

Needham Finance Committee
Minutes of Meeting of January 26, 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: Carol Fachetti, James Healy, Tom Jacob, Rick Lunetta, Louise Miller, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Katie King, Assistant Town Manager/Operations

Evelyn Poness, Town Treasurer/Collector

Chuck Murphy-Romboletti, Director of Human Resources

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of the meeting of January 19, 2022, be approved as distributed, subject to technical corrections. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 8-0.

FY 2023 Department Budget Requests

Town Counsel (Legal Services)

Mr. Connelly stated that he met with Ms. Fitzpatrick and Mr. Chris Heap of Miyares and Harrington, the firm serving in its second year as Town Counsel, to review the budget. Mr. Connelly stated that it has been a positive experience. They handle all of the legal work except for labor, cable, and some environmental work. He stated that budget is different than it was with the previous Town Counsel, since there is no salary component and it is all outside billing on an hourly basis. There has been nothing unusual this year requiring additional expertise. He noted that there was a noticeable increase in the amount of public record requests, possible due to the fact that during the Covid pandemic, people were at home and paying more attention to local government.

Mr. Reilly stated that it seems that it has been more expensive using outside counsel and asked if the Town had considered hiring in-house counsel. Ms. Fitzpatrick stated that FY21 expenses were unusual due to the federal law suit, but that matter is now being handled primarily by the Town's insurer. The Town felt that having the firm as Town Counsel provides more breadth of skills, since they have attorneys specializing in zoning, alcohol licensing, etc., and because they can collaborate with other attorneys. Ms. Miller stated that the Committee had suggested putting out a RFP for legal services, and asked if the Town was planning to do that. She added that the fee structure should be carefully considered. Ms. Fitzpatrick stated that she could provide a

summary of legal fees. She stated that the Select Board had discussed issuing an RFP for legal services, but decided not to. Mr. Healy stated that he did not agree with that decision, and that it seems the Town should want to issue an RFP and go through the procurement process. Mr. Healy offered that his employer, the University of Massachusetts often uses a procurement process to hire outside counsel, even if the law doesn't require it. Mr. Connelly stated that he did not agree, since there is much more to the relationship with Town Counsel than with other services. It is important to have a known point of contact that the Town has confidence in. RFPs are better for commodities than for services like this. He noted that this budget is not a large portion of the operating budget, but it is important. Mr. Healy said that the current relationship is very new given prior Town Counsel's unfortunate fairly recent passing.

Ms. Miller stated that she is a lawyer and she is in this industry, and asked how the Town is measuring satisfaction with this firm. She stated that she is not sure that the Town is getting the best representation. Going through procurement may come up with the same firm, but she is not convinced. Mr. Levy stated that this is good feedback, but ultimately it is the decision of the Select Board. Ms. Miller stated that the Finance Committee has discretion over the level of funding. Mr. Levy stated that the Committee could press for lower fees. Mr. Connelly stated that the Town might be able to get a better cost, but other options might not have what the Town is looking for. This involves a lot more than the financial part of an RFP. Mr. Reilly asked if FY21 costs were higher than usual, why the budget is staying the same for FY 2023? Ms. Fitzpatrick stated that the budget has been the same amount for three years. She stated that Mr. Tobin, the prior Town Counsel, died in 2020, and there is not yet sufficient experience to know the right number. She stated that the budget turnback in FY21 was \$4,000.

Municipal Parking

Mr. Levy stated that much of the increase is in the mulching and mowing costs. Ms. Lustig stated that the DPW uses these funds to maintain municipal parking lots. The budget has not shifted much in the past year. The main change in the budget is the costs of leased lots, and the contract for mulching and mowing services. She stated the prices are increasing in general, combined with the fact that the work is labor intensive. The Town does not use pesticides, so the weeds must be removed mechanically. Labor is less available so it costs more. She stated that another difference is how the work was bid. Previously, bids have provided a flat cost per lot, but this new contract has different costs for different lots depending on the specific work, and the more expensive lots were the parking lots covered by this budget. The contract also covers areas around schools and public buildings. There is a lower increase in the DPW portion of the relevant contract. Mr. Levy asked if they expected the same level of increase in the future. Ms. Lustig stated that she could not say for sure since there are many variables, but currently it is difficult to hire and retain staff.

