April 22, 2019

Finance and Warrant Committee Minutes

Dave Roberts, Kevin Hughes, Cecilia Emery Butler, Kevin Preston, John Heffernan, Susan Fay, Michelle Persson Reilly, and Beth Pierce present.

Kevin Preston called the meeting to order at 4:08.

Superintendent Welch of the Dedham school district took the floor to comment on the budgeting process this year. He explained that school leadership has been discussing possible places to cut funding. The schools want to focus on the new staffing for the middle school, due to the ‘bulge’ of students passing through our school system. They may make cuts to their elementary or high school budget request this year to accommodate the budget. He noted that he does not expect the teacher’s contract negotiation to conclude in time to make budget decisions based on that information.

Mr. Preston asked for clarification on the method by which the finance committee may recommend, and the town meeting may eventually vote on, cuts to the budget. Mr. Welch confirmed that the schools decide on the spending of the money they have been apportioned, regardless of the intention of the cuts. He noted that he has not yet met with the school committee or budget subcommittee to plan final cut possibilities.

Mr. Preston gave the opportunity for other public comment.

Karen Dumaine with the Neponset valley transit association, Lisa Cinella, director of operations at Transaction Corp, and Sharna Small-Borsellino, director of the human service transportation office and member of livable Dedham took the floor to speak on behalf of the Dedham public bus line.

Ms. Dumaine acknowledged that the Finance Committee is considering recommending terminating funding for the Dedham Bus. She suggested that the Dedham bus helps reduce traffic congestion in the town. She suggested that the bus program would be more successful with more marketing. The bus route has been in planning for re-mapping in recent years, but with the absence of a town planner it has been difficult. She suggested replanning the route could get us more in step with train timing and the T bus routes that travel to forest hills. She feels that this program can complement the services provided by the council on aging. The bus can serve as a connector for different methods of transit already available to the town. Ms. Cinella pointed out that at current ridership levels, if the bus program is terminated, the Council on Aging transit program will be insufficient to handle those rider levels.

 Ms. Small-Borsellino emphasized the importance of the bus line serving a multitude of needs, both seniors and other residents. The bus could help to feed commuter rail stations and have the ability to provide a ride home in emergency situation. She suggested more survey work and public opinion input could make sure the bus is providing the community what it needs and wants. She pointed to general community desires for alternative transportation and improved walkability and bike-ability of neighborhoods.

Mr. Heffernan asked how many unique riders use the bus service. Ms. Cinella answered that they do not have data on unique ridership, just overall ridership.

Ms. Small-Borsellino extended her thanks to Ms. Cinella for Transaction Corps previous donation of the bus’s service on the date of the MLK day celebration

Mr. Roberts asked how the town would fund shuttle service to community events. Ms. Cinella answered that for some community events, like parade day, Transaction Corps has donated the bus and driver service.

Ms. Fay asked where a member of the public could find the local bus schedule. Ms. Cinella explained that it is hard to find the bus schedule, which is part of the problem with lack of public awareness.

Ms. Small-Borsellino explained that Dedham received over 140,000 TNC rides this year. For each ride, the TNC must pay 10 cents to the town where the request took place. These are ride requests for services like Uber and Lyft. These funds are suggested to be used to work towards programs to reduce road congestion. She also noted a recommendation submitted to the board of selectman to form an active transportation committee.

Mr. Preston asked when TransAction associated took over the Dedham local bus contract. Ms. Dumaine answered 2015. Ms. Small-Borsellino explained that she worked for the MBTA suburban transportation program for 13 years, which was associated with the bus. The bus program was run by joseph’s limousine for that time period.

Mr. Sisson, Dedham economic development director, agreed that Dedham has a transportation need. However, he does not feel like the town is currently positioned to address that transportation need. Current efforts to improve the bus service have not been sufficient, and he does not believe that continuing the bus service is the best solution. He did clarify that the bus schedule is available for download on the town website. He noted the town does have a need to be able to move employees out of Boston and to their place of employment along the route 1 corridor.

