

**Needham Finance Committee
Minutes of Meeting of January 27, 2021**

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm via Zoom Video conference:
<https://us02web.zoom.us/j/86858862296?pwd=TU16YmlkTUZtaXlHZi9ZNUczbFNGdz09>

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

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

Others:

David Davison, Assistant Town Manager/Finance Director

Timothy Muir McDonald, Director of Health & Human Services

Sara Shine, Director of Youth & Family Services

LaTanya Steele, Director of Aging Services

Tiffany Zike, Public Health Nurse

Tara Gurge, Assistant Director of the Public Health Division

Dawn Stiller, Administrative Coordinator, Public Health Division

Aicha Kelley, Assistant Director of Programming & Transportation

Jessica Moss, LICSW Assistant Director of Counseling & Volunteers

Stacey Mulroy, Director, Park and Recreation Department

Kristen Wright, Administrative Specialist

Christopher J. Gerstel, Vice Chair, Park and Recreation Commission

Cynthia Chaston, Chair, Park and Recreation Commission

Evelyn Poness, Town Treasurer/Collector

Michelle Vaillancourt, Town Accountant

Roger MacDonald, Director of Management Information Systems

Tatiana Swanson, Finance and Procurement Coordinator

Chip Davis, Director of Assessing

Citizen Requests to Address the Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of the meeting of January 20, 2021 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 2022 Department Budget Requests (operating and capital):

Health and Human Services

Mr. Coffman stated that the HHS Department consists of 4 divisions: Aging Services, Public Health, Veterans Services, and Youth and Family Services. Most of the Department is level-funded. There are no DSR4 requests. There are some adjustments such as the transfer of

software costs into this budget from IT, and increased mobile phone costs. Mr. McDonald stated that there is a DSR5 requesting a warrant article to fund a vaccine clinic for \$129K. The Department has administered 200 vaccines to date for first responders and other front line workers. The state has allocated 100 doses for 2 clinics in the next week. He stated that there are issues surrounding Covid vaccine distribution at the state level. He noted that the Department has acquired an ultra-cold freezer to store the vaccine.

Mr. McDonald stated that there are a few increases in the budget but they are offset somewhat by about \$40K in savings in Veterans' Services due to the expansion of the district to include Westwood. He stated that the budget request is different than shown in the budget book. As noted earlier, there are software costs transferred in and some additional wireless charges. He stated that FY21 has been a very challenging year due to the pandemic, and that the divisions have all adapted in different ways. The Youth and Family Services Division has transitioned almost all of its counselling services to an online format. They have seen an increased need for services for youth. He stated that the Aging Services Division has moved many services online, and has been involved in a collaborative program to help seniors in a number of ways, including bringing them tablets so they can connect to the internet. They are also working to meet more needs of food insecurity by increasing grocery and meal deliveries. He stated that Public Health has pivoted to all Covid-related work including contact tracing, vaccine efforts and enforcement.

Mr. McDonald stated that there are three DSR5 requests. The first seeks funding for vaccine clinics, though it now appears that the funds may be needed earlier. There are big issues about vaccine availability, and some other challenges, especially for people who can't come to a clinic. Another DSR5 requests funding for Public Health to prepare an application for national accreditation, which is a priority of the Board of Health. The work will require significant staff time and other resources and may not be completed within one fiscal year. They will be able to perform the upkeep to sustain accreditation in-house, but likely will need help with the initial accreditation process. He stated that accreditation is not currently needed to secure grants, but he thinks that may be coming. The third request will seek funding for expert consulting, needed for issues such as analyzing the health impact of utility company activities. There is no way to require the companies to pay for the work since the permits are not issued by Public Health, but certain health issues need expert review.

