

**Needham Finance Committee
Minutes of Meeting of June 27, 2022**

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 6:30 pm in Select Board Chambers at Needham Town Hall.

Present from the Finance Committee:

Joshua Levy, Chair; John Connelly, Vice Chair

Members: Carol Fachetti, James Healy, Tom Jacob, Rick Lunetta, Louise Miller, Richard Reilly

Other participants:

David Davison, Assistant Town Manager/Finance Director

Dennis Condon, Fire Chief

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of the meetings of April 20, 2022, April 27, 2022 and May 2, 2022 be approved as distributed, subject to technical corrections. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0.

Reserve Fund Transfers

DPW - Snow and Ice Line

Mr. Davison stated that an additional \$335,117 is needed in the Snow and Ice line to cover the annual expenses. This is less than \$100K below the amount projected when the overdraft was approved. There has been nothing surprising. About 1/3 of the amount is for contracted services, 1/3 for staff overtime and 1/3 for materials. Fuel prices escalated after the snow and ice season passed.

MOVED: By Mr. Lunetta that the Finance Committee approve of the request to transfer \$335,117 from the Reserve Fund to budget line 22D, Snow and Ice. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0.

Fire Department

Ms. Miller recused herself from the discussion and left the room.

Mr. Davison stated that the request is a round number since he is estimating that \$370K additional funding is needed in the Fire Department budget through the need of the fiscal year including: \$226,900 this week and \$162,071 (estimated) next week to cover salary and wages. He stated that there are three causes: (1) FY22 overtime usage increased to cover illness or other paid leave; (2) retroactive pay that was part of the union agreement for FY22 and was not eligible to be covered under the SAFER grant; (3) overtime that would normally have been paid from the Classification, Performance and Settlement line that could not be paid because the CPS

budget was exhausted. Mr. Jacobs stated that the shortfall and the balances appear to be more than \$370K. Mr. Davison stated that the payroll amounts are estimates, and that the \$370K should be sufficient.

Mr. Connelly asked if the full amount under the SAFER grant was not available to the Town because of a misallocation. Mr. Davison stated that some amounts were not eligible under the grant because they were not paid on time. The settlement was not ratified until May, and as a result of the timing, the federal government would not reimburse for approximately \$60K of retroactive pay. Mr. Connelly asked what can be done to assure proper planning or overtime costs. Mr. Davison stated that they are planning a deep dive into overtime cost for FY24. The overtime budget was used for shift coverage and paid training. He stated that COVID also added complications, and that firefighters had more exposure to COVID than other departments. Chief Condon stated that there is sufficient coverage to cover one absence at each station, but a 2nd absence needs to be covered by overtime, and the Department needs to provide consistent coverage. He stated that two of the firefighters on the grant were on administrative leave and the costs of paying them was not considered wages that were reimbursable under the grant. Mr. Levy asked if there were other grants with similar provisions. Mr. Davison stated that there were not. Mr. Healy asked if the Finance Committee or Town Administration were made aware of the timing issue. Mr. Davison stated that both he and the Town Accountant only learned within the last 10 days that retroactive wages would not be covered by the grant. Mr. Lunetta asked if the Town could appeal. Mr. Davison stated that they could not, since it was one of the terms of the grant.

Mr. Connelly asked the final balance of the Reserve Fund would be if this request were approved. Mr. Davison stated that it would be \$1,211,534, which would be 58% returned to the Town at year end.

MOVED: By Mr. Connelly that the Finance Committee approve of the request to transfer \$370,000 from the Reserve Fund to the Fire Department budget. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0 (Ms. Miller had recused herself.)

Mr. Lunetta thanked the Chief for his service.

Ms. Miller returned to the room.

Select Board Priorities

The Finance Committee reviewed the Select Board's adopted goals and planned initiatives for FY 2022-2023. Ms. Fachetti commented that there should be more parameters cited for the goal of targeted real estate acquisitions, which was mentioned in two places. Mr. Levy added that the real estate acquisition that was proposed last fall took a great deal of time of the Finance Committee and also the Select Board, possibly at the expense of other issues.