Ms. Small-Borsellino stated that looking into the transportation needs of employees along the route 1 corridor is an ongoing process. She also noted that her office is on the transportation subcommittee for the governor’s council on healthy aging. She is concerned that Dedham does not have employees focusing on the transportation issue.

Ms. Fay asked what the reason was for the TNC revenue allotment. Ms. Small-Borsellino explained that this is a mandate from the state for TNCs to give back to the community.

Mr. Heffernan expressed hope that Dedham comes up with a better public transportation system.

Ms. Terkelsen took the floor to present reserve fund transfer requests. This is on behalf of the engineering department. There was a $270,000 sewer betterment approved at town meeting. Based on the costs so far on this project, the engineering director has determined that an additional $48,000 is necessary. This allows them to finish the project without a long delay by doing it as a reserve fund transfer. Ms. Terkelsen clarified that the property owner will have to pay this back.

Ms. Fay asked why the reserve fund transfer request was not more specific about its purpose. Ms. Terkelsen answered that the town only has one betterment underway this year.

Mr. Hughes asked how long the property owner had to pay back the betterment. Mr. Mammone answered 20 years.

Mr. Roberts asked about the remaining balance of the reserve fund. Ms. Terkelsen answered $269,000. Mr. Roberts asked if it was standard procedure to pay for snow & ice out of the reserve fund. Ms. Terkelsen answered that we have paid it out of free cash in the past, but with the low free cash this year, they were not planning it. Mr. Roberts confirmed that this is expected to cost $125,000, alongside an expected $50,000 truck replacement.

Mr. Kern expressed expectations that the snow & ice reserve fund request would happen in June.

Mr. Roberts motioned to approve $48,000 from the reserve fund for the sewer betterment at 106 Washington Street, Mr. Heffernan seconded. It was approved 8-0.

The committee moved to discussion of article 2, pertaining to the collective bargaining agreements.

Mr. Kern presented the committee with a summary of the 9 collective bargaining units.

Mr. Preston suggested the committee wait until all the collective bargaining units were completed until the committee vote on them. He asked if there are any collective bargaining agreements with additional increases beyond the expected 2% increases.

Mr. Kern explained that the police superior officers unit will include a sergeant being grandfathered into the Quinn bill. The DPW A unit has unusually low steps and an unusually low quantity of steps. The agreement adds 2 half steps at 7 and 14 years.

Mr. Terkelsen added that the town has set aside what they anticipate needing for salary contingency.

Ms. Emery Butler commented that she previously voted against an educational incentive for the Patrolmen. Her major concern was other unions then requesting these incentives. She feels our union contracts are unsustainable, particularly in their benefits.

Mr. Roberts motioned to close the hearing on article 2, Mr. Heffernan seconded. It was approved 8-0.

Mr. Heffernan motioned to recommend that the town approve agreements with AFSCME, Local #362(Library Staff Unit), Dedham Police Association(Lieutenants & Sergeants), AFSCME, Local #362(Town Hall) and AFSCME, Local #362(Civilian Dispatchers) for Fiscal Year 2019; AFSCME, Local #362(DPW-Unit A) for Fiscal Years 2019, 2020 and 2021; and that amounts to fund such agreements be transferred from the salary contingency account in the Town Manager’s budget and that the Director of Finance be authorized to apportion the same among the appropriate line items for such purposes. Mr. Roberts seconded. There was no further discussion. It was approved 7-1.

Mr. Preston made a formal announcement of the public forum at the Endicott estate at 7PM on May 1st to solicit input from the public on the desired traits of a town manager.

The committee moved to discussion of article 3, pertaining to the town’s operating budget. They began by presenting various aspects of the budget with cuts proposed by their committee. All of the following cuts are suggestions that have not yet been voted on.

Mr. Heffernan noted that the bus program being cut from the Town Manager budget represents a saving of $109,000. This is associated with a $30,000 transfer to the council on aging budget to mitigate their increase transportation needs.

Mr. Heffernan noted a proposed $7,487 cut in the Finance Department Personal Services budget.

Mr. Preston projected a proposed $150,000 savings by hiring 1 employee instead of 3 for the sewer enterprise fund.