Select Board/Office of the Town Manager

Mr. Healy introduced the budget. He stated that this budget includes essentially three departments: Select Board, Office of the Town Manager, and Human Resources. The requested budget increase from FY22 to FY23 is 2.6% or \$32K, with salary increases for existing employees going up \$19K (for Step increases and COLAs), and expenses increasing \$12.5K, primarily due to HR advertising and software needs. He noted that because of the pandemic and desire for social distancing, they expect more use of Powers Hall because it is a large space. This costs more because they need an outside "sound" vendor at each event because the level of

expertise needed. The rent structure has not changed since Powers Hall became Powers Hall, and he suggested reviewing that to make sure rental fees are keeping up with expenses.

Mr. Healy pointed out several details on the DSR2 form. There is \$1,500 for Other Compensation which reflects stipends for the Economic Development office and \$7,800 for the Select Board stipends. The Professional and Technical Services line totals \$135K, of which \$23K is budgeted for an Employee Engagement Initiative consultant, which is the fourth year of this program and is expected to continue into the future. He noted that the vendor was not selected through the procurement process in the first year and hasn't been since. This line item also includes \$17K for a national citizens' survey, though he was not sure of the value of doing such a survey every other year. He stated that \$8K in the budget is designated for food and services for community functions, which is due to the fact that the Needham Business Association is no longer involved, and the Newton Needham Regional Chamber of Commerce (now Charles River) holds such events. Mr. Healy stated that \$12K is designated for Travel, which is somewhat unknown because of the ongoing pandemic, and the \$15K in the budget for dues and subscriptions sounded high, but he was informed that the MMA and the Charles River Chamber amount to \$10K of that. Mr. Healy stated that the department's requested total budget for FY2023 is \$1.265 million, which is an increase of \$331K or 36% over the 6 years from FY18 to FY23. He stated that while he does not have all of the details or each person's precise duties, there is an increase of only one employee in the Office of the Town Manager from 5 to 6 FTEs, and the HR staffing during this same timeframe has remained level.

Mr. Healy stated that there are no DSR4 requests and three DSR5s seeking funding through warrant articles. He does not agree with this approach that keeps these items out of the operating budget when there is a reasonable likelihood that they will be included in the operating budget at a later time. In this way, the actual total costs attributed to the department are not showing up in the operating budget. Also, these items do not compete against other items in the operating budget, and are considered as stand-alone Articles. Often, they have their own constituency to support them with no competing cost or expense. He stated that other than the request for the parking study, the other two, which include funding for cultural programs and for a diversity and inclusion initiative, appear to be items that the Select Board supports and may eventually want to have included in their operating budget. Adding the FY23 portion of those two items or \$58K to the department budget would mean that there has been a 42% increase in this budget over 6 years, and a 7.3% increase from this current year's budget.

Mr. Healy stated that one DSR5 is for \$25K to complement state funding to help support the Needham Council for Arts and Culture over the next three years (\$8,300 per year). The funding is to provide funding for grants to benefit community arts and also for the Cultural Council to host certain events or programs. There is also a separate request for a warrant article for \$100K over two years (\$50,000 per year) to fund diversity, equity, and inclusion training and programs.

Ms. Miller stated that she is concerned that the warrant article for the Needham Council for Arts and Culture calls for the funding to be spent under the direction of the Town Manager when the Cultural Council should have full discretion over their spending. It is important that they remain independent. Ms. Fitzpatrick stated that a number of the items like this are under the jurisdiction of the Town Manager for procurement purposes, and that her office helps with that, but that she has no intention to make decisions on grants. She stated that this expense is proposed as a warrant article because it bears testing before being included in the operating budget. Ms. Miller

stated that if it is in the operating budget, the Cultural Council should have its own budget like the Historical Commission and should not be funded within the Town Manager's Office.

