

Needham Finance Committee
Minutes of Meeting of January 20, 2021

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:04 pm via Zoom Video conference:
<https://us02web.zoom.us/j/81734310571?pwd=YzhLcmNyQk5DYnpnV0xsTEhVSEJPdz09>
Passcode: 291601 Webinar ID: 817 3431 0571

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: Barry Coffman, John Connelly, James Healy, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others:

David Davison, Assistant Town Manager/Finance Director

Hank Haff, Senior Project Manager

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Assistant Superintendent for Finance and Operations

Andrea Longo Carter, School Committee Chair

Alexandra M. McNeil, Assistant Superintendent for Human Resources

Mary Lammi, Assistant Superintendent for Student Support Services

Theresa Duggan, Assistant Superintendent for Student Learning

Citizen Requests to Address the Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of January 13, 2021 be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion.
The motion was approved by a unanimous roll call vote of 9-0.

FY 2022 Department Budget Requests (operating and capital):

Building Design and Construction

Mr. Connelly introduced the budget. He stated that he attended the Town Manager's meeting with the department where there was discussion of the accomplishments in response to Covid, particularly the changes to HVAC systems in the school buildings to prepare for students to return. In addition, they oversaw the finishing of construction of the Fire headquarters, and the move-in, as well as the continued work on Fire Station 2 and the Police headquarters. He stated that Fire Station 2 is planned to finish up in October 2021, and the Police headquarters is planned to finish up in January or February 2022. With the end of these projects, there is a question of whether there is sufficient work in this department to sustain 5 positions funded in this department's budget.

Mr. Haff stated that in addition to the Public Safety buildings, this department oversaw the School master plan which took over a year of work in conjunction with the School

Administration, School Committee and many school principals. He stated that they also worked on a full analysis of the Emery Grover, including discussions with the CPC. He also noted that when new buildings are occupied, the project management work does not end. There are still punch lists and other wrap-up before the facility can be handed over to the Building Maintenance department. He stated that the Building Design and Construction Department has overseen over \$100 million of construction in recent years, with a net savings of over \$3 million in fees, by having in-house owners' project managers (OPMs). He stated that having sufficient staffing has also provided the flexibility to jump on the ventilation task force with Building Maintenance to work on Covid safety measures. He stated that they have learned from other towns that a significant benefit to using in-house OPMs is that they are still available in the town after the project is finished if issues arise. Contracted OPMs are gone once the project is wrapped up. He acknowledged that the current projects will be finishing up, but others will likely start. He stated that Mr. Popper is expected to retire in the fall of FY22, and with that transition the department will decrease from 5 to 4 project managers. Mr. Connelly noted that the requested budget seeks for funding 5 positions through all of FY22.

Mr. Haff stated that there was reimbursement from the MSBA for the majority of the salary of some staff working on the Sunita Williams project. He stated that they did have to bring on some additional people during that project since there were many facets to the project, and because the High School expansion was going on at the same time. He stated that when there is sufficient staff in the department, they are able to work with other departments instead of bringing in contracted people in certain situations. Mr. Reilly stated that the budget shows a budget adjustment of \$113K, and asked where that person's time was spent. Mr. Davison stated that the adjustment illustrates that the position is part of this department, and thus a cost to the Town, but not funded through the operating budget. The position is being funded through a warrant article and not through the operating budget. He added that the budget does not reflect the costs that may be transferred to capital budgets during the fiscal year, because the budget is prospective. This department's budget often has large turn-back at the end of the fiscal year. Mr. Davison stated that the department has a total of 6 positions, of which one is administrative and 5 are in project management. A total of 5 positions are funded in the operating budget, and one is funded otherwise. He stated that three of the project managers generally have at least some salary charged to capital projects.

Mr. Lunetta stated that it would be helpful to have a chart, similar to one presented in other years, showing the hours of staff worked in the department, and what projects they worked on to help understand the needs. Mr. Connelly stated that it would be most important to show the anticipated work through FY22. He stated that there is no debate on the many accomplishments of this department. The question is whether there is a continuing need for 5 full-time positions in FY22. The department should be budgeting for what is expected not what might happen.

Mr. Healy stated that this discussion is reminiscent of the discussion about the PIO position last week that raised the questions of whether to fund the position permanently or for 1-2 years and whether qualified staff will want to work for the Town without job security. He stated that there will always be changes in what is happening and it is important not to lose the expertise. He stated that the Town expects to begin projects for schools and school administration. Mr. Levy agreed, and stated that the project managers in this department have been very helpful with the DPW maintenance department's implementation of Covid- safety measures. He requested an update of the charts presented last year that showed that the staffing hours projected through FY21. Ms. Fachetti stated that when the additional project manager was brought on, the

expectation was that the Director's upcoming retirement would mean the decrease in the department staff. Mr. Haff stated that he does not yet know how things will actually unfold. He noted that they are also working on energy efficiency measures with the DPW maintenance division in order to achieve the Select Board's efficiency goals.