Mr. Heffernan noted a proposed $15,484 cut in the personal services line item of the planning budget. This is reflective of eliminating a half-time employee and hiring a full time employee. This is only budgeted for half the year due to expected start dates.

Ms. Persson Reilly asked for clarification on how this saved money. Mr. Preston clarified that the half-time employee being replaced will save money.

Mr. Kern stated that the parking request for the economic planning department also represents a reduction of $45,000 that will not be reflected in their paperwork.

Mr. Heffernan noted a proposed cut to the Dedham public schools of $196,000. This is number was formed by selecting some of the school’s new requests to not recommend funding, such as new Middle School employees and a new music teacher. He expressed that making cuts to the school budget is always extremely difficult, but represent a balanced approach to making cuts throughout the budget.

Mr. Heffernan noted a proposed cut of $731,905 to the pension funding. This is the result of an ongoing conversation with the Dedham retirement board to attempt to reach an agreement on a reduced contribution. Mr. Preston explained that this represents assuming all of the exact same actuarial assumptions made by the retirement board, with the sole change being a payment schedule across 4 years instead of 3 years. He clarified that legally, the town needs to reach full funding with 20 years, so we are vastly ahead on our trajectory. The rationale is that this slightly slowed schedule will help us avoid more painful cuts to the budget.

Mr. Heffernan expressed that he feels this is the easiest to understand and cleanest way to affect this number.

Selectman Teehan took the floor to thank the committee for their work looking into resolving the difficult trajectory of the pension funding. He commended the work of Mr. Preston and Mr. Heffernan. He expressed his feeling that we are still contributing too much money, but he understands the desire to avoid a serious problem. He stated uncertainty as to whether the best way to manage this would be to fund it fully and negotiate afterward.

Mr. Hughes asked if Mr. Teehan was suggesting lowering the 2.9% value even more. Mr. Teehan answered yes. He believes that our pension fund is in great shape and he thinks there needs to be more planning around its near future.

Mr. Heffernan explaining that the total of the recommended cuts is $1,059,124. Ms. Terkelsen stated that this is would mean an estimated total increase to the tax levy of 2.63%. Based on projected residential values, this would mean an increase of 4.01% to the average residential tax bill. This value assumes that all of these cuts are approved.

Ms. Terkelsen emphasized that these are estimates based on projections, making them uncertain totals. She also reminded the committee that the vote on Article 3 needs to be a total operating expense budget.

Mr. Heffernan noted that every $100,000 cut or addition to or from the budget represents roughly a 0.12% decrease or increase to the average residential tax bill.

Mr. Hughes asked for dollar figures on the expected average residential tax bill. Ms. Terkelsen answered that depends on the average home value, which we only have projections for.

Mr. Preston also presented the possibility of deferring some of the capital spending until the free cash is certified.

Ms. Fay asked if the selectboard had a target tax-rate as the basis of Mr. Teehan’s proposed drops to the pension funding. Mr. Preston answered that the selectboard has not done any sort of official vote. Ms. Fay asked Mr. Preston his opinion on the matter. Mr. Preston explained that he wants to see the number as low as possible without embroiling the town in litigation or needing to be walked back. He emphasized the importance of avoiding a legal dispute. He feels the town can be convinced that this course of action is entirely reasonable.

Mr. Heffernan pointed out that the committee has not had discourse with the retirement board in the past. He stated that he wants to reach a compromise that does not alienate the retirement board.

Mr. Roberts motioned to close the hearing on Article 3. Mr. Heffernan seconded. It was approved 8-0.

Mr. Heffernan motioned that the sum of $107,722,223 be raised and appropriated as designated for the specific purposes hereafter designated, to be expended only for the purposes under the direction of respective boards, committees or officers of the Town. Ms. Persson Reilly clarified that this sum includes the over $1 million in cuts to the budget.

Ms. Fay asked if the committee was persuaded by the representatives of Transaction. Mr. Preston answered no, he does not see the bus fulfilling its purpose any more, and he hasn’t seen it doing so in some time. He has seen repeated attempts to fix this program not work. He believes it is better to end it, send mitigating funds to the council on aging, and solicit planning for alternatives to be considered in the future. Ms. Pierce agreed.