Mr. Levy asked if the ARPA funds for public art are part of this. Ms. King stated that these funds would be in addition to ARPA funds of \$20K being given to the Needham Council for Arts and Culture for public arts. The funds in the warrant article are to provide for grants and future projects. Mr. Levy asked if pop-ups were funded by this. Ms. King stated that those came under economic development funding from ARPA, and are not part of this funding request.

Ms. Fachetti asked how the funding amount for the diversity and inclusion initiative was determined, and whether there will be one person doing the work. Ms. Fitzpatrick stated that they have identified a local group to provide training and education and a framework for boards and committees and local people to work from. She stated that there is not any Town employee who can do this training. These funds are for a consultant, and not a study, nor a staff person such as a diversity officer. If that were the case, the request would have come through a DSR4. This is a one-time expense while they see what is needed. Mr. Healy pointed out that the budget document states that after these two years, the Town Manager and Select Board will evaluate the program and consider it for extension or modification. Ms. Miller directed a comment to the Finance Committee: It is important when considering a warrant article that is a resolution, to look beyond the actual article for future resulting costs. It was clear from the start that the Unite Against Racism resolution last year would have financial implications for the Town. Even if it is politically difficult, the Committee should look at the actual wording and should opine on it. The Committee should have advised Town Meeting that the resolution would lead to additional costs. She stated that some resolutions are actual resolutions, and some will have financial implications even though they are called a resolution. Mr. Reilly commented that the stated purpose of the resolution was very broad, so it was not clear how to determine the financial impact. He stated there needs to be a disciplined approach for initiatives in order to be able to determine their value. Ms. Fitzpatrick stated that the scope of services can include specific deliverables to help determine what success looks like and what the objectives are. She agreed that there should be a rigorous way to evaluate such programs.

Mr. Healy commented that he did not agree with the resolution, specifically a number of statements about existing bias and things that the Town is doing wrong. He feels that this seems like a rush to use money when the Committee was told that the resolution was just a non-binding resolution with no financial ramifications, but now there are. These funds could be used for other very important purposes, such as to repair public housing. He feels that although he will probably be outvoted on this requested Article, he believed it was important to speak up. Mr. Levy stated that the Committee will discuss this further when it is in the warrant. If residents know of ways to use these funds without hiring a consultant, he would be eager to hear about that. Mr. Reilly noted that the role of the Finance Committee is to see if money is being spent in a prudent manner, but not to say whether they should be spent at all on an issue. Mr. Healy stated that the Committee still has a role in whether an expenditure is reasonable and appropriate in light of other requests. Mr. Reilly stated that the duty is to see if the expenditure is reasonable, the Committee should not re-litigate a prior vote. Mr. Healy stated that he does not want to re-litigate it either, just to debate whether the proposed expenditure is a prudent and cost-efficient use of taxpayer's dollars as compared to other requests for funds. Ms. Fachetti stated that the Committee may have abrogated its duty and possibly should have forced a quantification. Mr. Levy stated that it would have been a guess. Mr. Connelly stated that he had no issue with the Committee's prior decision. There was nothing concrete before. Now there is something

concrete and the Committee should view the specific request against other requests and take a position. Ms. Miller stated that it is a DSR5 not a DSR4, so it will not be weighed against other budget items. Mr. Healy stated that this is his concern, as stated earlier. As a standalone item, it is not weighed against other items, and will have its own supporters. Ms. Fitzpatrick stated that she has been directed that things that are not long term should be funded outside of the budget rather than embedded in the budget and making it fluctuate.

