

**Needham Finance Committee
Minutes of Meeting of February 2, 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, Rick Lunetta, Louise Miller, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Kim Hewitt, Director, Needham Public Library

Rob Petitt, Chair, Library Trustees

Jay Fialkov, Library Trustee

Dave Roche, Building Commissioner

Lee Newman, Director of Planning and Community Development

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 January 26, 2022, be approved as distributed, subject to technical corrections. Mr. Connelly seconded the motion. The motion was approved by a unanimous roll call vote of 7-0. (Mr. Coffman abstained.)

FY 2023 Department Budget Requests

Needham Public Library

Ms. Miller introduced the new Director, Kim Hewitt, who had been in the position for 3.5 months. Ms. Miller stated that the budget submission was prepared by the prior director, so there may need to be some adjustments to the request. She stated that she had asked Ms. Hewitt to provide information about the Minuteman Library Network fees, since that is going up from the normal amount. She stated that they discussed the MAR (Municipal Appropriation Requirement) to ensure that the Library is eligible for the full amount of state aid, which it is. She stated that she had asked for information on state aid and trust accounts. Ms. Miller stated that the requested increase in the base budget is less than 1% which reflects changes in salaries as well as the fact that there will be more Monday holidays when the Library will be closed. She stated that the Finance Committee should add the amount of increase to the Minuteman Network assessment since that should be part of the budget but was not known at the time the budget was submitted.

Ms. Miller stated that the Library has not only returned to full pre-Covid operations, but they have expanded to provide new remote programming. They have thus increased the number of

services as well as the number of people served, including an increase in use by teens after school. The new Director has ideas on how to improve services for teens. Mr. Reilly stated that the salary line shows an increase of 5% for certain positions, and stated that it seems like a higher increase than usual union salary increases. Ms. Hewitt stated that the employees are not union employees. Mr. Davison stated that there has been turnover of staff, so increases for employees below the top step will include step increases as well as the annual percentage increase. Ms. Miller stated that the recent classification and compensation study also called for changes. Mr. Davison stated that the study called for a wide variation of salary changes ranging from no change to a 15% increase, but the highest change was not in the Library.

Mr. Levy stated that the Minuteman network cost increased 13% or \$12K and asked if that rate of increase is typical. Ms. Hewitt stated that the increase is typically 2-3% and this is unusual. She stated that the amount in the DSR1 does cover the network membership fee and digital content fee. To the extent that the OverDrive fees are not covered by the recommended budget, she will ask the Trustees to cover it. She stated that the Trustees voted to increase the digital content because the demand was so high, so that is why the Minuteman costs have increased so much this year.

Ms. Miller stated that Ms. Hewitt has indicated that she would prioritize the DSR4 requests differently than the submitted request. The administrative assistant that was submitted as second priority is actually her top priority. Since there is an existing person working part-time in that role who functions essentially as a business manager, that person could move to full time. Ms. Miller stated that she felt that this request was valid in light of the number of bills processed and the number of employees. Ms. Hewitt stated that her actual request is for \$30,352 to be added to the current salary for the position for a total salary of \$62,714, with an additional \$32,389 needed for benefits. Ms. Hewitt stated that the person in that role is very good, and she plans to delegate more functions to her.

Ms. Miller stated that another DSR4 seeks to fund the annual OverDrive basic subscription to provide electronic books, a core function for a library. She noted that it would make sense to continue funding the upgraded portion, OverDrive Advantage, through state aid. Ms. Hewitt noted that the increase in usage of OverDrive from 2019 (the last calendar year without Covid) to 2021 was 26%, now used by 3,000 residents. Electronic content increased to 19% of circulation in FY21. She stated that the \$33K is requested to cover the annual cost plus an increase for access to multiple copies of electronic materials that are in high demand. She stated that she could use \$15K from the materials line for this if needed, and this would still count toward the materials spending for the MAR. She stated that this would help address the issue of long wait times because it would be purchasing a larger collection.