Ms. Fay asked if they anticipated a public backlash against this decision. Mr. Heffernan answered yes, he believes so. Ms. Fay expressed concern that the negative public reaction could have on productivity.

Mr. Preston explained that he thinks there can be a good public transportation option, but he doesn’t believe in continuing to fund the bus while that planning happens. Ms. Persson Reilly disagreed, expressing support for the Transaction representative’s stance that the bus has not been supported enough.

Mr. Hughes expressed surprise that the committee has not heard from Transaction in the past. He doesn’t see funding it this year as a good plan of action to solve anything.

Ms. Fay asked why Mr. Kern had the bus in his budget proposal. Mr. Kern answered that he thinks the bus could possibly serve a useful purpose around a certain demand or need.

Mr. Heffernan noted that he does have concerns about the people who are reliant on the bus. However, there is not information on unique riders suggesting it is a huge population, and previous attempts that significantly improved the bus system still did not increase ridership by a lot.

Ms. Persson Reilly asked how they expected the $30,000 mitigation to the council on aging would be used. Mr. Kern answered that he does not know the exact plan, but the director of the council on aging has convinced him it would be sufficient funding.

Ms. Persson Reilly motioned to recommend to return the $109,000 to the town manager budget. The motion did not carry for lack of a second.

Ms. Fay pointed out that Mr. Preston’s proposed cut is based on not supporting staff for the middle schools. She said that Superintendent Welch had noted a priority for middle school staffing. Mr. Rippen confirmed that it is a priority, but there are other priorities above it.

Ms. Fay asked for clarification on the exact cuts proposed in the school’s operating budget. Mr. Preston directed her to the line items in question.

Ms. Fay noted that it may be more palatable to just have cut a percentage from the school budget than to point out these specific items. Mr. Preston explained that they reached their number by eliminating the lower ranked budget items as presented by the superintendent.

Ms. Fay expressed reservations about cutting requests for new middle school teachers. Mr. Preston clarified that the budget is up to the schools discretion, so they could choose to fund the new middle school position but make cuts elsewhere in their budgeted expenditures. Mr. Rippen agreed, explaining that once a number is selected, the schools will be having a meeting of leadership to determine the least painful place to make a cut.

Mr. Roberts pointed out that the middle school is still receiving additional teachers from the elementary school and making other efforts to help mitigate class sizes.

Mr. Roberts asked for clarification on the status of the economic development position line item. Mr. Preston explained that the department is reducing some of the cost by eliminating a part time position.

Mr. Preston called attention to the contribution to the Robin Reyes stabilization fund. He reminded the committee that at the town meeting when they voted for the new public safety building, they adopted a plan to put supplementary funds in the Robin Reyes stabilization fund. He explained that there is a recommendation to reduce the contribution from $700,000 to $500,000 this year. Mr. Kern clarified this is part of a different article.

Ms. Fay asked if we could save money by pushing the pension fund contribution lower to reduce the need for cuts. Mr. Preston explained that if they wind up having to pay it if the retirement board does not agree to make a proposition with PERAC. Ms. Fay asked if we expect next year to be as tough as this year. Mr. Preston answered yes, with the exception of some savings in pensions.

Mr. Heffernan stated that he is focused on seeing where we stand in the fall, when we can see our free cash. He sees the proposed cuts as positioning us best for next year.

Mr. Roberts stated that the pension cost came as something of a surprise this year, and he wants us to not be caught unawares in the future. Mr. Kern emphasized the importance of being prepared for both hoped for scenarios and worst-case scenarios when it comes to the negotiations with the retirement board, including needing to pay the amount cut this year.

Ms. Persson Reilly asked what effect it would have if we wind up having to pay the $763,000 cut made to the pension contribution. She noted it could bring the average bill increase up a full percentage point. Mr. Preston emphasized the importance of approaching the negotiations with the retirement board in a rational and fair fashion. He reminded the committee that they are not challenging the assumption made by the retirement board in their obligation calculations, merely suggesting moving from a schedule of payment across 3 years to 4 years.