Mr. Healy noted that one of the stated goals is to identify funding for the School Master Plan projects. He stated that the Debt Financing Plan should have been done a long time ago, and at this point the delayed process is unfair to the parents and students at Mitchell and Pollard. He stated that he would like there to be more public discussion, including with the Finance Committee, of other goals and the related costs including the Chestnut Street development plans

and the Quiet Zone feasibility and design. He noted that it appears that there are proposed future meetings with NUARI and the League of Women Voters, and he suggested that there may be others in the community that might have helpful ideas and suggestions.

Mr. Levy stated that the Finance Committee had suggested to the Select Board that the work of the Town Counsel should be put out to bid, and he supported that. Mr. Healy stated that although it is fair for the Finance Committee to comment on this issues, ultimately the decision is for Select Board leadership. Mr. Connelly stated that the Town is not being poorly served, nor are the Town's finances being harmed, so he felt that the Committee should focus on bigger issues. Determining funding for facilities master plan and the revitalization of the Linden St development and progressing with those projects are much more important. Mr. Connelly added that he would like there to be a fresh look at whether the CPA is continuing to serve the Town well. He felt that some of the money may not be being spent on the right items. Ms. Fachetti agreed and stated that she has been on the housing study committee and feels there should be an examination of the use of CPA housing funds. She stated that using more and more land for Park and Rec may be an unintended consequence of the availability of CPA funds.

Mr. Levy suggested that the Finance Committee could prepare a memo supporting its recommendations. Mr. Healy stated that the Town seems to have limitless funds for all sorts of spending requests and that the Town may be taxing its citizens more than it needs, evidenced by the high level of free cash each year. He felt it is potentially disrespectful of owners of smaller homes or any citizens who may have great difficult paying their real estate tax bill each year. Mr. Coffman stated that this has been a topic of discussion for the Council of Economic Advisors. They would like to mitigate the tax impact on seniors which could help them stay in their houses longer. Mr. Healy stated that it also would be beneficial to make it easier for Needham's teachers and public safety personnel to live in town.

Ms. Miller stated that there is too much on the Select Board's list of goals, and no over-arching vision. Some goals are political, though they are a political board. The Finance Committee is left with a difficult challenge to create a budget to accomplish the list of goals with programs included in budget requests.

Mr. Jacobs stated that the Town needs to create a financing plan that includes the schools' needs, not just the next projects but all projects. He stated that he appreciates being asked for input at any stage. Mr. Healy agrees. Mr. Lunetta stated that the Committee each year is told that it will be included earlier in the process. He would also like to be able to address what to do with extra funds each year. Ms. Miller stated that the Town talks about diversity of housing, but the Town needs to address how to retain it. Mr. Healy stated that the Town should put funds aside to build capacity and then spend those funds.

Election of Officers for FY2022

Mr. Levy nominated Mr. Connelly to be Finance Committee Chair for fiscal year 2023. Mr. Reilly seconded the nomination.

VOTE: Mr. Connelly was confirmed as Chair by a unanimous vote of 8-0-1, with Mr. Connelly abstaining.

Mr. Healy nominated Ms. Miller for Vice Chair for fiscal year 2023. Mr. Jacob seconded the nomination.

VOTE: Ms. Miller was confirmed as Vice Chair by a unanimous vote of 8-0-1, with Ms. Miller abstaining.

Adjournment

MOVED: By Mr. Reilly that the Finance Committee meeting be adjourned, there being no further business. Mr. Healy seconded the motion. The motion was approved by a vote of 9-0 at approximately 7:17 p.m.

Documents: Reserve Fund Transfer Request – Fire Department; Reserve Fund Transfer Request – Snow & Ice line; Select Board Goal Statement Adopted August 17, 2021, Revised January 11, 2022.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved September 15, 2022