Ms. Miller asked whether the parking study warrant article would be funded with money in the parking fund. Mr. Davison stated that the source of the parking fund was residual funds from parking receipts which had to be kept in a separate fund. There is a balance of \$379K, some of which will be used to fund this study. Under the Municipal Modernization Act of 2016, parking receipts can now be included with General Fund revenue. Ms. Fachetti asked when the last parking study was completed. Ms. Fitzpatrick stated that there was a study in the mid 2000s. That study looked at all parking, include private and public lots. This one will be different and will focus on the best way to structure on-street parking, public lots, and bike lanes. It will also look at pedestrian walkways and consider the possibility of outdoor dining possibilities.

Townwide Expenses (Health Insurance, OPEB, Retirement, Workers' Comp, CPS, Injured on Duty/111F)

Ms. Fachetti stated that she met with Mr. Davison and Mr. Reilly to review the Townwide Expense budget submissions. Overall, Townwide Expenses are increasing 3.7% or \$2.35 million from FY22 to FY23. The significant drivers are a 9.5% increase in Retirement Assessments as well as a 4.5% increase on OPEB and a 6.8% increase in Needham Electric Light and Gas. There is a decrease in the Debt Service line, but that will be short-lived.

The Auto Casualty Liability Property and Self Insurance Program or General Insurance line is increasing 9.9% because the base cost is increasing, combined with the fact that the property value being insured is increasing. She noted that the insurance for Fire Station 2 and the Police Station are only partially included in the current FY22 budget. Mr. Davison stated that those two buildings will be included for the full 12 months of FY23.

Ms. Fachetti stated that the Group Health Insurance line is increasing only 1%, with an assumed increase of 5% for premiums, and a slight decrease in the number of active enrollees. She stated that there is an allowance for an additional 20 employees to enroll. Mr. Reilly noted that this line is subject to adjustment based on the DSR4 requests that are funded in the rest of the budget. Mr. Reilly stated that the line may have a more substantial increase next year depending on what happens in the market. Fallon Health is dropping out.

Ms. Fachetti stated that the OPEB funding ratio is 35.7%. The Retirement Board has slowly been reducing the discount rate from 7.75 in FY17 down to 6.75 in FY21. There has been discussion of further decreasing it to 6.5%, but not for the FY23 budget. The Retirement Assessments line has a funding ratio of 67.4%. The discount rate was reduced from 7.25 in FY20 to 6.50 in FY22. Ideally, the rates for this and OPEB would be the same, and they are working toward that.

Ms. Fachetti stated that the Workers Compensation line is decreasing by 14.2% because of a restructure. Mr. Davison stated that the Town has established a separate reserve in accordance with M.G.L. Chapter 41, Section 111F that provides for payment of injury leave compensation or

medical bills for public safety personnel. It is essentially the same as the workers' compensation reserve in that the funds can be retained if not used in that budget year, but it will apply to public safety workers who are not covered by workers' compensation statutes. Without this separate reserve, funds cannot be reserved at the end of the fiscal year. Ms. Fitzpatrick stated that there is a new budget line for the Injury Leave Indemnity Fund. These funds were previously included in the Workers' Compensation line. Mr. Reilly noted that the decrease in the workers' compensation line is offset by the addition of the funding in the Section 111F line.

Ms. Fachetti stated that the Classification Performance and Settlement line is higher due to the collective bargaining agreements that have not yet settled, including Police, Police Superior Officers, and Fire (which has not had an agreement for FY21, FY22 or any out years). Agreements for NIPEA and the trades union are set to expire this year. Mr. Levy asked whether the School Department's contracts with Units A and B will affect this line if they settle. Ms. Fitzpatrick stated that this reserve does not cover schools, and that the funds would need to come from the School Department budget. In response to a question from Mr. Reilly, Ms. Fitzpatrick stated that there had been a reserve for a possible Fire Union settlement previously, and that the funds would go into Free Cash if they are not used.