Ms. Fay motioned to amend the amount of $107,722,223 up by $81,000. She explained that her intention is to return funding to Dedham middle school positions. The motion was not carried for lack of a second.

The committee voted on Mr. Heffernans original motion to raise and appropriate $107,722,223. It was approved 7-1, Ms. Emery Butler opposed.

Mr. Heffernan emphasized that it was very difficult to make these cuts to the budget and they take it very seriously.

The committee moved to discussion of Article 4, the capital improvements funding.

Mr. Preston clarified that there are approximately $300,000 of cuts in this article with the intention of revisiting all of these items after free cash is determined in the fall. Mr. Kern listed the requests reduced as the fire deputy chief’s car, the security camera installation, additional 2-way radios for the fire department, fire repeaters, and a reduction to the school computer refresh. The total reduction is $293,088.

Ms. Terkelsen explained that this now leaves an estimated free cash balance of $120,000 after projected expenses.

Mr. Roberts motioned to close the hearing on article 4. Ms. Pierce seconded. Ms. Emery Butler stated a problem with bonding $6.4 million on this capital plan. She pointed to our $130 million of debt. Ms. Emery Butler suggested money from the overlay should be used to pay off our debt. Ms. Terkelsen clarified that paying exempt debt is a process with complex timing, but that is a good idea in concept.

Mr. Heffernan motioned that the Town transfer $1,010,682 from free cash to pay the costs of items 1 through 24 as shown in the column labeled “FinCom” in the following table and that the Town borrow $6,427,000 to pay for the costs of items B-1 through B-7 as showing in the column labeled “FinCom” in the following table, and to meet the appropriation, the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow said amount under and pursuant to Chapter 44, Section 7 and 8 of the General Laws, or any other enabling authority, and to issue bonds upon the sale of any bonds or notes, may be applied to the payment of costs approved by this vote in accordance with G.L. c. 44, Section 20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount. Mr. Roberts seconded.

Ms. Fay asked about the proposed $30,000 cut to the computer refresh. Mr. Kern explained that it is a general cut that he expects the technology director to handle the specifics of. Mr. Rippen suggested that the technology director may find cuts in his operating budget. Ms. Fay asked Mr. Heffernan’s rationale in making this cut.

Mr. Heffernan answered that he made this cut to reach the proposed $300,000 cut as part of an attempt to make fair cuts to the capital requests.

Ms. Fay expressed discomfort cutting the technology budget without understanding the impact it would have. Mr. Preston asked if all the computers were replaced at the same time. Mr. Rippen answered yes, they are done over the summer.

Ms. Persson Reilly asked if Ms. Fay, as a member of the capital expenditures committee, had a different place she thought they could cut $30,000. Ms. Fay noted that the other $270,000 of cuts were in line with her appraisal, just not this one.

Mr. Kern pointed out that as this is a refresh, it is likely there are still functioning computers that could have their lifespan stretched. He believes this is a fair cut given other cuts throughout the capital budget.

Mr. Preston emphasized that all of these capital items in the $300,000 “cut” will be reconsidered in November.

Mr. Heffernan explained that although he does not have a child in the schools, he is a Dedham high graduate and does not believe in cutting the school budgets unnecessarily.

Ms. Fay motioned to amend the motion to return the school computer refresh value from $142,000 to $172,000. The motion failed to carry for want of a second.

On the standing motion for article 4, the committee voted 6-2. Ms. Emery Butler and Mr. Hughes opposed.

The committee moved to discussion of article 9, on the subject of transferring funds into the Robin Reyes major capital facilities stabilization fund. It has been considered to transfer $500,000 rather than the originally proposed $700,000.

Mr. Heffernan suggested this be discussed later in the meeting.

The committee moved to discussion of article 11, pertaining to the overlay surplus. Ms. Terkelsen explained that this would directly reduce the amount of tax levy required.

The committee moved to discussion of article 13, pertaining to the operation of the sewer enterprise fund. Ms. Terkelsen explained that there has been a small change in the enterprise fund.

