

**Needham Finance Committee  
Minutes of Meeting of February 9, 2022**

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 7:00 pm in the Great Plain Room at Needham Town Hall. The meeting was a hybrid meeting, also made available through the Zoom video conference.

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

**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 February 2, 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 Budget Discussion**

Mr. Levy suggested reviewing the budget line by line for discussion. The Committee agreed, starting from the FY 2023 budget as recommended by the Town Manager. Mr. Healy noted that the Finance Committee recommends its own the budget to Town Meeting and is not compelled to follow the Town Manager's budget.

**Townwide Expenses**

The Committee had no further comment on the following lines: Casualty, Liability and Self Insurance; Debt Service; Electric, Light and Gas; Injury on Duty & 111F; and Classification, Performance and Settlement. It was noted that the Injury on Duty & 111F line is new this year, and was now segregated from the Workers' Compensation line. The Committee agreed to discuss the following lines after the discussion on the department budget lines because they were subject to change based on the total number of employees funded in the departmental budgets: Group Health Insurance; Retiree Insurance & Insurance Liability Fund (OPEB); Retirement Assessments; and Workers' Compensation. Since there are no additional positions being considered within the Police Department budget, the Injury on Duty amount would not need to be reconsidered. Mr. Davison stated that the Classification, Performance and Settlement line reflects the fact that there are no settled contracts for the following unions: Fire, Police, Police Superior Officers, DPW and Custodians and Trades Workers, plus increases for non-represented employees, and provides funding for cost increases.

Ms. Miller stated that it is important to understand that the funding of the OPEB line is directly related to headcount, and that increasing the number of FTEs causes significant additional liability in this line. The current employee headcount is used in the actuarial determination of the liability despite the fact that employees may end up retiring from somewhere else. Mr. Reilly stated that there is a presumption in the calculation that current employees will retire as an employee of the Town. Ms. Miller stated that she thinks the actuarial analysis is highly overstated and that the assumptions should be reviewed at the time of the next actuarial analysis. Mr. Levy stated, however, that this line as proposed for the FY23 budget should only change if the FTE count changes. Ms. Miller agreed. Mr. Healy stated that it is important to fund as much of the liability as the Town can, but also to be reasonable about the amount being reserved. Mr. Davison stated that the Retirement Assessments line is based on the Town's contribution to the pension plan, and that teachers have a separate retirement plan with the state, and they so are not included in the determination of that line.

Ms. Miller stated that she feels that the Reserve Fund is overstated and should be closer to \$2 million since the draw on it has not come close to the amount appropriated in years. Mr. Reilly stated that he would like to revisit this line when the other parts of the budget are finalized.

### **Department Budgets**

Select Board and Office of Town Manager: Ms. Miller stated that she would like to discuss what should be included in this budget. Mr. Levy stated that he feels the expenses for community functions such as the lighting of the blue tree would fit better with the Needham Council for Arts and Culture (NCAC) funding. Ms. Miller stated that there was a DSR5 to fund the NCAC through a warrant article. She stated that the issue is whether the funding will be spent on a fiscal year basis. Mr. Davison stated that it would have to be spent on a fiscal year basis if the funding is in the budget. If it is funded from a warrant article, it would not need to be spent within a specific time. Ms. Miller stated that she feels that this should be funded on a fiscal year basis in the budget. She noted that the NCAC receives grant funding from the state on a fiscal year basis. Mr. Reilly stated that if the expenses are variable, it could make sense to fund NCAC through a warrant article that will provide more flexibility and would not require funding a reserve every year. Ms. Miller stated that it is important that if they are given several years of funding at once they don't go through it too quickly. Mr. Levy noted that it is also important that an appropriation does not go unused. Mr. Healy stated that he supports funding the NCAC but he feels that this expense should be in the operating budget or not at all. Mr. Levy agreed that this expense belongs in the operating budget.