Mr. Reilly stated that he appreciated the benefits of seeking accreditation, but asked whether this might not be a good time to undertake that work given the other current challenges. Mr. McDonald acknowledged the concern, but stated that it is a priority of the Board of Health. Mr. Reilly stated that he feels that there will likely be severe mental health repercussions due to the pandemic, particularly in light of heightened expectations and vaccine shortages. Ms. Moss stated that they have seen an increase in anxiety and depression in seniors based on issues including vaccine-related stress and prolonged separation. They have instituted a Covid 19 tele-therapy program where people can get 8 weeks of free therapy over the phone or using Zoom. When longer term help is needed, people are connected with other services. Ms. Shine stated that Youth and Family Services has opened their services to all ages, and there has been increase in the number of calls. They have switched their therapeutic services to all virtual, and have been able to offer more services by putting off all other programs. They are increasing community outreach, and have started the Alliance for Safety and Wellness (which had previously been a suicide prevention program) to focus on crisis handling for people in need to help people feel safe and get the help they need. Mr. Reilly asked if the Division has enough

resources to do the work that is needed. He stated that if they think more is needed, they should ask for it. Ms. Shine stated that they have just enough, and are just now reaching an overflow.

Mr. Levy stated that he is impressed with the vaccine infrastructure that the Department has created. He asked if they could partner with other towns for some economies of scale. Mr. McDonald stated that they have partnered with other Towns in administering vaccines for first responders, and are part of a collaborative with other towns to share resources and supplies. Ms. Zike stated that they have been preparing for the vaccine for quite a while, and have 100 volunteers ready. She described the training and preparations. She stated that they could give at least 2000 vaccines per week if they had the doses. They are supposed to receive only 100 doses per week. The state has asked them to be an open clinic. They are reaching out to the most vulnerable citizens. Mr. Reilly asked if there is priority to Needham citizens. Mr. McDonald stated that there is no priority to Needham residents. He felt that allowing it to be open was necessary to get the state to provide the 100 doses. He also noted that towns with higher rates of Covid are getting higher amounts of the vaccine. Mr. Healy disagreed that they would risk the allotment of vaccine from the state by restricting the doses to Needham residents. He feels that if they can show that there is a need, they would get the vaccine either way. He stated that the problem is the same at the state level-- there is not enough vaccine. Mr. McDonald stated that if they limited the vaccine to residents, they would not be able to vaccinate health care workers, teachers, or other workers in Town. Mr. Reilly suggested giving preference to Needham residents, but allowing others to have any additional available vaccines.

Mr. Lunetta stated that the Police have partnered with Riverside for mental health issues and asked if HHS might piggyback on that to shore up capacity. Mr. McDonald described how he was involved in the development of the Police Department's program and helped with a grant application. He stated that program is shared with Dedham and will bring together different people to help address issues and break continuing cycles of these issues. Mr. Lunetta asked if there are child abuse prevention programs in the schools. Ms. Shine stated that they work with counsellors to report any suspected abuse, but there are no proactive programs.

Park and Recreation

Mr. Jacob introduced the budget and stated that salary and wages are going up \$71K due to the increases in the minimum wage in January 2021, and January 2022 which both have effects on summer pool staff wages in FY22, and on the changes in the Human Resources salary schedules. He stated that the DSR4 requests are almost \$100K. \$57K is needed to bring the pool staffing up to a higher safety level. There is also \$70K needed to both open and close the pool. They had assumed that the DPW could do the work, but found that the equipment is too specialized, and an outside contractor is needed. Also, \$27K is needed in the professional and technical category for on-call pool services, which is offset by reduction of \$19K in the prior budget for a pump specialist.

Ms. Mulroy stated that she began working at the Department right before Covid struck. She stated that they were able to open the pool in a safe and controlled way last summer. She stated that although the use of the pool was limited, they will need to ramp up staff to prepare for a summer as successful as 2019. The FY22 budget was built based on assuming the 2019 numbers will apply to summer 2021. Mr. Connelly asked why these changes were not in last year's budget if the increases were needed after the 2019 summer. Ms. Mulroy stated that she did not prepare that budget and does not know why. She stated that she was told to build the budget as if

the pool were open in a non-Covid environment. She stated that they will scale back if there are Covid restrictions in place.