Ms. Miller stated that the DSR4 for a Reference Librarian/Communications Specialist is now considered third priority. Ms. Hewitt stated that she does not see the described position as part of her vision going forward. She feels that she will likely request another person in reference for doing outreach and trainings both offsite, such as at the CATH, or in the Library, such as in the teen room. She stated that she will want a generalist, not a specialist position. She stated that there are often 50-100 teens that come to the Library after school and she feels that there is a need for relationship building with staff.

Ms. Miller stated that the other DSR4 requests are the same ones each year: the OCLC WorldCat and OverDrive Advantage subscriptions and the Library Page. She stated that the Trustees are

open to funding the subscriptions. The salary for the Page has traditionally been funded with salary savings or trust funds, if necessary. Mr. Levy stated that the Town Manager recommended funding the first and second priority DSR4 requests. Ms. Miller noted that they were not funded in the full amounts.

Mr. Lunetta stated that he was fascinated by the Library of Things. Ms. Hewitt stated that this offering allows people to borrow items such as tools, electronics or musical equipment for limited purposes or to try out. She did a poll to gauge interest and found that 42% of the respondents who provided demographic information said that their households had more than \$200K of income and were still interested in borrowing such items so the interest is not just a matter of affordability. She stated that she plans to purchase an initial collection of “Tier 1” items with funding from the Friends of the Library, and then fund annual maintenance and some replacements with state aid. She stated that they would use part of a storage closet that currently has supplies in the circulation area to hold the items. Mr. Connelly suggested having people sign releases if there is equipment that could cause injury. Ms. Hewitt stated that they do have to agree to terms like that, and that most items would not likely cause injury. She stated that people have made suggestions such as a snow blower that she does not intend to purchase. Mr. Coffman asked if there are ancillary benefits to having this collection. Ms. Hewitt stated that the items can be helpful such as the memory apron which helps people with dementia, and Legos which help kids with engineering skills, or computer items which build programming skills.

Mr. Levy stated that there is a request for security cameras. Ms. Hewitt stated that the building is large and there are large areas that staff cannot see, particularly parking lots. The police have asked for footage in the past, but they do not have cameras covering some areas. She stated that staff and trustees want to make some headway into the areas with no camera coverage. Ms. Miller asked Ms. Hewitt to address space needs and the potential use of state aid for minor upgrades. Ms. Miller noted that the Finance Committee does not have control over spending of state aid. Ms. Hewitt stated that she has some ideas for improvements. The teen room is quite small and her biggest goal is to address that. She has spoken to Hank Haff and discussed how some reconfiguration of storage space could provide a larger space for teens. She stated that she is also working with a town electrician to discuss improving the lighting in the children’s room which is dim. Mr. Healy stated that he is very impressed with the things that Ms. Hewitt plans to do.

Planning & Community Development

Ms. Fachetti stated that she and Mr. Coffman and Mr. Healy met with the Planning Director to go over the budget. She stated that there are three divisions: Planning, Conservation, and the Zoning Board of Appeals. The department’s budget is personnel-based, with some expenses for consultants. She stated that the salary and wage line in the base budget is increasing by 2.5%. There is a DSR4 request to increase the hours of an administrative specialist from 25 to 30 hours per week, which would increase the salary and wage line by \$9,021, leading to a total increase of 4.4% over the FY22 salary line. The total expense line in FY23 is up \$2,400 or 7%, with increasing costs for communication fees, office expenses, travel and membership fees. There is a DSR5 warrant article request for \$50K to fund the small repair grant program to help qualified seniors or disabled with small home repairs. The grants are typically \$4K-\$5K. The last cycle is now finishing up with the second round of funding. In 2020, there were 13 applications. The program has been well received and this would fund another year. Ms. Fachetti stated that there was also another program that helped people stay in their homes during COVID. In 2020, the

Planning Department requested for \$100K from the CPC, which was combined with a COVID grant of \$50K to provide emergency rental assistance to help people avoid eviction or foreclosure. 23 people were helped in that program, for a cost of approximately \$147K. CARES Act funds will be paying back \$94K of that.