Townwide Expenses (Casualty Ins., Debt Service, Needham Electric, Reserve Fund)

Ms. Fachetti stated that the Debt Service line is decreasing 2.7%. The approval of design funds for the project at Emery Grover and the likely approval of the construction funds for the project, to be financed with debt, will affect this line. Ms. Miller stated that about 6 years ago, the Town approved of a Debt Service Stabilization Fund which has two functions, including setting funds aside rather than spending. She asked if there were plans to use that fund to address fluctuations in revenue so the Town doesn't just increase debt service. Mr. Davison stated that it does provide a reserve to put aside recurring funds for out years when considering how to fund pending projects. One purpose is also to keep the Debt Service line in the budget at less than 3% when projects pile up. He stated that excluded debt in this line will continue to decline unless a new project is approved with a debt exclusion. He stated that CPA debt is currently assumed to be decreasing every year even though there is a potential project.

Mr. Reilly noted that, under the Town's debt policy, the 3% is not really a cap but indicates that continuous investment of 3% is the goal since it states "The Town will allocate or reserve 3% of projected General Fund revenue ... for debt service." This language is quite different than the language dealing with the 10% limit on total debt service. Mr. Healy stated that there should be a change so that the policy states that the Town may spend up to 3% on debt service, making it a limit, not a requirement for that amount of spending. Mr. Davison stated that he does view the 3% as a commitment to spend, but it is a cap not to be exceeded, and he plans accordingly. He noted that the Town has not used the Debt Service Stabilization Fund recently since the projects he thought that it would be used for are still coming. He stated that there is no target amount for the fund. What drives the amounts set aside is the outlook for future projects and how to smooth out expenditures. He stated that the Town is contemplating whether there will be increases in revenue if the Muzi site generates additional revenue. Using the DSSF would allow the Town to use the funds to help finance the School projects rather than just increasing the operating budget.

Mr. Reilly stated that the Reserve Fund should be discussed. The requested amount is based on a formula which starts with the projected total of the operating budget and excludes amounts that

do not draw on the Reserve Fund and then applies a percentage. This year's proposed Reserve Fund is \$2.2 million, an increase of \$150K over the FY22 budget. He stated that the Reserve Fund has not been used much in recent years because there have not been major snow storms, but in the past such storms can cost the Town \$800K to over \$1 million. He stated that there should be a disciplined approach to determining this reserve, but the amount of the reserve should also be reviewed to consider the extent to which it may be crowding out other needs. Ms. Miller noted that it will be important to have a reserve for expenses such as health insurance, the cost of which is currently up in the air. Mr. Reilly noted that it is good to have one liberal reserve for the whole operating budget rather than carry individual contingency amounts in separate budgets. Mr. Davison stated that 2½-3% is the standard reserve. Mr. Healy stated that he would like to see the Town's debt management policies of the 1990s to see if there have been changes. It may be worth discussing possible changes with the Select Board. Mr. Levy noted that the 10% and 3% debt policies are long-standing. Mr. Healy stated that they have changed in the past. The 3% was previously 2% before being increased, and there has also been discussion of increasing it to 4%.

School Master Plan Update/Discussion

Mr. Levy stated that the Schools released a School Master Plan (SMP) to address their aging buildings in October 2020. The options were considered to be cost prohibitive, so the Schools sought a Reserve Fund transfer to fund a School Master Plan extension study to seek to have less impact on debt and to comply with the Town's debt policies following a working group met through the summer of 2021. The SMP Extension Working Group met seven times between September and December 2021 and issued the SMP extension report in January 2022. The challenges being addressed include poor conditions at Mitchell and Pollard and overcrowding at High Rock. Mr. Connelly stated that the enrollment at High Rock has been constant, so the overcrowding claim does not make sense. Mr. Levy stated that they have indicated that there is not sufficient space due to Special Education (SPED) needs. He showed a graph that depicted that the plan it is to provide additional space to allow for increased enrollment. He stated that their plan calls for a utilization rate of 71% compared to the MSBA guidelines of 85%. Ms. Miller stated that it would be important to review the assumptions made when High Rock opened around 2008. Mr. Levy stated that he understands that SPED needs have changed, but that the Finance Committee could ask for clarification. He stated that High Rock would not be overcrowded if it were a 3-section elementary school. He noted that utilization is different at an elementary school where students don't move for different classes.