Mr. Reilly stated that the salary line for temporary help is increasing 38%. He requested a table breaking out the components of the increase, showing how much is due to increases in the minimum wages, and identifying other factors. Ms. Fachetti noted that the School Department is expecting to continue Covid protocols since there is no vaccine for children yet, and asked how that might affect the pool. Ms. Mulroy stated if there are Covid protocols in place, she will expect a summer similar to 2020. That would mean less staff, but staff cannot be reduced proportional to attendance. She stated that the full staff is 49 people. She stated that she would provide information showing the level of staff needed with Covid protocols in place. She noted that last year they had to have cohorts of staff so that if Covid affected a staff member, it would affect only the cohort and not the whole staff. She stated that she is starting now to hire people for the summer, first by checking with previous staff to see who is returning. She would like to hire people soon to have time to certify and train them. Mr. Reilly asked how many staff are affected by the increase in minimum wage. She stated that it applies to approximately 50 pool staff and 35 staff from other programming. Mr. Reilly stated that the \$170K increase seems high. Mr. Jacob stated that it is not all due to minimum wage. Pool staff that were previously funded through a warrant articles are now included. Mr. Lunetta asked what will happen if they hire pool staff and Covid is still an issue. Mr. Mulroy stated that she is hiring for a conservative summer. If she needs more she will hire more. She does not think that there will be any trouble finding staff, as many people have reached out. She stated if staffing is low, she would have to be creative about programming.

Mr. Reilly stated that passes sold last year are being rolled over to this year, and asked how that is expected to affect the number of passes sold this year. Ms. Mulroy stated that the answer hangs entirely on Covid protocols. If things are the same as last year, there will be a big effect. If they can open up more, they expect attendance will be closer to the experience in 2019. Ms. Chaston noted that last year, they stopped selling passes when Covid hit. The passes were extended through 2021, so few people requested refunds. They are now struggling to decide whether to sell passes for 2021. Last summer, they required people to sign up for time slots to come to the pool, and the slots were virtually always signed up. Daily passes were available to purchase, but often there were no time slots available.

Mr. Jacob asked Ms. Mulroy to address the needs for opening and closing the pool. Ms. Mulroy stated that they “duct taped” the budget to get through the past summer. She stated that they used the DPW as much as they could in the closing process, probably more than they should have. This year, they put the work out to bid and only received one bid which came from Weston and Sampson who designed the pool. She stated that the bid was high, so they asked for it to be broken down into three levels of maintenance: every year; less often than yearly; and only to address major issues. The cost for closing one summer and opening the next is \$70K. Mr. Levy asked if they could hire someone in-house who could do this work and also work to support the DPW at other times. Ms. Mulroy stated that there are few companies in Massachusetts that can do this work, so it would likely be difficult to find the skills in one person. Mr. Connelly stated that it seems that Weston and Sampson designed a proprietary system so that only they could bid, and that there must be a way to set up some competition. He hopes next year to hear that they have broken through this system.

Mr. Reilly stated that he was shocked to hear that there are safety issues with the brand new pool. Ms. Mulroy stated that they were not prepared for the number of people who came in 2019, and that any issues were not related to the facility, but to the staffing levels in relation to the large number of people who came.

Ms. Wright stated that in 2018-2019, there were 1394 memberships including families, seniors, and add-ons. The past year there were 461, approximately 33% of the prior year. Ms. Fachetti suggested that this means that if they are able to fully open, they could sell a lot more passes. Mr. Coffman asked if there is something unique about this pool making it impossible for most pool companies to help open it. Ms. Mulroy stated that it is one of the biggest, and has complexities such as the location at the bottom of a hill which means there are different pumps and filtration needs. She stated there are 5 miles of underground pipes. Mr. Healy asked if there is a revolving fund. Ms. Mulroy stated that there is a revolving fund in the Department, but very little funding is available for the pool. They can use some for supplies for swim lessons such as kickboards. Most revenue from the Department goes into the General Fund so the expenses must come from the General Fund.