Ms. Miller stated that another issue is the Diversity, Equity and Inclusion (DEI) program in the Town Manager's budget. She stated that it is described as a training program and questioned why it was not included in the operating budget. Ms. Miller stated that if this is ultimately intended to be in the budget, it should be in the budget from the start. Mr. Healy stated that he was the department liaison and it was described as funding for events and hiring a consultant for training staff. The funding was intended to cover 2 years, then to be evaluated for extension or modification. The funding may then continue year after year. He asked whether it could be added to the operating budget even though it was submitted as a DSR5. Ms. Fachetti stated that it may have been requested in this way because they do not know the specific costs yet. Mr. Coffman stated that funding it through a warrant article makes sense because it provides an opportunity to review the implementation and how the program is working before including it in the operating budget. Ms. Miller stated that she thinks that DEI programming is here to stay, and

to the extent that the Finance Committee wants to have any control over the funds, the funding should be in the operating budget. She stated that Town Meeting approaches the consideration of separate warrant articles differently than items funded in the operating budget.

Mr. Connelly proposed taking \$50K, half of the requested DEI funding for two years, and putting it in to the expense line for the Office of the Town Manager. Mr. Healy agreed, since the program is not intended as only a one-year or two-year expense. Ms. Miller agreed that it should be discussed as part of the budget, and suggested that the Committee get more information about how the money will be used. Mr. Levy stated that he would like to hear more from the Town Manager. Mr. Reilly stated that if it was only requested as a DSR5 because there was no reasonable way to estimate how much would be needed in FY23, it would be arbitrary to make a guess about the amount for one year. It would be best to speak with the Town Manager to see if she has a reasonable estimate.

MOVED: By Ms. Miller that the Finance Committee add \$50,000 to the expense line in the Town Manager's budget. Mr. Connelly seconded the motion

Discussion: Mr. Levy stated that the Committee does not know the appropriate amount. Mr. Reilly stated that he would like to hear what the Town Manager estimates as the split. Mr. Levy agreed and stated that the motion is too early. Ms. Miller withdrew the motion for now, but would like to revisit this issue before the draft budget is voted.

Town Clerk: There were no further comments on the Town Clerk's budget.

Legal Services: Mr. Healy stated that it could be worthwhile to issue an RPF to see what services might be available and the costs. He stated that he supports the budget item, but thinks it should be discussed in the fall. Mr. Connelly stated that he understood the concern and would be alarmed if the budget had been growing progressively larger, but this is not the case. He feels that there are bigger issues to focus on, and he was not sure that focusing on this would be the best use of the Committee's time, but that he is happy to talk further about it in the fall.

Finance Department: Mr. Healy stated that both DSR4 requests seemed reasonable. There is a need for the position in IT. He stated that he is also supportive of the intern position which was not recommended by the Town Manager since it is a low cost item and helps young people to get good experience. Ms. Miller agreed that it is a small amount. She also supports the internship.

MOVED: By Ms. Miller that the Finance Committee include funding for the requested Intern position in the Finance Department in the amount of \$11,707 (\$10,125 in the salary line and \$1,582 in the expense line.) Ms. Fachetti seconded the motion.

Discussion: Mr. Coffman stated that he is always an advocate for hiring interns and encourages it where possible to help young people get interested in municipal government. The motion was approved by a vote of 8-0.

Finance Committee: There was no further discussion.

Planning and Community Development: There was no further discussion.

Police Department: Mr. Levy stated they have requested the cost of having a Community Support Officer work 20 hours per week in the FY23 operating budget. This expense was funded through a warrant article in FY22. Ms. Miller stated that she thinks that this is a small amount and feels there may be greater need. Mr. Lunetta stated that the Committee should make clear that it is amendable to considering more hours for FY24. Ms. Miller stated that if they find they need more hours part way through the year and have exhausted the funds, they should request a Reserve Fund transfer. Mr. Levy stated that it can be difficult for this position as structured to answer calls because it is part-time. Mr. Lunetta stated that they discussed whether having an employee in this role would be better, but they are well-served by the fact that the person is an employee of Riverside and has more access to medical records, information, and facilities, and therefore can be more effective.

