fund a RTS Model Service Study. He asked if they think they may end up with a different approach such as townwide trash pickup. Ms. Lustig stated that they have not surveyed people and that such a discussion has not taken place at her level. It is more of a political decision. She noted that it may be a good time to consider upgrading the RTS.

Mr. Reilly stated that there are also capital requests for FY23. Ms. Simchak stated that there is a need for a Building Maintenance Utility Trailer. It is a vital piece of equipment for moving equipment, such as the gymnastics program in the elementary schools that moves from school to school over the course of each year. She stated that there is a request for a Utility Tractor to plow foot paths or for grass trimming. She stated that they are also seeking funds to replace batting cages. Mr. Olsen stated that there are 4 batting cages, and that there is no current replacement schedule. This would replace one per year at \$30K per year. This would fund installation of fencing, netting, synthetic turf, the plate and the mounds. The result would be professional-style batting cages, unlike the stone dust or packed dirt in the current cages. He stated that the life expectancy of the new cages would be about 10-15 years. Mr. Reilly stated that elements of this proposal, such as synthetic turf, sounds like something that would be nice to have rather than a need.

Ms. Lustig stated that the FY23 Water and Sewer Enterprise budgets did not have significant changes from FY22. She stated that there has been some instability since the Superintendent was there for one year before moving on to a position as an Assistant Director of DPW in another town. Mike Retsky, who is very experienced in Needham as a Project Manager but new to Water and Sewer, is the now Superintendent. There are no major changes to the budgets, but there will likely be changes next year. Mr. Levy asked about how they will staff the work under Water and Sewer that will be funded with ARPA funds. Ms. Lustig stated that they would be hiring a person to manage the ARPA funded projects. The projects will include the water cleanup at Walker Pond, as well as the dredging and contamination work cleaning the Reservoir which should help clear up the water in Alder Brook as well. This work is required as part of the NPDES permit. There will also be sewer line work at Greendale Ave that is still in the design phase, but this may end up exceeding the ARPA funding so supplemental funding may be needed for that project. All three projects will be outsourced.

Updates

The next meeting will be via Zoom as well due to the Covid infection rate.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 7-0 at approximately 9:25 p.m. (Mr. Healy and Mr. Connelly had left the meeting.)

Documents: Town of Needham, FY 2023 Department Budget Requests, submitted December 2021; Department Capital Requests FY2023 – FY2027.

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved January 12, 2022