Finance Department

Mr. Levy introduced the budget. He stated that there are no DSR4s and that the main change is that costs for software needed for a single department have been moved from this budget into the budget for that department. The Finance Department will continue to cover software that is used by more than one department. The total budget is up 1.7% from FY21. The software transfers account for a decrease of approximately \$38K in this budget, but there is an increase of approximately \$42K in the licensing fees for other software, based on an increased number of licenses as well as increasing prices. There is an increase of \$21K in the Assessing Division to meet new requirements for assessing commercial properties. Salaries are increasing \$16K due to increases in the salary schedule for non-represented employees. There have been more uncollected property taxes under Covid, but all of the FY20 tax bills were paid. The planned new billing and collections software will be rolling out with an RFP in March of 2021 and planned shift of payments to the online system including online motor vehicle excise taxes in January 2022 and property taxes in July 2022.

Mr. Davison stated that the revenue from residential property taxes is in good shape. The service businesses within commercial taxes have been impacted most significantly from the pandemic. Mr. Reilly asked what how much revenue is exposed. Mr. Davison stated that the overall commercial tax base is in a solid position since the larger commercial properties often have long term leases, and the valuations are based on that. There are some vacancies in smaller commercial properties, some of which is natural, and some due to the pandemic. The effects of the pandemic will likely not be material in FY22, but could possibly affect FY23. Mr. Davis stated that they sent out questionnaires to commercial property owners in December regarding income and expenses, but have not analyzed the responses yet. Calendar year 2019 would have affected the most recent bills, and the information from CY 2020 is just coming in. It is not known yet whether the commercial property owners made concessions to tenants in long term leases. He stated that 13% of property taxes are commercial. Mr. Healy asked how the overlay would be affected if the valuations are downgraded. Mr. Davis stated that Mr. Davison uses a percentage to determine the amount for the overlay. The process has changed under the Municipal Modernization Act. He hopes that they can make needed adjustments before the

FY22 properties bills go out to minimize the necessary abatements. He stated that the overlay should increase if there are more expected abatements and appellate tax board actions.

Mr. Healy asked if the fact that so many companies have gone remote will affect commercial taxes. Mr. Davis stated that it depends on leases. Where workers are actually working from will not affect the value. It should not change the value unless there are broader changes. Mr. Healy suggested that Mr. Davis keep an eye on it since he feels that there will be an impact on commercial property values. Mr. Davis stated that they are paying attention, but there is not sufficient information yet. Mr. Davison stated that there has been some growth as some companies are moving to Needham. Also, NBC Universal's TIF benefit is decreasing from 76% to 1%, so the Town's revenue will increase. There is greater uncertainty in the out years. Mr. Healy asked if there is a penalty if they leave early or default. Mr. Davison stated that the penalty would be from the state. He does not know if they could take back the credits if the agreement became void. He noted that the tax could increase to 100%, but it will be 99%, so little effect.

Mr. Davison stated that they are not seeing a decrease in construction through they do expect it. He noted that in the wake of the recent merger of Tufts and Harvard Health Plans, the company is moving to Canton and leaving a lot of open office space in Wellesley. He does feel that the number of people working at home will have an impact. Mr. Reilly asked if the status of a residence would change if people are working from home. Mr. Davison stated that there is only a shift if people open an office in their home triggering a change to commercial rates, but there is no impact of the residents simply doing their job from home. Mr. Davis noted that there is a \$5,000 threshold for the value of commercial personal property before commercial property taxes apply, and most people would not have that much equipment.

Mr. Levy asked what will be the practical effect of the fact that the DOR now requires two methods of assessing of commercial properties, income and cost. Mr. Davis stated that the Town has the option of which method. The Town prefers the income approach because it is easier to quantify, whereas the cost valuation is more subjective and could require bringing in an engineer if they go before the appellate tax board. Mr. Levy asked for a description of the benefit of the \$21K requested to support cost assessments. Mr. Davis stated that the cost is needed to set up the new software to generate both types of assessment that are required by the state. This will help input information on the actual square footage of buildings which is based on floor plans. It is a one-time cost, and later they will only need to add information when there is a new building.

