

**Needham Finance Committee
Minutes of Meeting of October 12, 2022**

The meeting of the Finance Committee was called to order by Chair John Connelly at approximately 7:00 pm in the Great Plain Room at Needham Town Hall.

Present from the Finance Committee:

John Connelly, Vice Chair; Louise Miller, Vice Chair

Members: Karen Calton; Barry Coffman; Carol Fachetti, Carli Hairston, James Healy, Joshua Levy, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Marianne Cooley, Chair, Select Board

Matt Borelli, Member, Select Board

Nick Hill, Vice Chair, Climate Action Planning Committee (CAPC)

Cecilia Simchak, Director of Finance & Administration for Public Services

Hank Haff, Director, Building Design & Construction Department

Michael Greis, School Committee Member

Daniel Gutekanst, Superintendent of Schools

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of September 28, 2022, be approved as distributed, subject to technical or typographical corrections. Ms. Miller seconded the motion. The motion was approved by a vote of 7-0-2. Mr. Healy and Ms. Hairston abstained.

Special Town Meeting Warrant Articles

Article 1: Fund Collective Bargaining Agreement – BCTIA and

Article 2: Fund Collective Bargaining Agreement – NIPEA

Ms. Fitzpatrick described the positions represented by Needham DPW Building Custodian and Trades Independent Association (BCTIA) and Needham Independent Public Employees Association/DPW (NIPEA). She stated that BCTIA covers approximately 54 employees and NIPEA covers approximately 59 employees. The BCTIA agreement includes a contract for FY23, and a three-year contract for FY24-FY26. The Town's goal was to institute the new classification and compensation plan (already adopted by NIPEA) for BCTIA. [This will provide better pay equity. There is no cost of living increase for BCTIA, but there will be a 2% increase in wage costs to the Town because the classification and compensation plan will increase the wages for employees in lower steps, to be more competitive with local peer communities. Due to turnover of employees in top steps, most people are in steps 2-7. Subsequent base wage increases will be 2.5%, 3.0% and 3.5% which are good for the union, but

also good for the Town for budgeting. Mr. Reilly asked if the wage increases are compounded. Mr. Davison stated that they are, and will apply only to the base pay. The 4-year average increase is approximately 4.5%, and the total cost increase is 19.4% including steps and cost of living increases. The additional cost for wage increases is 8.5% over 4 years, or just over 7%, plus incremental increases. Ms. Fitzpatrick stated that the warrant funds the current year of the agreement. She stated that the goal was to have wages comparable with peer communities, in accordance with the last compensation and classification study. The Town conducts these studies every 7 years. She stated that the smaller stipends are provided to senior custodians with special responsibilities, such as overseeing contractors, after the classification of some of the custodial positions were consolidated. The license stipends were added to be more competitive with private sector pay for licensed trades. She stated there will also be signing or retention bonuses, to be provided at the discretion of the Town to help recruit and retain qualified people.

Ms. Fitzpatrick stated that the NIPEA agreement covers two years. They have already agreed to the classification and compensation changes. Their wage increases are 2% each year, plus an increase in pay for standby, since many of these positions are required to be available and not travel or take vacation during the snow season.

Ms. Miller stated that the increase in the custodian wages may not be sufficient to solve the issue. She noted that using percentage increases mean that lowest paid employees get the smallest increases. Ms. Fitzpatrick stated that she agrees and that the new classification and compensation schedule provides a strong benefit to the lowest paid employees. The increases for some employees are already built into the base numbers because NIPEA had already accepted the plan. In response to a question from Mr. Connelly, Mr. Davison stated that the budget does not need to be amended because the step increases were already incorporated into the budget and the other amounts can be transferred from the Compensation, Performance and Settlement line in the operating budget which is for this purpose. He stated that the Sewer and Water budget will need to be amended in May because NIPEA covers some positions in Sewer and Water, and the settlement was not anticipated with sufficient time to amend it at the October Special Town Meeting. The increases will be approximately \$17,000 in Sewer and \$23,000 in Water.