Mr. Levy stated the costs present a significant challenge. The Town will need to finance with debt, and should plan to stick within the 3% and 10% limits, or to have a plan to come back within the limits if the Town does exceed them temporarily. Mr. Levy described the revised scenarios from the SMP extension. Ms. Miller pointed out that creating a new school would mean redistricting which can be very difficult. Mr. Levy stated that there will be a meeting to seek community input regarding the proposals on February 8. He noted that the MSBA program requires acceptance and is not a certainty. Mr. Connelly stated that it is unlikely that the MSBA would not approve of an upgrade to Mitchell. Mr. Levy stated that during discussions of the SMP Extension Working Group it was noted that Mitchell was the MSBA's top priority even the before replacing the Hillside School. From the MSBA's perspective, pursuing Pollard as a grade 6-8 school first and leaving High Rock available as an elementary school may also solve the Mitchell problem without having to reconstruct Mitchell, itself. Mr. Levy did not endorse that option, but pointed it out to illustrate that the MSBA has its own ideas for what the problems and

solutions are. Mr. Levy stated that the costs for each of the scenarios include: design, construction, contingency, FFE (furniture, fixtures and equipment), and a 4.5% annual escalation assumption. The report also includes the costs of pre-construction maintenance needed in existing buildings. Mr. Levy described the order of projects, timelines and assumed costs of the four scenarios in the extension report.

Mr. Healy stated that it seems clear that Mitchell should be addressed first because it has the most needs, would give the Town the most flexibility, and is favored by the MSBA. It would be helpful to focus on this point before getting too far into the weeds. He commented that it is an insult to the people who raised and donated \$5 million of private funds to renovate and re-build the fields at DeFazio to even consider building a temporary school at that site if it impinged or was located on one of the playing fields.

Mr. Levy stated that there is a programmatic desire, supported by both principals, to have the 6th grade at Pollard and not separate at High Rock. Mr. Healy stated that in 2008, despite pushback, the Schools created the separate 6th grade center since they said that was the better model. School leadership at that time stated this was a long-term solution. Ms. Miller stated that the Superintendent had prepared a memo to support the 6th grade center. She added that it is a huge expense to backtrack on an idea like that. Ms. Fachetti stated that she thinks they will get more resistance than they expect.

Mr. Lunetta asked if they are considering the dynamics among all upcoming projects. He stated that the upgrades at Hillside and the reconstruction of Emery Grover need to be part of the plan. Mr. Levy stated that was not part of the discussion. He noted the Hillside is under Select Board jurisdiction. He stated that Mitchell versus Pollard is now a major decision point, as well as whether High Rock should be a 6th grade center or if Pollard should include all of grades 6-8. He stated that the current future of Hillside is a \$275K proposed project to repair and upgrade as needed for School Administration swing space. Mr. Connelly asked who will make the decisions how to move forward and when. Mr. Levy stated that there is the community meeting on Feb. 8, and then he expects the School Committee will eliminate one or more options in March.

Mr. Levy suggested that if the Finance Committee is interested in expressing an opinion, it would be best to do so before any proposed options are excluded. He stated that he is trying to get as precise information as possible in order for Mr. Davison to make financing plans to review. He stated that it may be best to express an opinion sooner rather than later. Mr. Connelly stated that his opinion is that the Schools should focus first on Mitchell which has been found to be in poor condition, and also to find swing space for Mitchell students during construction. Ms. Miller stated that focusing on Mitchell would also mean that there is a good chance of MSBA reimbursement and of getting the Town to agree to the plan. Mr. Lunetta suggested that the Committee prepare a white paper to distribute to Town Meeting Members. Ms. Fachetti stated that it is important to have a debt financing proposal first.