Fire Department: Mr. Levy stated that they have requested new records software, which was recommended by the Town Manager. He noted that the increase in FTEs is due to the fact that the grant that covered salaries has ended. Mr. Reilly stated that the request seems reasonable. Mr. Lunetta stated that the additional staff has improved service delivery, which has done a world of good for the Town.

Building Department: Mr. Reilly stated that he is still working on getting information from the department. Mr. Connelly stated that it will be important to make sure that the Committee is consistent and carries through with priority-based budget reviews with other departments as well to make clear that the Committee was not singling out one department. Mr. Healy stated that they did the same thing with the Planning Department. Ms. Fachetti stated that it was not as difficult since the work in Planning is more transactional. Mr. Lunetta stated that he felt that Mr. Roche learned a lot through the process and will be an even better manager. Mr. Coffman agreed that he seemed to take away some things that he did not expect. Mr. Levy stated that he would like the review to include budget implications.

Minuteman Regional School Assessment: Mr. Levy stated that the preliminary assessment has been released since the Town Manager made her recommendation, and is lower than the amount discussed last week.

MOVED: By Mr. Connelly that the Finance Committee recommend that the Minuteman School Assessment line item be funded in the amount of \$1,367,739 in the FY 2023 draft operating budget. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

School Department: Mr. Levy stated that some of the positions being added to the School Department budget were needed due to COVID, but it is not clear whether they are intended to be permanent. Mr. Connelly reported that as of January 10, there were 32.36 unfilled positions in the department. Mr. Lunetta asked how they could continue to deliver services in that situation. Mr. Connelly stated that they are not able to do as well as they would like. The effects include more students per teacher in classes and higher caseloads than is optimal for counsellors. Mr. Reilly stated that they need to request the amount of staff they feel is needed, and get the budget to do so, even though they may not be able to fill the positions, leading to a big turnback at the end of the year. Mr. Lunetta asked what happens to the unspent funds. Mr. Connelly stated that there should be some turned back to the Town but they also find other uses for the funds. Ms. Fachetti stated that they usually pre-purchase Special Education out-of-district tuitions. Ms. Miller noted that the School Department portion of the operating budget has grown from 45% in

FY18 to 63% in FY23. Mr. Connelly stated that it is worth discussing and being concerned about the sustainability of the budget, particularly staffing, growth particularly in light of flat enrollment numbers. He noted that most of the growth is due to increasing SPED needs and costs, and a constant push to deliver more and programming which requires more staff. Ms. Fachetti stated that they often focus on student-teacher ratios in comparative school districts, but some of those schools have level staff and decreasing enrollment, so their ratio appears better.

Mr. Reilly stated that they probably don't know the full impact of COVID yet, particularly the effect on SPED students, so he is sympathetic to the need to try to address that. However, it will be difficult to dial back the staffing in the operating budget. He suggested that it would be better if there was a way to indicate that positions are temporary, so there is another hurdle and they are not just absorbed into the "level service" budget proposal next year. Mr. Connelly stated that the liaisons had asked the question of whether some positions could be funded through a warrant article on a temporary basis and the School Administration was firm that would not be feasible from their point of view.

Mr. Connelly stated that there are currently over 30 unfilled positions, and they are asking for almost 26 new positions, so that means they would need at least an additional 56 people to fill these positions, which is unlikely to happen. He stated that last year they requested an additional 16 staff in the same pandemic environment and now they are asking for that amount plus 10 more. He stated that there should be a time when it does not need to keep increasing exponentially. Perhaps the growth of 16 positions again makes sense. Mr. Lunetta asked why they would need such a growth rate with the same number of students. Mr. Connelly stated that the increases have been almost entirely for SPED students. The ratio of SPED students has stayed pretty consistent at close 18% for years, with the number of students staying the same, while the costs keep increasing. The question is how much extra service the Schools can keep adding.