MOVED: By Mr. Coffman that the Finance Committee recommend adoption of Article 1: Fund Collective Bargaining Agreement – Building Custodian and Trades Independent Association. Mr. Levy seconded the motion.

Discussion: Ms. Miller stated that she would support the article, but thought that the Town could not vote to fund FY24 at this time. Ms. Fitzpatrick stated that this is the mechanism that the Town has used in the past and that Town Counsel had reviewed it.

VOTE: The motion was approved by a vote of 9-0.

MOVED: By Mr. Coffman that the Finance Committee recommend adoption of Article 2: Fund Collective Bargaining Agreement – Needham Independent Public Employees Association. Mr. Levy seconded the motion. The motion was approved by a vote of 9-0.

Article 7: Needham Climate Action Planning

Ms. Miller stated that she had asked for a breakdown of the \$55K requested funding for Climate Action Planning. Mr. Haff stated that the amount is only an estimate, and the CPAC had provided the sample RFP that Wellesley had used. Needham will be looking for a consultant to conduct a similar scope of work, though the specific details and costs have not yet been determined. Mr. Hill stated that a working group from the CPAC is now getting started on the process of actually developing the plan and creating actionable items. They will look for a consultant who has experience working with other towns. Mr. Hill stated that they are looking to Acton and Wellesley to help figure out best practices. He stated that he spoke with Beth Greenblatt, whom the Town has hired as a consultant for solar energy projects, and she felt that the approach was reasonable and the price was fair. Ms. Cooley stated that other towns have spent more than \$150K for a plan with a similar scope.

MOVED: By Mr. Healy that the Finance Committee recommend that Town Meeting NOT adopt Article 7: Appropriate for Needham Climate Action Planning. Ms. Miller seconded the motion.

Discussion: Mr. Healy stated that he did not support this appropriation because there is no scope of work to develop the actual cost of the plan, and because the request should be made with the regular funding cycle in the spring to compare the request with other needs. Ms. Fachetti stated that she agreed with Mr. Healy, but was also interested to know whether they had applied for grant funding for this expense. Ms. Miller stated that she had asked about grant funding in the previous discussion. Mr. Reilly stated that he is sympathetic with the cause, but feels that there should be some concrete information showing that the requested amount is what is needed to hire a consultant for a specific scope of work before the appropriation can be voted on. Mr. Coffman stated that a potential outcome is that a substantial additional appropriation will be needed to implement the plan. He asked if they knew what Wellesley's costs for their recommended work have been. Mr. Hill stated that the plan will not be just a laundry list of capital projects to complete with specific costs, but will be recommendations that are integrated with development efforts. Ms. Simchak stated that the report will help inform the upcoming building projects to be more energy efficient. Mr. Hill stated that the CPAC would like to have more solar generated energy, and another goal will likely be to align zoning to allow certain solar equipment as of right. There may also be recommendations such as having the Town require gas companies to address leaks.

Mr. Hill stated that the reason the funding is being sought now is to be able to complete the plan in time for the spring grant cycle. If they wait until May to get funding for a consultant, they will hit the grant cycle a year later. Mr. Levy asked if there is a chance they will need to request more funding since there is no scope. Mr. Connelly stated that it is backward to even make the request without a scope. Ms. Simchak stated that they had supplied a bulleted list of aims. Mr. Hill stated that there is an outline, but not yet an RFQ. Mr. Haff stated that the Inflation Reduction Act has a significant amount of money that is available for incentive grants. The consultant would be able to provide information about municipal grants that could be made available for local businesses to make changes. This would help with the overall energy reduction.

VOTED: The motion was approved by a vote of 8-1, recommending that Town Meeting not adopt Article 7, with Mr. Reilly dissenting.