The committee moved to discussion of article 15, on which their hearing has already been closed. Ms. Baker clarified they would need to vote to reconsider it.

The committee moved to discussion of article 16, pertaining to the borrowing of money to participate in the MWRA phase 11 inflow/infiltration local assistance program. Ms. Terkelsen explained that this would typically come from the enterprise reserves, so the motion has been re-fashioned to authorize participation by borrowing $1,160,000. This would be done as a special low-interest borrowing through a state program. Mr. Preston asked if this was a mandate. Ms. Terkelsen answered that it is not a mandate but is an opportunity for the town to receive grant money.

The committee moved to discussion of article 27, regarding the proposed creation of a district for the future consideration of district improvement financing. There were no questions.

Mr. Roberts motioned to close hearings on articles 9, 11, 13, 16, and 27. Ms. Pierce seconded. It was approved 8-0.

Mr. Heffernan motioned to recommend on article 9 that the sum of $500,000 be transferred from free cash to the Robin Reyes major capital facilities stabilization fund. Mr. Roberts seconded. It was approved 8-0.

Mr. Heffernan motioned to recommend on article 11 that the sum of $1,200,000 be transferred from Overlay Surplus for the purpose of reducing the amount of tax levy to be required for (raised) for appropriations for the fiscal year beginning July 1, 2019. Mr. Roberts seconded. Mr. Heffernan emphasized the importance of the assessors seeing that the release overlay has been 100% used to reduce the tax levy. It was approved 8-0.

On article 13, Mr. Heffernan motioned to recommend that the following sum listed under the heading “Revenues” be raised or transferred from available funds to operate the Sewer Enterprise Fund for FY2020, and, further, to approve the FY2020 budget for the Sewer Enterprise, including amounts appropriated under Article 4 and included herein for reference only, all as set forth in the chart. Mr. Roberts seconded. It was approved 8-0.

On article 16, Mr. Heffernan motioned to recommend that the Town borrow $1,160,000 for the purpose of participating in the MA Water Resource Authority(MWRA) Phase 11 Inflow/Infiltration Local Assistance Program; and to meet this appropriation, the treasurer, with the Board of Selectmen, is authorized to borrow said amount under and pursuant to Chapter 44, Section 7 and 8 of the General Laws, or any other enabling authority, and to issue bonds or notes of the Town therefor. Mr. Roberts seconded. Mr. Hughes asked the time frame on paying off this obligation. Ms. Terkelsen answered that it is not yet determined. It was approved 8-0.

On article 27, Mr. Heffernan motioned to recommend that it be so voted. Mr. Roberts seconded. It was voted 6-1-1. Ms. Emery Butler opposed, Mr. Hughes abstaining.

Mr. Roberts motioned to reconsider article 15. Mr. Heffernan seconded. It was approved 8-0.

On article 15, Mr. Heffernan motioned to recommend that the sum of $125,000 be transferred from Free Cash for the purpose of paying costs associated with the Town’s National Pollutant Discharge Elimination System(NPDES) Phase II Stormwater General Permit for Small Municipal Separate Storm Sewer Systems(MS4) issued by the Environmental Protection Agency(EPA). Mr. Roberts seconded. Mr. Roberts clarified that this merely changes the funding source of the article to free cash. It was approved 8-0.

Mr. Roberts motioned to reconsider article 19, Mr. Heffernan seconded. It was approved 8-0.

On article 19, Mr. Heffernan motioned to recommend that the sum of $50,000 be transferred from Free Cash for the purposes listed in part 2 of article 19. Mr. Roberts seconded. It was approved 8-0.

Mr. Preston thanked Mr. Kern, Ms. Terkelsen, and Ms. Baker for their hard work providing data and consultation on this budgeting process. He commended Mr. Kern for his work as town manager.

The committee discussed scheduling their future meeting.

Mr. Hughes asked how the committee could see more information about external revenue that comes into the town, whether it be from the state or otherwise. Ms. Terkelsen answered that the information is available, but would be difficult to provide as part of the budget cycle.

Mr. Roberts motioned to adjourn, Ms. Pierce seconded. It was voted 8-0. Meeting adjourned at 7:33.