Ms. Fachetti stated that the Department did a good job of transitioning to providing services electronically during the pandemic. Ms. Newman stated that at the peak of the pandemic, they had moved to fully electronic contingencies and had held public hearings over Zoom, but now there is someone from each division in the office every day. Generally, people are working a combination of on-site and off-site. She stated that the transition has been quite successful and she feels that she is able to accomplish more than when she was in the office 5 days per week.

Mr. Levy asked the status of the funding for zoning studies, and whether additional requests were expected. Ms. Newman stated that they have not yet touched the prior funds. They are working on an affordable housing study, but the affordable housing specialist is doing it in-house. She stated that currently there is no study identified for using the funds. Mr. Reilly asked whether it is too soon to know whether COVID has had an effect on the anticipated development of the N2 area or Needham Crossing or if there has been an effect on the demand for office space. Ms. Newman stated that a big part of the development in Needham Crossing is the Children's Hospital facility which is still moving forward. She stated that she is not aware of other significant new projects, but thinks that the Muzi property is the most likely spot for the next major development. She stated that she has met with some people about mixed use buildings in various locations.

Minuteman Assessment

Mr. Connelly stated that he is the liaison, and has not yet received the final assessment for FY23. Mr. Davison stated that the number that the Town Manager recommended was a placeholder, but he just received a preliminary estimate of \$1,440,561, which is \$42,612 more than the placeholder. He stated that Minuteman will firm up the number when they have a better idea of the anticipated state aid. Mr. Coffman stated that the building is full and the enrollment has likely exceeded expectations, though the building has a lower capacity than the old building. Mr. Connelly noted that the current building left space for adding on, and they are now seriously considering it. Mr. Healy asked if the out of district students still pay less than the students from within the district. Mr. Connelly stated that he believed that they pay the same or more. Mr. Healy asked for confirmation of that fact. Mr. Davison stated that one of the changes to the district agreement was to allow them to take capital costs into account in the tuition which they had previously been unable to do. He stated that some students on tuition are leaving the district because the school does not have the capacity. He noted that the assessment is the net minimum requirement, but there are also charges on a per capita basis for transportation and lunch. He stated that the FY23 preliminary assessment is based on the share of enrollment, and also includes almost \$400K or 30% that is debt service costs.

Mr. Healy stated that he would like to know the cost per pupil of a student at Minuteman versus at Needham High School, and whether Minuteman provides a vocational education or an alternative education to NHS. Mr. Davison stated that he does not have the numbers, but vocational education is more expensive, usually 2-3 times the cost of an academic education. Mr. Healy stated that from 1995-2010, there were some students at Minuteman taking regular high school academic classes and not vocational classes. Mr. Davison stated that Minuteman

offers programs in the trades, as well as hybrid programs in technology. He can get an update of the offerings, but they do offer basic vocational programs. Mr. Connelly stated that it is his understanding that the academic classes are gone except for those that are needed to be able to pass the MCAS exam. They offer such programs as robotics, culinary skills, early childhood education, and technical theater and set building.

Building Department

Mr. Reilly introduced the budget. Compensation for the almost 10 FTEs (9.8 FTEs) in the department is just under \$880K and is the most significant part of the budget since its work is service-based. The salary and wage line is increasing 1% due to contractual increases. Of the \$50K of expenses, 60% are employment-driven, including approximately \$30K for the outsourcing of specialized functions, including fire inspection services and inspection of weights and measures, for which it would not be worthwhile developing the skills needed in-house. There are 3 full-time and 3 part-time inspectors.

Mr. Roche stated that he has done a tremendous amount of work in the course of the priority-based budget review to scrutinize and justify the work being done under his budget. He stated that the goal of his department is to make sure that the building work being done in Town complies with building code. He stated that this is his 10th year in the position, and the first year when the department is fully manned. He has had significant problems hiring part-time inspectors previously, but the pay scale has been adjusted which has made a big difference to making the work attractive enough for inspectors to work and to stay. He hopes that even with large projects he will be able to avoid bringing in outside inspectors.