Ms. Miller asked how much remained of the warrant article funding for the project manager. She stated if funds are available, they can be re-appropriated Mr. Davison stated that they will be fully used this year. Ms. Miller noted that the Finance Committee had suggested that project managers could be assigned to work on the DPW maintenance projects, and that Mr. Haff has said he would help with that. The Building Design department is facing a time of change, and whether that is the best approach is a different question. Mr. Coffman stated that the department is saying that they need all of the salaries for all of the positions. He suggested that they could have one of the positions act as a consultant and use funds from other departments as needed. Mr. Haff stated that it seems wise to maintain the current staffing level. It appears that there will be work needed for school capital projects including a new facility for School Administration. Mr. Coffman stated that there seems to be a difference of opinion whether the need is there. Mr. Healy stated that the Town will have more project management work later, and should keep the staff. He agrees that the assets should be used in different roles as needed. Mr. Jacob suggested that if Mr. Popper is actually retiring and there are no upcoming projects, the salary funding should not be there just in case there is a new project. If he is not actually retiring, then it is different. Mr. Lunetta stated that additional staffing was brought in for a period where there was new work, and the plan was that there would be fewer people in the department when Mr. Popper retired, and when there were fewer projects. The additional funding was from a warrant article because that salary would no longer be needed at that point. Mr. Haff suggested that all of the positions could be funded, and then funding shifted from the department at the Fall Special Town Meeting if not needed.

Mr. Davison stated that the requested budget for FY22 shows the 6 positions exist but only 5 funded through the operating budget. If the operating budget is funded as requested, the 6th position will effectively disappear. Mr. Haff stated that the department will shift from 6 to 5 positions. Ms. Miller stated that would mean that they will be trying to float the 6th person with funding from projects. Mr. Reilly pointed out that the DPW's request for additional funding is the same amount as is needed in this budget. Mr. Connelly stated that there will need to be a discussion with the Town Manager.

Mr. Connelly requested a projection of the workload that will be in place for July 1, 2021 through June 30, 2022, and how the work will be allocated among the 5 people working 40 hour weeks. Mr. Healy asked that it specify where the funds would come from. Ms. Fachetti asked that it also indicate how the staff can be redeployed to meet DPW needs. Mr. Connelly stated that the Town Manager oversees both departments so she should be able to identify how that works.

School Department

Ms. Gulati introduced the capital budget for the School Department. She stated that the planned spending for FY22 is \$689K for technology needs and \$6.8 million for further study and consideration of the school facilities projects. The Technology requests includes spending for annual needed replacements of: copiers, furniture, vehicles and technology. The Town Manager has included all the expenses in Tier 1 except for furniture replacement which is Tier 2 and may

be funded if sufficient funds are available. The facilities request includes the conversion of the Broadmeadow technology room into classrooms to meet enrollment for \$218K from cash capital. A similar project was funded for Eliot School in FY21. Tier 2 also includes funding for a needs assessment for theatrical sound and lighting upgrades to Newman, Pollard, and the High School. She stated that some community groups may partner in order to upgrade the equipment to a level that would meet the community theater needs. She stated that \$1.48 million is included for design for the Emery Grover building in accordance with the School Master Plan. There is a request for \$3.5 million for a capital maintenance project for part of Pollard before the major renovations begin. She stated that they are mindful of the upcoming major capital project at Pollard and making sure that the more immediate upgrades will not become obsolete during the bigger project. She stated the School Committee would like to plan the work at Mitchell now and are requesting funding for feasibility and design.

Mr. Levy asked what proportion of the devices in the technology request is for home use versus use in the classroom. Ms. Gulati state that none of the equipment is specifically for home use. All that are used in home are also used in school. They did have to purchase some additional laptops for remote use since some teachers had only desktops. Mr. Levy asked if they had considered harmonizing the equipment more so that one set of devices could be used across more grades. Ms. Duggan stated that the devices are specific to the age and development of the students, and chosen for appropriateness for learning. She stated that they use only iPads, Chromebooks and laptops, and are all inter-operable. The training for all is consolidated. Mr. Levy noted that Chromebooks are the least expensive and are used in some districts for all students. He asked if Needham had considered that. Ms. Duggan stated that that idea is not off the table and they have considered it. However, they feel that they have reached a good system and have been able to stabilize the technology requests and to provide flexibility. They are very happy how the current programs are working in the classroom and how the costs are managed.