Article 14: Authorize Community Energy Aggregation

Ms. Miller stated that this article does not seek an appropriation, but the Finance Committee was looking for an outline of the process. It will authorize the Select Board to begin the process, which is anticipated to take two years, and will involve public input before anything is implemented, but she was hoping for an explanation of the anticipated plan that will result. Mr. Healy stated that he is concerned that energy aggregation may not be beneficial to some people. He is also concerned since the program will be implemented without coming back before the Finance Committee or Town Meeting. Mr. Hill stated that the background and the process are outlined in the FAQ document. They will put out an RFQ for a consultant familiar with aggregation. The consultant will be paid for by the energy supplier. Mr. Connelly asked who from the Town would choose the consultant. Mr. Haff stated that the Town Manager, the Select Board and municipal staff would all be involved in the process. Ms. Fitzpatrick stated that there will be a team of staff involved, and they will be able to fit it in with their current duties. She noted that this is a goal of the Select Board. Ms. Miller stated that in other towns the work is usually by a Committee and not done internally. She was interested to know what the goal is, and whether it is 100% green energy or the best possible price for all uses. Ms. Fitzpatrick stated that she expects the Select Board to have a hearing to establish the goals. Mr. Coffman asked if the end result is to establish a default tier of renewable energy, and whether the Select Board would have full authority to choose. Ms. Fitzpatrick stated that they would. Mr. Connelly stated that he was struggling to see where he stands as a Finance Committee member who is considering the financial implications of this article. Ms. Miller stated that this will ultimately affect all people in the Town. Mr. Reilly stated that it gives him pause that the decision is solely for the Select Board, so there will not be the discipline of providing any presentation to any other board. Ms. Miller stated that it will be important to make clear to Town Meeting that there is no direct consequence of this vote, and to also spell out the whole process and what will happen.

Ms. Fachetti asked if aggregation plans had been around in times of high energy prices or volatility. She noted that it could be easier to choose to use more renewable energy when prices are low. Ms. Miller stated that not all contracts have been favorable. Mr. Hill agreed that there has been a mixed bag. In general, there have been savings, but the state is adamant that the Town cannot claim that there will be savings. It is a question of risk management. Mr. Coffman stated that if the article passes, it is likely the Town will opt in. This seems to be mostly an effort to move toward renewable energy. Individual customers can opt out, and this does not change that. Mr. Hill noted that the Town's current energy contract goes through the end of 2024 and no one would be automatically opted in. The Town can decide whether to get a better rate or join a community energy aggregation, but will not be obligated to join. Ms. Cooley stated that this is one of the Select Board's goals because it is a very large area in which to make progress toward energy reduction. The process will take 1-2 years to get approval, and since they don't know what the market will be at that time, they will have to decide what to do then. She stated that Somerville entered into an agreement 2 weeks ago that was favorable to the city and the citizens. Mr. Reilly expressed concern that the Finance Committee needs to educate Town Meeting on the financial implications of articles, but this article will put the process in motion without knowing and with no further input required from the Committee. Mr. Healy stated that he is in favor of aggregation, but not the process. He does not feel that the fact that a project is a Select Board goal is sufficient; there should have been an independent analysis to show that it would be in the best interest of the Town.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of Article 14:
Authorize Community Energy Aggregation. Ms. Miller seconded the motion.

Discussion: Ms. Miller stated that the work should be put out to bid, not negotiated though the article would allow that, since the brokers represent electric suppliers and the end product will depend on who is hired. Ms. Fitzpatrick stated that they are following the model provided by the state. Ms. Cooley stated that every other town that they have reviewed has used the same article. She stated that the Select Board has said that the process will work through the CAC, then the Select Board, then a public hearing process. Mr. Reilly asked how the consultant fees would be paid. Mr. Hill stated that there will be a fee on the kilowatt hour rate.

VOTE: The motion was approved by a vote of 8-1, with Mr. Connelly dissenting.