Technology Capital

Mr. Davison stated that the CIP details the costs in the technology requests. There will be a separate financial warrant article for the FY22 request for Town Network and Internet Control, Analysis and Reporting because most of the costs are service and technology that is not depreciable and will not meet the Town's test of capital. Mr. McDonald stated that the warrant article will fund the continued expansion of cybersecurity measures by monitoring data traffic to and from the internet. This will allow the Town to raise the level of security by knowing who is on the network and whether there is unwanted activity. They will be able to better understand where there are vulnerabilities, such as an attack, and to analyze the system's performance. He stated that the request is for \$75K which includes the initial purchase of the license, as well as the service to install the software. Usually, they also get a 2-year service agreement with the contract. After that, there is typically an 8-15% service fee. Mr. Lunetta asked what security

they have now. Mr. McDonald stated that they primarily have a firewall. There are multiple layers of security that look at the flow of data between external and internal networks. This will also allow them to monitor all traffic across the local area network. He stated that currently they rely on the employees as well, since the weakest link is always an employee doing something like clicking the wrong link. This will allow them to better monitor individuals. He stated that the amount was determined by speaking with vendors.

Mr. Levy asked for examples of what they would be looking for. Mr. McDonald stated that they would be looking for data going across the network, and would know if someone is trying, for example, to hack into the Public Safety system, and know if it is from outside the Town's systems. They would also see if someone is going to a nefarious site. Mr. Levy asked what percentage of the monitoring would be employee monitoring. Mr. McDonald stated that they will have to learn more to know. Mr. Levy asked for more information on what the technology request is intended to protect against.

Mr. Healy asked if they had performed a SOC 2 analysis. Mr. McDonald stated that they do not know the cost of doing a SOC 2 analysis. Mr. McDonald stated that they did have the state come in to provide recommendations. They will be meeting with 4 different companies to figure out how they can do better. Mr. Healy asked what training they have given employees on data security. Mr. McDonald stated that they have trained the staff what not to do to be safe. Mr. Lunetta asked if they have cyber insurance. Mr. Davison stated that the base insurance through MIIA which provides outside experts who are available 24/7 to help analyze and make the best decisions. Mr. Healy asked if they have a disaster recovery plan. Mr. McDonald stated that they have backup services, but will need more investment in this area in the future. Mr. Healy asked if there is a firewall between the Town and Schools. Mr. McDonald stated that they are technically on their own network. They have separate switches and are set up separately. The Schools run their own security. Mr. Davison stated that schools are independent and not accountable to the Town, and the Town Charter explicitly states that the Town Manager does not have control over the Schools. Mr. McDonald stated that they do have regular conversations with the Schools and help run their building security systems. Mr. Davison stated that the Town's Technical Advisory Board works with both the Town and Schools.

"Other" budgets (CPC Administration, Minuteman Assessment)

Mr. Davison stated that the Minuteman School has issued their preliminary assessment of \$1,230,287, an increase of 11.9%. The increase is driven mostly by enrollment, based on a 4-year average of enrollment. Needham's enrollment has increased from 20 students to 27 in the past 4 years. The operating budget is increasing 2.4%. He stated that it is the peak year of the repayment of debt on the new school building. He added that the new athletic field project has also been recently approved, and those costs will appear in the next year or two. The final assessment cannot increase, but may decrease, depending on Minuteman's revenue. He noted that the costs for the district include all costs, including some that are not in a school district within a town, such as employee benefits. He reminded the Finance Committee of the recent Reserve Fund Transfer to Minuteman to provide funding for some Covid-related costs that will be reimbursed through the CARES Act.

Mr. Davison stated that the CPC administration budget will be level-funded at \$82K. He suggested discussing it with the CPC when they consult with the Committee on their Town Meeting warrant articles.

Updates

The next Finance Committee meeting on February 3 will be at 5:30 pm to finish before the Planning Board's 7:00 pm public hearing on the proposed zoning in the Highway/Commercial 1 district.

Adjournment

MOVED: By Mr. Healy 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 8-0 at approximately 9:25 p.m.

Documents: Town of Needham - FY 2022 Departmental Spending Requests; Town of Needham Capital Improvement Plan FY 2022 – FY 2026.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved February 3, 2021