Ms. Miller asked if there was a mechanism to set additional funding aside at year-end for school building projects. Mr. Levy suggested the Capital Facility Fund. Ms. Miller stated that the turnback from the School Department could be put into a stabilization fund, so anything not used would be recouped for a school purpose. Mr. Lunetta stated that there would be no turnback if the money was put into a fund, and the Town may depend on some level of turnback for Free Cash. Mr. Healy noted that there are three options: the School Department spends down the money at year end, the money is turned over to the Town, or potentially the funds are put into a stabilization fund for school buildings. He stated that he was not taking a position at that time. Mr. Davison noted that the funds cannot automatically go into a fund, since it would still take a Town Meeting action to make that happen. Mr. Levy stated that it is very important not to under-budget, but over-budgeting is a very inefficient use of the Town's money. Ms. Miller stated that with a lower budget, taxes could be reduced now, or if not, additional funds could be set aside to reduce the amount of excluded taxes needed later. Mr. Levy stated that he thinks decreasing taxes is a good idea. He stated that the Town can reallocate funds at a Special Town Meeting if it finds that it has over-budgeted and move money. Ms. Miller stated that the Select Board can also do that at the end of the fiscal year. Mr. Davison stated that a change in the state law does allow the Select Board to do that in conjunction with the Finance Committee. Ms. Miller stated that the School Department needs to know what amount of spending is authorized for the school year by August.

Mr. Reilly stated that he finds it difficult to evaluate the request for additional School personnel since he does not have the necessary expertise or the information from the presentation or from responses to make that judgement. He is going on faith that they are making a good faith request. Mr. Healy stated that it does not make sense to keep funding additional positions if there are vacant positions every year. Ms. Connelly stated that at the presentation the previous night about the building projects, they said that there is not currently enough room for all of the programs. It is difficult to understand where the additional staff would go. Mr. Levy stated that they are looking to hire 32 vacant positions, or 4% of the current number of FTEs. Ms. Miller stated that the Finance Committee needs to have another discussion with the School Department, and to point out that they have 32 positions unfilled positions and are asking for 25 more, for a total of 57 additional FTEs, or an additional 7.5%.

Building Design and Construction Department (BDCD): Mr. Lunetta asked if this department would add positions when the upcoming school building projects start. Mr. Connelly stated that they might, but that they have hired on-call project management services while they see what the workload is. He thinks that they have enough staff to do the work with the three people there.

Department of Public Works: Mr. Reilly stated that the Town Manager recommended funding four of the DSR4s including the overtime weekend cleaning work, the laborer in the highway division, the civil engineer and the HVAC supervisor. Ms. Miller stated that the civil engineer is similar to project management positions in BDCD, which are charged out to projects, but she is not sure how this works in DPW. Mr. Davison stated that in BDCD, the work is charged to the budget when the hours are directly for that project. The budgets for road projects in DPW do not include the project management costs, so they can't charge the hours to the projects.

Ms. Miller stated that she is concerned that the Town could not recruit for the HVAC positions that it has, and is now seeking a supervisor. Mr. Davison agreed that they have had trouble filling current positions, but the requested position is different. As a supervisor, the person will not be watching over the work, but reviewing work plans and overseeing contractors. Ms. Miller stated that she understands that they are looking for a more highly paid position and asked if this would be in lieu of another position, or in addition to the other positions. Mr. Davison stated that this would increase the headcount, but will do additional work. Mr. Reilly stated that the position in described in the DSR4, and they are looking for someone to manage the process. Ms. Miller stated that it would free up Mr. Dulong's time, but she wanted to make sure that they will be able to staff the positions. Mr. Davison stated that there is a shortage of people entering the field, which is why they are trying to connect with vocational schools and students in the trades. He stated that in order to change the salaries for the existing positions, they would have to negotiate with the unions, but at this point even the top salaries are not attracting candidates.

There were no comments on the Municipal Parking budget.

Health and Human Services: Mr. Levy stated that this department has received ARPA funds, but he is not sure if some of those costs will be moved into the budget. Ms. Fachetti stated that some of the funding was specified for functions that will not continue such as COVID testing. Mr. Davison stated that many of the activities will go away once the funding ends. There are other activities, such as in nursing, that they may want to retain when the grants end.