Article 9: Ridge Hill Building Demolition Supplement

The Select Board had withdrawn the article.

Article 10: Emery Grover Renovation Supplement

Mr. Haff reported that the PPBC voted to award the general contract to M. O'Connor for \$15.747 million, with no alternates. This means that additional funds are needed to complete the project. They originally had expected to be requesting \$4.455 million, but instead the amount of additional funding needed is \$2.725 million. He described the background and experience of the contractor. Mr. Davison stated that approximately \$1 million will be borrowed. Mr. Connelly confirmed that \$1.34 million is coming from prior appropriations that have unspent amounts including the school telephone system, the Mitchell modular classroom project, and the Eliot technology costs, plus \$1 million of Overlay surplus funds. That leaves borrowing of \$1.295 million. He stated that the amount of additional funding was discussed in the spring at a Chairs/Vice Chairs meeting, and it was decided to wait until the fall when the bids were submitted. He stated that he is satisfied that this the amount needed to have the project completed as Town Meeting has voted. In response to a question from Mr. Reilly, Mr. Connelly stated that both the soft cost and bidding contingencies were removed, and that there is 17% of contingency funding, 10% for owners contingency and 7% for construction. He stated that there will still be unknown costs, and that this amount seems correct.

Mr. Levy asked if it was common to release Overlay funds this early in the fiscal year. Mr. Davison stated that there is usually \$1 million over Overlay surplus to appropriate at the Annual Town Meeting in the spring. He stated that the utility challenges have been resolved, and these funds were not needed, so the funds have been released. He stated that there will still be \$1.2 million available in the spring.

In response to a question from Mr. Healy, Mr. Haff stated that there will be about 40-43 seats in the the new Emery Grover building. Mr. Healy stated that, with a project cost of \$23.6 million, assuming 45 seats, this will amount to \$525K per seat. He stated that he will vote against the supplement, though he is sure that it will pass. He feels that it is important to consider the question: at what point at is a cost is too high?

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Article 10:
Appropriate for Emery Grover Renovation Supplement in the amount of \$2.725

million, with amounts listed in the article and \$1.295 million of debt. Mr. Coffman seconded the motion.

Discussion: Ms. Miller stated that she has voted against this project from the start, and will vote against this because of that position, not because of this particular change. She always felt that the price tag was too high, and it is growing.

VOTE: The motion was approved by a vote of 7-2, with Mr. Healy and Ms. Miller dissenting.

Article 8: Amend Zoning By-law - Brew Pub and Microbrewery

Mr. Connelly stated that there was a motion on the table from the last meeting.

Mr. Reilly's motion, continued from September 28, 2022:

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Article 8: Amend Zoning By-law - Brew Pub and Microbrewery. He added that there seems to be no adverse financial impact, and these unique uses could improve business opportunities. Ms. Fachetti seconded the motion.

Mr. Levy stated that he received an opinion from Town Counsel, and is satisfied that his concern was answered.

MOVED: By Mr. Healy to take the motion off the table for consideration at the current time. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0.

VOTE on Mr. Reilly's motion to recommend adoption of Article 8:
The motion was approved by a vote of 9-0.

Article 11: Appropriate for Property Acquisition

Mr. Connelly asked for additional details on the proposed purchase, including who the Town would be buying the property from. Mr. Borrelli stated that the developer has made an offer to purchase the property. They are negotiating the purchase and sale agreement. Northland is buying the property from the Foster family, but the details are not final. He stated that the Town expects to see the agreement very soon, and acknowledged that it is taking longer than expected. Mr. Borrelli stated that Northland has not yet entered into a development agreement with the Town though the rough terms have been negotiated. Ms. Fitzpatrick stated that they have discussed what will be presented to the ZBA. She stated that there will not be a purchase and sale agreement before the Town appropriates the funds to purchase the property. Mr. Healy suggested having a purchase and sale agreement that is contingent upon the appropriation. Mr. Connelly agreed that is a common approach.

