Dedham Finance and Warrant Committee

October 25, 2018

David Roberts, Cecilia Emery Butler, Beth Pierce, Kevin Hughes, Kevin Preston, John Heffernan, Susan Fay, Marty Lindemann, and Michelle Persson Reilly present

Meeting called to order at 6:34

Mr. Preston opened the floor for public comment. There was none, so the committee moved to Selectman Butler’s presentation.

Mr. Butler thanked the committee for agreeing to hear his presentation. He explained that his presentation is on the town’s Statement of Net Position, also known as a balance sheet.

He directed the committee to a packet of data that they had been provided. The statement of net position shows the accumulated results of several years of Dedham’s operations put together.

The statement of net position has been incomplete in previous record keeping efforts, ignoring such things as pension and OPEB liabilities. New rules have recently been implemented to correct those gaps.

Mr. Butler explained that he collected data from past years, but following the modern standards of data collection.

From 2012, total assets have increased from $161 million to $218 million.

Mr. Butler called attention to the data on bonds payable and net pension liability. He explained that it is reasonable to borrow for future use costs, like schools and roads. People in the future will be enjoying the benefits of that spending, so it makes sense that future residents be responsible for some of the cost. He stated that ideally, net pension liability and OPEB liabilities would be at $0, because they are costs we’ve incurred in the past.

Mr. Butler explained that some data is missing from the data sheet due to lack of reporting requirements. He noted that our total net position may appear to have moved from $89 million to $116 million, but this is not accurate. Net pension liability and OPEB liability was not reported on the balance sheet. When the balances of 2012 are accommodated to include these values, they actually drop all the way from 89 million to negative 8 million.

When the modern net position is adjusted in the same way, it goes from 116 million to 51 million. This represents an increase of 59 million over the past six years. Much of this can be attributed to aggressive action on the part of town management to minimize liabilities.

Mr. Butler noted that prior to recent reporting laws the balance sheet statistics could be downright misleading.

Mr. Butler called attention to several key decisions to getting our OPEB and Pension liability under control, like sticking to an established pension funding schedule and continuing to fund our pension. He emphasized the importance of intergenerational equity.  
Mr. Butler recommended that the town manager begin commenting on the effect of the annual budget on the SNP(statement of net position). He also suggested the historical data of the SNP be included in the comprehensive annual financial report.

Mr. Lindemann asked if any communities adopted the OPEB and Pension liability reporting on their SNPs before it was mandated. Ms. Terkelsen answered that she is not aware of other towns adopting them ahead of time. Mr. Lindemann asked what the consequences for failing to report properly would be. Mr. Kern answered it may not be approved by auditors as a report.

Mr. Heffernan thanked Mr. Butler for his presentation. He asked what the first year was when we committed to funding our long term liabilities. Mr. Butler explained that this decision was made in 2009. There was an OPEB liability of $112 million.

Mr. Lindemann asked what would happen in a community that failed to commit to paying their pensions or OPEB liabilities. Mr. Butler answered that such towns exist, and will have to report their negative SNP due to upcoming reporting standards.

Mr. Preston noted that pension obligations need to be paid regardless of if the funding exists. Towns cannot declare bankruptcy. Mr. Butler explained that pre-funding liabilities saves money in the long term.

Mr. Butler thanked the committee for their time and commended the Finance and Warrant committee for their continued hard work.

Mr. Preston suggested the committee hear Article 8, if there was no objection. The presenters requested the committee wait for Superintendent Welch to arrive.

The committee instead moved to line item transfers

Ms. Emery Butler asked if the facilities department has filled their two openings for HVAC technicians. Ms. Denise Moroney answered that we have filled one of the two openings. Ms. Emery Butler asked if we can recruit from Blue Hills school. Ms. Moroney answered that is part of our recruitment strategy.

There were no further questions on line item transfers.

Carmen Dello Iacono presented on behalf of Article 23. He summarized it as a “time-out” on the potential use of the unused rail bed property. He requested that having consulted with town counsel, he asks that the committee put off deliberation on the article until the band room meeting so that the wording of the article could be refined.

Mr. Preston asked if there was any monetary request associated with the article. Mr. Dello Iacono answered no. He guaranteed that he would not have put his name on this article if he did not believe in it.

Mr. Heffernan asked what the moratorium would prevent. Mr. Dello Iacono replied that it would prevent development but not prevent planning or other consideration or communication.

Mr. Roberts asked if this would include the parts of the property under the care and control of the schools. He noted that the article makes mention of studying the parcel. Mr. Dello Iacono answered that there are no actual concrete plans for a study.

Ms. Baker explained that any development would require town meeting to take action in order to allocate the money for anything.

Mr. Lindemann pointed out that this article feels like a coup de grace against the idea of the rail trail, and could polarize its supporters against the article.