Mr. Reilly stated that for the priority-based budgeting review, he and Mr. Roche sought first to determine the priorities of the department, and then they tried to make sure that the specific work being done matches those priorities since the budget is primarily salary-based. Mr. Roche stated that he took detailed data for two days for each member of the clerical staff and broke down their work on an hourly basis. He found that each staff person tends to do 24-30 functions per day. He broke that down into 15-minute increments to determine how many transactions were being done. He computed that they each do 1.6 transactions per 15-minute increment. He noted that this information was gathered in a less busy time and that when they are busier, he would expect that number closer to 2.0 transactions per 15 minutes. For inspectors, he looked at the month of November and determined that they have done 757 inspections, which was about 38 per day. With 6 inspectors, the rate was 6-7 inspections per inspector per day.

Mr. Roche stated that over the process he has learned that he should delegate more work. He tends to process certain things like special permits for signs himself, but that he should be doing other work, and other staff should know how to do this work. When he eventually transitions out of this position, he plans to leave binders that describe what to do so that the process is smooth. He stated that he has found this process to be helpful and is still pulling together information. He found that the department has 35 essential functions. He stated that he is happy with the current staffing level, and thinks that they are doing well. Mr. Lunetta asked how the 35 essential functions were determined. Mr. Roche stated that they correspond to the work that they do every day. He stated that he had never stopped to write it all down, but it was interesting to see all of the things that they do. He stated that in the office, the staff members are all able to cover for each other and can all do each other's work. He stated that there are several software programs that they use. He stated that the shift to online permitting has made things easier for the user, but

the work for the Department is not much different. They still perform the same functions and have the same amount of back-and-forth. It can take more time for them because the questions are not answered in real time. Mr. Lunetta commended that the Department is cross training staff. He stated that the budget is based on essential functions, and asked if there are functions that they found they should be spending more or less time on. Mr. Roche stated that he cross trains staff because it is necessary to be effective. He has a full staff and thinks that they are in a good place. He pays attention to what other towns do, and what they pay. Mr. Reilly stated that it is part of the business strategy to do things well. Mr. Roche stated that he has heard the Needham is a good place to build because the zoning and permitting process is easier, though not more lax, than in other towns. Mr. Reilly stated that they will have a report for the committee in a couple of weeks. Mr. Levy stated that this process is helpful because priorities can change over time, and he feels that doing a priority based review on departments on a rotating basis can help to see what is shifting. However, he does not want to burden staff. Mr. Reilly stated that he kept Ms. Fitzpatrick and Mr. Davison aware of what he was asking so that they could tell him to ease up if necessary.

FY23 Preliminary Budget Discussion

Mr. Levy asked if any of the committee members had suggestions or issues to raise regarding the FY23 budget as a whole. He stated that after last week's discussion, the Town Manager suggested that she is open to adding a separate line to the operating budget for the Needham Council for Arts and Culture (NCAC) with one year of funding. Ms. Miller stated that she was amendable to that. Mr. Reilly suggested that the budget discussion should focus on the rationale behind the significant increase in headcount which drives costs. Mr. Levy noted that the Town provides services, so salaries will be a significant part of the budget. Ms. Fachetti stated that most of the increase in headcount is in the School budget. She has learned as a liaison to the Schools that many of the positions are loosely COVID-related but are not being cut back as COVID ebbs. Mr. Levy stated that it might be better to put the costs in a warrant article if the costs are COVID-related but will continue another year. Mr. Healy stated that he thinks that warrant articles are misused in order to seek funds without competition from other issues. Mr. Levy stated that if the costs are needed for a limited time, it could be better to be outside of the operating budget. Mr. Healy stated that the Public Information Officer position is an example of something that was expected to be in the budget, and funded first through a warrant article. Mr. Levy stated that the funding for the Public Information Officer was inserted as a separate warrant article after the Finance Committee recommended against funding it within the FY20 budget and again after recommending against funding it within the FY22 budget. Mr. Healy noted that the funds for the Diversity and Inclusion initiative as well as for the NCAC are being requested as warrant articles that will not be weighed against other requests.