Ms. Miller asked if there are fees for community use of theaters that provide funds for maintenance. Ms. Gulati stated that they do contribute to some smaller maintenance projects, but the equipment is expensive and has not been kept as well as needed. The question they are facing is to what level do they want to upgrade, and then to develop a plan. Mr. Healy stated that they need a sharing arrangement like the concert sharing at Town Hall. He noted that he feels the school theater program should be strongly supported, as the athletic programs are, and should be Tier 1 not Tier 2. Mr. Reilly stated that the study should present options, and not a single conclusion. The decision should be based on informed judgment. Ms. Gulati stated that it will be a needs assessment with possible solutions.

Mr. Coffman asked what the \$1.475 million for the Emery Grover project would cover. Ms. Gulati stated that it would design the construction project in accordance with the Emery Grover feasibility study. Mr. Levy asked if options for renting space in the near term are being considered. Mr. Haff stated that they asked the architect to look into it and there are some spaces available near Route 128 which would cost \$40-\$45 per square foot or \$1.4 million plus broker fees and some fit out costs, which are typically paid by the renter for short-term leases. He stated that it could take 18-20 years to break even with \$2 million of fit out costs. Mr. Levy asked that they provide the information that they have on short-term leases.

Mr. Connelly asked for a summary of how much has been spent on capital projects from 1995 to present at Pollard, and 1995 to present at Mitchell. Mr. Healy noted that some significant renovation work was done at Pollard in the early 1990s, and the 1995 date might miss that. Mr.

Connelly clarified that his request should include the work in the early 1990s. Mr. Connelly suggested that the School Master Plan is not a finished document at this time, and that the final plan will need some involvement by the Finance Committee and the Select Board so that the plan can fit into the overall financial plan considering the funds available and the priorities of the Town. There should also be a supplement to reflect the effects of Covid, and the changes in enrollment, including the fact that there are now fewer students. They should also look at leasing in a realistic way. He stated that an architect is not the best person to assess the leasing market. Mr. Healy noted that in 2003-04 and in 2008-09, the Town did a master plan in conjunction with a financing plan to understand where everything fit in conjunction with the 10% debt policy, and made extended planning. Ms. Miller asked when the Select Board would make a recommendation on School capital projects. Mr. Davison stated that the Select Board would like to see the debt forecast to assess affordability and also to get feedback from the PPBC before taking a position. He expected it would be at least late spring this year.

Dr. Gutekanst introduced the operating budget with a slide presentation. He stated that this budget is complicated since recently health and safety issues have dominated everything. He noted that they are very concerned about the most vulnerable students who are at home. He stated that enrollment is down with some students changing to private schools or to home schooling, or leaving due to natural attrition. Enrollment has been increasing, but is not expected to bounce back to pre-Covid levels. He stated that state and local revenue is down, which may affect available funding. He stated that there are significant maintenance needs. He described the School Committee's ongoing budget priorities. He stated that the district has made incremental improvement on the student/teacher ratio in comparison to peer communities.

Dr. Gutekanst stated that the operating budget is presented with two alternatives: a non-Covid budget without the Covid-related expenses, and a Covid budget that includes such expenses. He stated that the non-Covid budget includes a \$2.8 million budget from FY21 which includes \$1.5 million of contractual salary increases, \$1.1 million increase needed for achieve level services (including increases to meet Special Education needs), and \$263K of program improvements, which are strategic and would need some additional funds to implement. The additional Special Education needs include 4.0 additional full time equivalent positions (FTEs) to provide specialized services for specific students, and 0.65 FTE for speech therapy, plus additional expenses for out-of-district tuitions. In FY22, they expect that Circuit Breaker funding will be much lower. They would reduce this request if it comes in at 75%. Dr. Gutekanst stated that there are needs across the district for some incremental positions to meet current needs for a total of 2.42 FTEs. There is also a request for an additional 0.2 FTE for Social Studies curriculum development including racial equity. There are additional technology needs including more devices and education programs. Additional funding is requested for district management including HR and business management software, PPE, supplies, and transportation subsidies. The supplemental expenses for Covid safety for FY22 is an additional \$3.2 million based on the costs this year, covering for deficits, and the need for hybrid staffing, a remote learning academy, and PPE and supplies. He noted that there is no vaccine for children under age 16, so they may be in the same situation for the next fiscal year, and the state may again require hybrid learning. The Town is discussing including a separate warrant article for Covid expenses, so these costs are not wrapped into the regular budget request. He stated that the School Committee will vote its budget recommendation next week, and the number may change. The School Department request, including the Covid supplementary plan, represents a 7.5% increase from FY21.

Dr. Gutekanst stated that during the current year, they have taken steps to stay within their budget, including holding back on both spending and filling vacant positions which left additional funds to strengthen the hybrid learning program. They are trying to get through the year without asking for additional funds. Mr. Reilly stated that there have been discussions about the use of the Town's specialty reserves for situations where we don't know the exact costs or where the funds will come from. He commented that it seems that squeezing other areas of the budget for these purposes is not the best approach rather than using the regular operating budget as planned.