Mr. Levy stated that the plan for swing space is unclear if the School Committee identifies that Mitchell will be addressed first. He had understood previously that Hillside was off the table, but with the new upgrades being required, it seems that the thinking may have changed. Mr. Jacob stated that the environmental issues at Hillside have been made out to make the space either acceptable or not acceptable for students, depending on what suits the occasion. He feels that more clarification is needed on the bearing of the environmental issues.

Mr. Levy asked what information is still needed, and what issues can be decided at this point. Mr. Reilly suggested that there should be a huge burden of proof against any plan that includes projects without MSBA funding. Mr. Levy noted that MSBA funding is not guaranteed. Thus, there is concern that delaying construction to wait for the MSBA to decide would escalate costs, and potentially cost more in the long run. He noted that another district was turned down by the MSBA several times. Mr. Reilly stated that Needham has a good track record with the MSBA. Mr. Levy stated that there is also concern that the MSBA may want to spread the funding around more. Mr. Lunetta suggested that the Finance Committee could provide an opinion with placeholders for outstanding questions in order to begin to drive some of the discussion. Mr. Levy stated that he would ask whether there are compelling reasons to start with a school other than Mitchell, given the deficiencies of that building compared to the other schools.

There was a discussion of the timeline for MSBA funding, which takes about two years before the project begins. Ms. Miller stated that her impression is that it does not take as long as 2 years. She stated that the MSBA is accepting Statements of Interest now. Mr. Levy stated that the plan had been to pursue design funds at the 2022 Town Meeting, but that has been delayed until 2023. Ms. Miller stated that they could submit the SOI now to the MSBA and shorten the timeline. Mr. Reilly stated that it would be important to know the potential amount of MSBA reimbursement that is at issue to be able to understand the logic of forgoing reimbursement to avoid potential cost escalation. Mr. Levy stated that based on the Sunita Williams project, the Town could get 20% reimbursement. Ms. Miller noted that that percentage includes non-reimbursable costs that the Town added to the project.

Mr. Reilly stated that another issue to understand is the impact of the School projects on the other items in the Capital Improvement Plan. Mr. Levy stated that he will provide Mr. Davison with some project costs and dates and see if he can get a ballpark amount for debt financing, and plan to include more detail later. Mr. Reilly stated that that should provide a rough idea of whether any of the scenarios make sense.

Mr. Reilly stated that it may be too early to make a decision, but it is not too early to point out issues and make strong suggestions. He stated that the Schools need to support the following stances (1) why they might not seek to partner with the MSBA on a project; (2) why they have reversed their thinking on having a 6th grade center; and (3) why they were not using Hillside as school swing space. Mr. Connelly stated that the second issue is not financial, and the Committee should not pursue it. Ms. Miller stated that if the Town is still paying debt service it is a financial issue, since things were done a certain way because it was a 6th grade center. Mr. Jacob stated that it is a difficult line to cross to say that the fact that it is still being used as a school and the fact that it is still being paid for is a difficult line make this a financial question.

Mr. Levy stated that the primary factor supporting prioritizing the work at Mitchell is the condition of the building. Possible factors for prioritizing Pollard are if the Schools want to put the 6th grade at Pollard, and a desire to avoid building temporary space for swing space. It is important to enumerate factors other than building conditions. Mr. Jacob stated that it is important to find out about why Hillside can't be used for swing space, since one reason to put Pollard first is to allow for High Rock to be vacant to use for swing space. Mr. Connelly stated that it will be important to get the Town as a whole discussing the issues. It does a disservice to wait to discuss the issues until they are on Town Meeting floor. It will be important for the Committee to raise its observations to Town Meeting between now and then. Mr. Levy stated that it is still too early to take certain positions.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a roll call vote of 7-0 at approximately 9:40 p.m. (Mr. Healy had left the meeting.)

Documents: Town of Needham, FY 2023 Department Budget Requests, submitted December 2021; Department Capital Requests FY2023 – FY2027; Slide presentation: Finance Committee - School Master Plan Extension Discussion , January 26, 2022.

Respectfully submitted,

Louise Mizgerd

Staff Analyst

Approved February 2, 2022