Mr. Rippin asked if this article would create problems for future school projects. Ms. Baker explained that one Town Meeting cannot bind another, and therefore this article is more representative of a sense of the intention of town meeting rather than a concrete legal barrier.

Mr. Bilafer expressed concern that this could prevent the schools from making minor use of their own land.

Mr. Rippin explained that article 8 is born out of a previous combined rail trail and traffic circulation study. This article is a school-oriented traffic circulation study with absolutely no connection or relationship with the concept of a rail trail. Mr. Rippin clarified that the school committee wants to evaluate traffic patterns for a full year to get an understanding of the different traffic patterns over the year.

Mr. Rippin explained that this doesn’t necessarily have to go out to bid, but due to its expense, they chose to put it out to bid to get an evaluation on the possible expense.

Mr. Rippin noted that the monetary ask of $75,000 is a placeholder value, but he will know the actual number in time for town meeting.

Mr. Bilafer clarified that the most major change from last year’s traffic study is the elimination of the stretch of road beyond Walnut Street, which was more closely related to the rail bed proposal. He emphasized the importance of getting year-round data.

Mr. Roberts asked if there would be a review committee. Mr. Rippin stated that there would be. Mr. Roberts suggested that the article be adapted to a request for $100,000, up from $75,000.

Ms. Emery Butler noted a difference in the warrant article from the RFP.

Superintendent Welch said that the increased intensity of traffic is what drove this article. He explained that school drop-off has created problems for the surrounding neighborhoods, but facility rentals and weekends events have also created difficult situation

Mr. Lindemann asked Mr. Welch if this traffic study will be valuable and sufficient going into the future. Mr. Welch answered that the goal is to be comprehensive enough to accommodate for what-ifs. Some prior traffic studies were before the Avery school was built, and those studies had to estimate. Now, we can have realities.

Mr. Bilafer answered that while the rail trail stretch of the study was removed, the data should be valuable to the entire town going forward.

Mr. Heffernan expressed support for the article and asked Mr. Rippin to confirm that the article was phrased in the way they wanted. Mr. Preston noted that this article, due to its heritage with a controversial article, needs to be presented in the most standard method possible.

Ms. Fay asked if there is any opposition in the school committee to this article. Mr. Bilafer answered no, there is unified support on the school committee and from parents of schoolchildren.

Ms. Persson Reilly asked if the RFP makes it clear that the study include pedestrian and bike traffic. Mr. Rippin confirmed it includes all traffic.

Mr. Lindemann asked if there would be community input after a firm was hired. Mr. Rippin explained that he mandated two community meetings with the firms.

Jean Zeiler, District 6 town meeting member was recognized by the chair. She raised the question that the town meeting may be less willing to approve the article knowing that the grant from the previous year was no longer present. She noted that the town is now footing the full bill for something very similar to what was on the table last meeting, and are now getting virtually the same product for $50,000 more dollars.

The committee moved to discussion of Article 3. They began with the memorandum of agreement between the town and the superior officers of the Dedham police association. This is a one year agreement that emerged as a result of complications in collective bargaining with the Dedham police unions. The town has settled with the patrolmen, but the superior officers bargaining group will not reach its conclusion in time for fall town meeting. This one year agreement is a stopgap measure with a simple 2.5% wage increase. The article also includes a stipend to the administrative commander, prosecutor and detective supervisor, and accreditation manager.

Ms. Emery Butler asked what the town got out of this bargain. Mr. Kern answered that the goal of the 2.5% cost of living increase is to create a simple bargaining process. However, the more nuanced loss and gains of benefits such as insurance have not been concluded yet.

Mr. Lindemann asked Mr. Kern to make a statement on the relationship between the town and the police union. He explained that he is asking because these one-year memoranda typically indicate a failure to reach a conclusion. Mr. Kern replied that the delay is more due to a town-wide attempt to really separate out and drill down on insurance costs independent of other bargaining. He stated that the relationship between the town and the police unions is improving.

Ms. Fay asked how many people are covered by this contract. Police Chief D’Entremont answered 12. Ms. Fay asked why certification for defibrillator use was its own stipend bonus. She asked how many officers are certified for their use. Chief D’entremont answered all of them. Ms. Fay suggested that the stipend need not continue to exist.

The committee moved to discussion of Parks & Recreation bargaining agreements. The contract is a 3-year contract starting in 2019. Mr. Kern clarified that this is where he would like to be in most of his collective bargaining situations. The Parks & recreation salary increase is 2% on each year. Mr. Kern stated that the cap on accumulated sick days has increased, the inclusion of the employee self-service system, a computer based system for sick time and vacation days. The contract also includes language in adherence with the Family Medical Leave Act. Finally, the boot and clothing allowance has increased.