Dr. Gutekanst stated that the FY22 proposed budget is a preliminary budget and he will continue to share changes and they continue to develop a more comprehensive budget plan. Mr. Connelly asked how the \$3.2 million Covid budget compared to the FY21 Covid budget. Ms. Gulati stated the FTY 21 costs are approximately \$5 million, of which \$1 million is one-time technology costs. She stated that they expect the same Covid-related needs in FY22, including PPE and social distancing. Dr. Gutekanst stated that there are some funds for school Covid expenses in a new bill before Congress. The School Department will continue to look for efficiencies in the remote learning academy. There will be costs due to social distancing requirements if more students come back to school. Ms. Gulati stated that the FY20 Circuit Breaker funds were not spent and can roll into FY21 as a source of some Covid-related spending. Operational or revenue deficits cannot be covered by grant funds, so they will roll forward the funds that they can. She stated that she has not finished the FY21 2nd quarter projections that will show how much money they have. She does not think there will be a tremendous amount to roll forward.

Mr. Healy asked for information on all of the projected Covid-related expenses across Town in order to guide the discussion of the best way to fund these emergency expenses as suggested by Mr. Reilly.

Mr. Levy asked whether Covid has affected the implementation of any planned program improvements in the School Department in FY21 and whether they expect it to affect any planned program improvements in FY22. Dr. Gutekanst stated that the staff has worked hard, and the district is continuing to move forward as best it can. They do expect that they can make the planned program improvements in FY22. Ms. Fachetti asked what the assumed enrollment was in the FY22 budget, and whether state funding will be affected by the decreased enrollment in FY21. She also asked if they expected early retirements and additional turnover. Dr. Gutekanst stated that there will be retirements, and some attrition following the pandemic. The state funding is based on the October 1 enrollment amount. There has been talk of using the enrollment for October 2019 rather than October 2020 for the basis of aid, but that is still up in the air. 2019 was the first year that Needham would qualify for additional funding due the expansion to full-day kindergarten. Dr. Gutekanst stated that 200 students left the district during the pandemic, and they expect 100, possibly 150, to return next year. Factors such as fewer home sales and a lower birth rate suggest that the amount will not be back to the full 200, but they expect higher enrollment than this year.

Mr. Reilly asked if the expenses that were deferred in FY21 would be considered level service or improvements in FY22. Dr. Gutekanst stated that they have deferred some improvements such as an additional 0.1 principal and an additional position that are being considered as program improvements, since they are not meant to improve, not just to maintain level service.

Updates

Mr. Jacob stated that the Chair of the Board of Health sent a letter to the Finance Committee supporting a request for funding vaccine clinics. The proposed cost is \$218K to vaccinate 20,000 people with two doses. He spoke to the Director of Health and Human Services, Mr. Timothy MacDonald. He stated that the timing of the vaccine was unclear so the vaccine clinic funding was requested in the FY22 budget, but the timing has changed. It is not clear what the grants will cover, so he suggested to Mr. MacDonald that he discuss it with the Finance Committee and the Finance Director. He stated that he does not want funding issues to slow down the vaccine efforts. Mr. Davison stated that there are still so many unknowns, so additional information is needed. Ms. Miller stated that the Town has reserve funds that can be used for these vaccinations—they should not be in the operating budget. Mr. Jacob noted that there is the planned warrant article for whole Town's Covid expenses. Mr. Coffman stated that the Health Department's proposed funding is just for the nurses' time, since the vaccines are free.

Mr. Levy stated that he would like to see more information on how the number of 20,000 was arrived at for the number of vaccinations. Mr. Jacob stated that it seemed high. Ms. Miller stated that the state is asking towns to be vaccination sites. They may need to vaccinate more than residents. Mr. Healy stated that UMass Medical is crafting a vaccine corps of volunteers to administer vaccines. Much more information is coming. Mr. Levy asked when the funds are needed, and how to prioritize expenses. Mr. Healy stated that the Committee will evaluate the request when it is made. Mr. Reilly asked whether it would be legal to require Town employees to get the vaccine. Mr. Healy stated that law firms have said that it can be obligatory, but at UMass Medical, they are encouraging it but not requiring it. He would be surprised if Needham did not leave it optional, and deal with costs if people are sick from Covid like other illnesses. Ms. Miller stated that requiring the vaccine would require bargaining with all of the unions and could be very difficult.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 9-0 at approximately 9:06 p.m.

Documents: Town of Needham - FY 2022 Departmental Spending Requests; Town of Needham Capital Improvement Plan FY 2022 – FY 2026; Presentation to the Finance Committee – Superintendent's FY22 Budget Request.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved January 27, 2021