Ms. Miller stated that the Town Manager's recommendation includes more than 30 additional FTEs. With \$32K of benefit costs per FTE, that is roughly an additional \$1 million in benefits costs alone. She stated that is important to look particularly closely at anything added due to COVID, which has been often used as an excuse for adding services or making claims by many people and companies. Mr. Connelly stated that he takes issue with the fact that the School Department has many unfilled positions, and is still requesting more positions. He does not understand the need. Mr. Levy noted that the School Department held back on spending during FY22 and said that if funds allowed, they would fill those positions by the end of the year. Mr. Connelly stated that the rate of increase is unsustainable and needs to be justified. Ms. Fachetti stated that the diversity and inclusion consultant will likely morph into a permanent position. Mr.

Healy offered that this is why such a request should be a DSR4 instead of a DSR5. Ms. Fachetti suggested the Town should not increase headcount, so HR should be asked what will be replaced with the new position.

Mr. Levy stated that he is concerned about the amount spent on consultants. If the Town has an idea of what it needs, then it should pay for the supplies and training since it is not always clear what is gained at the end. For example, there was a Needham 2025 study which was pushed aside somewhat because of COVID, but it is possible that the money used for that could have been used for other expenses. Mr. Reilly stated that there does not seem to be an effort to learn from COVID to see if there can be any economies or efficiencies to be achieved in the long run by changing operations. Ms. Fachetti stated that that is why she asked Ms. Newman to discuss what she was able to do electronically. Now there are only half of the people working in that office at any time. The Town might be able to use space differently. Mr. Lunetta stated that he was pleased to hear Ms. Newman speak enthusiastically about working remotely and being more efficient. He thinks that there are some economies to be found. Mr. Coffman stated that he would like to see more forward thinking, and perhaps the Committee should push for more. Ms. Fachetti stated that it is important to keep asking hard questions. She cited the example of the new buildings that are more efficient but require more expertise to run. The Town may need to change who they hire and how things are done.

Mr. Reilly stated that on almost all technology requests, the Committee is told that the department will be more efficient, but the Town is ending up with more expensive systems and the same staffing. The question should be where will the corresponding reductions be. He noted also that although longevity is good, staff turnover, such as at the Library, can be good because things may be done differently. Mr. Lunetta stated that he thinks that the Town may be too wealthy to do things efficiently. Mr. Levy stated that technology can increase productivity, which can be difficult to quantify, but that does not mean that they are not more efficient. He stated that he is more concerned with getting new software packages and continuing to carry costs of old legacy software that should be shut off.

Mr. Connelly raised the question of whether the diversity, equity and inclusion program should be funded in the operating budget. If it is not included in the FY23 budget, then it will be a warrant article. Mr. Healy stated that it should not be a DSR5 if it is intended to be in the operating budget and to eventually be a DEI officer position – if this is the eventual intent, the proposed cost should be a DSR4 request. The issue is whether it should be a standalone article that does not fairly compete against other operating budget requests. Mr. Connelly asked how the Finance Committee could control it. Ms. Miller stated that if it is in a warrant article, it will be out of the control of the Finance Committee, which is charged with recommending a balanced budget to Town Meeting. If a budget request is not funded, it generally does not end up as a warrant article. Mr. Healy stated that the Finance Committee's role is to create and present the Town's Operating Budget at Town Meeting, while financial Warrant Articles are typically inserted by the Select Board. Mr. Healy further stated that warrant articles are supposed to be one-time costs. He thinks that the current DSR5 process is not working as it was intended.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Mr. Connelly seconded the motion. The motion was approved by a roll call vote of 7-0 at approximately 8:47 p.m.

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

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved February 9, 2022