Ms. Fay asked about language pertaining to a CDL. Ms. Baker explained that this is a driver license for a specific weight class of vehicle.

Mr. Kern moved to discussion of non-union employees. It is a 3-year contract with a 2% cost of living increase per year. The tuition reimbursement fund is slated to increase from $2,000 to $25,000. This covers 28 people. This requires specific courses, they must be related to the jobs, and there is a sliding scale for it being paid back if they leave prematurely. Furthermore, performance in the class dictates the amount that gets reimbursed.

Mr. Lindemann asked how often our tuition reimbursement fund was used. Mr. Kern answered that with the low fund, it was not a sufficient incentive to cover class expenses, leading to it being not widely used.

Mr. Heffernan asked how the number was arrived at. Mr. Kern answered that it was suggested by the bargaining group, and he agreed to the number.

Ms. Fay asked if there was a cap on an individual’s tuition reimbursement. Ms. Baker answered that the current wording is that it is first-come-first-served up to a maximum. She explained that the new structure attempts to reimburse as many people as possible for one class, then moving to covering multiple classes if there is money left in the fund.

Mr. Lindemann asked about the time frame based repayment of reimbursements. He asked if that has been upheld on MA courts, because it has not been in California. Mr. Kern answered that it has.

The final change is from 2 to 3 starting annual vacation weeks for non-union, non-management staff.

Ms. Baker stated that the fire department union will soon be meeting to put forth their contract. The Finance and Warrant committee will need to look at it.

The committee moved to discussion of Article four, pertaining to funding for the Ames project. This expense represents the cost of paying the Owners Project Manager, and the architects. The article provides funds until March of 2019, as well as backcharged expenses. Some of these expenses will be claimed in the legal proceedings to come. Mr. Kern emphasized the importance of appropriating this money to finish the project.

Mr. Preston raised concerns that money was spent without having been authorized ahead of time, particularly by repurposing the moving expenses money and incurring the services of the OPM and architect.

Mr. Kern estimated that there is not much more work in the future for the architect

Mr. Lindemann confirmed that we could, theoretically, get $825,000 back out of the $875,000 expense if we were successful in court or mediation.

Mr. Heffernan asked Mr. Kern to estimate our chances of success with the claim for this money. Mr. Kern estimated that both the opposition and our side will be seeking money. He stated that he could not answer whether we will be getting more money out of the claim than we lose.

Ms. Fay pointed out that this sums to almost a million dollars, which will not be very popular at town meeting. Ms. Fay noted that it could create a very serious problem if this doesn’t pass.

Mr. Roberts asked about the relationship between borrowing money for this project and the Robin Reyes fund. Ms. Terkelsen explained that the Robin Reyes fund helps to pay for long term borrowing expenses.

Mr. Roberts asked the construction budget of $14.6 million. Mr. Roberts asked by how much we have exceeded the construction budget. Mr. Kern answered that we have not exceeded it; we have spent $12.4 million.

Mr. Kern explained that there will be a letter going out to all Dedham residents updating them on the project.

Mr. Lindemann noted that with this upcoming litigation, Mr. Kern has to be extremely careful about the information that he shares at town meeting. Mr. Kern stated that he would answer the questions as they arose in the fashion he is responsible for. Mr. Lindemann asked if any of the people who are involved with this project will be involved with the public safety building. Mr. Kern answered that the only person would be the OPM. Mr. Lindemann expressed concern at this prospect.

Mr. Preston emphasized the importance of town management having a solid position on the issues leading to the failure of this project.

The committee moved to discussion of Article 5, potential acquisition of the property at 10 Bryant Street. Mr. Kern estimated the appraisal for its acquisition to come out around $350,000. He explained that he may not reach an agreement with the property owner, in which case he would ask this be indefinitely postponed.

Ms. Emery Butler asked if this house was up to date on taxes. Mr. Kern answered that it is up to date.

Mr. Heffernan asked if this is in line with their estimated price per parking space. Mr. Kern answered roughly yes.

The committee moved to discussion of the retirement board assessment and Article 11.

Mr. Kern stated that he does not feel there is much to discuss this year, but he expects there will be more consideration given to this matter in the years to come. He explained that the retirement board has altered the funding objective twice in one year, leading to a discussion he had with them. They will also be considering the ex officio members.

Mr. Kern pointed out that alternative calculations also set the town up in a much more favorable position. However, more stock has been given to the retirement board’s most pessimistic estimate.

Mr. Heffernan asked who determined that the funding request to reach 105%. Mr. Kern answered the retirement board. He clarified that they will be looking into the way that number is dictated.

The committee agreed to do deliberations on October 30th.

Mr. Lindemann motioned to adjourn, Mr. Heffernan seconded. It was voted 9-0.

Meeting adjourned at 8:53.