Mr. Lunetta asked if the Youth and Family Services continued to get the amount of grant funding and in-kind support that they have in years past. Mr. Davison stated that they get a lot of in-kind

services and donations, as well as grant funding. He stated that the grant funding is in the Town report, and that he can reach out to find out how much volunteer time they receive.

Commission on Disabilities: No comments.

Mr. Levy stated that he would like to remove the salary lines for both the Historical Commission and the Memorial Park Trustees and leave just one expense line. There were no objections and no further comments on the budgets.

Needham Public Library: Ms. Miller stated that the Town Manager recommended funding \$15K of the OverDrive subscription in the budget, and also to add to staffing by increasing the administrative assistant's hours to full time, which adds 0.5 FTEs (though it appears as 1.0 FTE because the position will qualify for benefits.) She stated that she thinks the previous Director did much of that work herself. The recommended budget is sufficient to qualify for state aid. She stated that they have encumbered trust funds, but they have quite a bit of money. She noted that the new Director has some ideas for improvements that may use some of the available trust funds. Ms. Miller stated that the Town Manager recommended the Library budget of \$2,116,799, which she agrees is reasonable. Mr. Levy stated that he was happy with the increases and with the presentation.

Park and Recreation: Mr. Levy stated that the Town Manager recommended funding one DSR4 for a position, the Outdoor Specialist, to monitor parks. Mr. Healy stated that he thinks that the Town should try out this position to see if it will work, but he is not sure if it should be in the operating budget. Mr. Connelly stated that he thinks this position should be in DPW, in the Division of Parks and Forestry, since that is the department that will have the equipment and the expertise needed to do the work. The requested position will call the DPW. Also, if the position is in the DPW, then there will be other work to do in the winter.

MOVED: By Mr. Connelly that the Finance Committee recommend that the Outdoor Specialist position be funded in the FY 2023 budget for the Department of Public Works under the Division of Parks and Forestry, \$67,229 to salary and wages, \$2,175 to expenses for a total of \$69,404, and that there would be corresponding decreases in the Park and Recreation Department budget. Mr. Healy seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Needham Council for Arts and Culture (NCAC): Mr. Levy stated that the Committee had raised the issue of whether this funding should be in the operating budget versus funded through a warrant article. Ms. Miller stated that the state has guidelines for how its funds can be spent. The NCAC determines first if the funds fit within the guidelines, and then decides if it would fund any proposal. Mr. Healy asked whether the funds from the Town would be just for grants, or if the NCAC would spend some funds itself. Ms. Miller stated that when she was on the NCAC, they would raise funds for any events they would put on themselves. She stated that this funding could help defray the costs for events including the costs of custodians or tents without having to fundraise. Mr. Healy stated that he is concerned about the funds the NCAC would spend themselves. She agreed that there needs to be some structure. She stated that the Committee should ask for some criteria.

Mr. Levy stated that the Committee still has questions for the Town Manager on the Diversity Equity and Inclusion warrant article, and also on the NCAC. Ms. Miller asked if there was a reason that the NPDES funding was in a warrant article rather than the operating budget. Mr. Davison stated that it was his understanding that the NPDES work, like the Facilities Maintenance Program, bridged different fiscal years so they needed to have funding that is not linked to a specific fiscal year. Ms. Miller stated that the NPDES report is done once per year for monies expended during that fiscal year, so they do the work within each fiscal year. Mr. Davison stated also that they have proposed a stormwater enterprise fund that would cover NPDES work, but that will require a public hearing. The purpose of the fund will be to provide funding for specific capital costs. The Drains program will all be supported by taxes. Mr. Levy asked if the \$195K in the warrant article is for annual operating costs. Mr. Davison stated that it is, and it is funded through a warrant article because of the timing of the costs.

### **Updates:**

The Finance Committee will finalize the discussion and the draft budget at the next meeting. There will also be a request for a Reserve Fund transfer for the costs of the special election, and a Snow and Ice update.

### **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 vote of 8-0 at approximately 8:50 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; 2022 Annual Town Meeting Warrant (2/4/22 draft); Draft FY 2023 operating budget spreadsheets (FY21 Expended; FY22 Budget; FY23 Requests.)

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved February 16, 2022*