Mr. Healy stated that he would not support this purchase because there is insufficient information, despite the Committee's requests. There is no purchase and sale agreement, no wetlands delineation, no appraisal, no development plan, no traffic study. He noted that the Town did not purchase open space on Greendale Avenue when it was available, and now it is pursuing this purchase on the other side of Town. He stated that if the Town uses debt within the

levy for this purchase, it will use up almost all of the the 3% limit for 2024-27 so that the Town will not have levy-funded debt available for other projects. Following through with this purchase will effectively be deferring unarticulated other projects. He stated that he does not have enough information to understand the debt picture and what is being given up. He noted that he has supported purchases of open space in the past, but feels that this is not the right project at the right time. Of all of the choices in this situation: (1) to let the developer do whatever it wants, (2) to help the developer with a friendly 40B without paying for it, and (3) to help the developer with a friendly 40B and to pay \$2.5 million, he feels that the Town is pursuing the worst choice.

Mr. Levy stated that he agreed that there is not much information, though he feels it is not the Town's fault. He feels that being asked to take a position with insufficient information is unfair. He suggested that this purchase could be considered later when there is more information, and that there could be an additional Special Town Meeting if necessary. Mr. Borrelli stated that the project will need to go through the ZBA, with public input. He stated that the current proposal allows the Town to spend only \$2.5 million and get 34 acres of property preserved that could otherwise be developed. Not pursuing the purchase at this time is risking that the properties will all go back on the market to sell for a much higher price. There are many other interested buyers. Ms. Miller stated that it is not clear what the land would be used for since it is proposed to be purchased for "municipal purposes". Mr. Borrelli stated that 6 acres would be have conservation restrictions and the rest would designated for general municipal purposes, and the rest would. Ms. Cooley stated that the Town would not build a municipal building on the property.

Mr. Connelly stated that he is a proponent of open space, but this is redundant. The Town already has the abutting Ridge Hill property that goes down to the river. Town residents have access to the 30 acres along the Charles River owned by the Trustees of Reservations, with access to the river and trails. This purchase needs to be considered along with other needs for debt, including the reconstruction of Mitchell, Pollard and the DPW buildings. He stated that he cannot act on this without more information. He stated that the developer has proposed "some" affordable housing, but that has not been defined. He stated that if there are 70 townhouses that will sell for \$1-\$2 million, the developer will be making \$170 million, and the Town is proposing to pay \$2.5 million to help them. He stated these are some of the reasons that he will not support this appropriation.

MOVED: By Mr. Healy that the Finance Committee recommend that Town Meeting NOT adopt Article 11: Appropriate for Property Acquisition. Md. Hairston seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

Updates:

The Finance Committee would not meet on October 19, 2022 and would meet on October 24, 2022 before the Special Town Meeting if needed.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Ms. Calton seconded the motion. The motion was approved by a vote of 9-0 at approximately 8:50 p.m.

Documents: October 24, 2022 Special Town Meeting Warrant; Needham DPW Building Custodian and Trades Independent Association Summary of Costs and Key Language Items for FY2023- FY2026; BCTIA Memorandum of Agreement for FY2023; BCTIA Memorandum of Agreement for FY2024-FY2026; Needham Independent Public Employees Association/DPW Summary of Costs and Key Language Items for FY2023- FY2024; BCTIA Memorandum of Agreement for FY2023 and FY2024; Town Counsel Christopher Heep Letter to Finance Committee Re: STM Article 8 Brew Pub and Microbrewery Zoning dated October 12, 2022; Emery Grover Project 60% CD vs Actual Bids; Emery Grover Renovation General Contractor Bid Tabulation. Memorandum from David Davison, Assistant Town Manager/Director of Finance to Finance Committee dated October 12, 2022, Re: General Fund Within the Levy Update.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved October 24, 2022