

**Needham Finance Committee
Minutes of Meeting of April 1, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:00 pm in the Selectmen's Meeting Room at Town Hall.

Present from the	David Escalante, Chair	Richard Reilly
Finance Committee:	Lisa Zappala, Vice Chair	Steven Rosenstock
	Scott Brightman	Michael Taggart
	Richard Creem	Richard Zimbone

Also Present: David Davison, Assistant Town Manager – Finance Director

There were no public comments.

Discuss May Town Meeting Warrant Article 45 Entitled “Appropriate for General Fund Cash Capital”: Mr. Escalante presented the Finance Committee with a number of possible options for funding Cash Capital. There will be approximately \$1 million unfunded. Mr. Brightman stated that the Finance Committee needs to look at what each item is and the long-term needs of the Town. Mr. Brightman is not quite ready to spend full amount requested in the Cash Capital Article. There was a discussion of the amount to be spent for Public Facilities maintenance. Mr. Rosenstock stated that with the Newman repairs last summer, there is a lot of work that needs to be done this summer to catch up on maintenance. Mr. Zimbone stated that a maintenance plan for each building should be developed. The current plan for Public Facilities maintenance is \$150,000 for asbestos abatement, \$115,000 for duct cleaning, \$75,000 for painting, \$40,000 for the design of windows replacement at the Mitchell and Hillside schools, \$20,000 for rug replacement, and \$50,000 for miscellaneous maintenance projects. Mr. Escalante questioned the need for duct cleaning. Mr. Zimbone stated that the duct cleaning needs to be done. Mr. Zimbone is concerned about repeating the Newman problem. Ms. Zappala stated that duct cleaning would have uncovered problems at the Newman school. Mr. Escalante questioned the amount for asbestos removal. Mr. Zimbone stated that the amount would allow for removal of all asbestos at the Mitchell school. The concept would be whole building asbestos removal, which is what the Finance Committee had suggested in the past. Mr. Creem clarified that the Public Facilities maintenance budget is projected to increase at 4.5% per year in the Capital Improvement plan. Mr. Brightman asked about the School Department's comfort level with the technology and school copier replacement amounts. Mr. Davison stated that the School Department received a percentage of the total amount that the Town Manager is recommending for Cash Capital. The Superintendent is comfortable with the amount recommended by the Town Manager. Mr. Zimbone stated that, of the alternatives presented by Mr. Escalante to the Finance Committee, he is most comfortable with the Town Manager's recommendation. The

Town Manager and School Superintendent have prioritized their needs. There is nothing in their plan that is of great concern to Mr. Zimbone.

Mr. Zimbone moved that the Finance Committee recommend to Town Meeting that May Town Meeting Warrant Article 45 "Appropriate for General Fund Cash Capital" be amended to reflect the Town Manager's recommendation. Ms. Zappala seconded the motion. Discussion: Mr. Taggart stated that he is more comfortable with the Town Manager's recommendation than with any other proposal presented to the Finance Committee. Mr. Taggart stated that he is not completely comfortable with doubling the Public Facilities maintenance budget to \$400,000. Mr. Reilly stated that he is most comfortable with supporting what the Town Manager has stated she could live with on a day to day basis. The motion was approved by a vote of 6-1-1 (Mr. Taggart voted against the motion and Mr. Escalante abstained).

Discuss and Vote as Appropriate May Town Meeting Warrant Article 35 Entitled "Appropriate for CPA/Town Hall Historic Preservation": Ms. Zappala reported that there was not much discussion at the public hearing. In the peak year, debt service for the Town Hall will be 52% of Community Preservation Act (CPA) funds. Mr. Davison stated that the Town Hall financing plan assumes two different bond issues, the first at 6% and the second at 6.5%. Mr. Escalante summarized the financing breakdown for Town Hall between the CPA cash, CPA debt service, and General Fund debt service. Mr. Escalante stated that, even if the CPA is repealed in Needham, taxpayers will continue paying the debt service until 2032. Mr. Rosenstock stated that there are people in Town who feel that things besides Town Hall should be funded through the CPA. Mr. Rosenstock moved that the Finance Committee recommend adoption of May Town Meeting Warrant Article 35 entitled "Appropriate for CPA/Town Hall Historic Preservation". Mr. Zimbone seconded the motion. Discussion: Mr. Brightman stated that he would vote in favor of the motion but that he thought that Option 1 had been the best option for the Town because it provided adequate office space, handicapped accessibility, and maximized CPA funding. The current Option for Town Hall, Option 4, increased the amount of General Fund debt from \$1.5 million to \$4.2 million, which is not immaterial. Mr. Brightman stated that the timing is important because the Public Service Administration Building will be used as swing space for Town Hall. Mr. Rosenstock stated that the Finance Committee endorsed Option 4 at the October 2008 Special Town Meeting. Now is not the time for the Finance Committee to change its position. It is true that there are other needs in Town but it is more important to build the right building than it is to fit the building into a set dollar amount. Mr. Reilly agreed with Mr. Rosenstock. Ms. Zappala stated that her only concern with Option 4 is that the second floor hall will be empty at a cost of \$2.6 million. Mr. Rosenstock stated that the best option was to get the hall renovated. He believes that the hall will be utilized. Mr. Zimbone would not justify renovating Town Hall because of CPA funds. The Town Hall could have been renovated with an override at the same or less cost to the taxpayer. Mr. Taggart stated that Option 4 was the best option for the Town Hall renovation and that he sees no issues with the funding. Mr. Rosenstock's motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate May Town Meeting Warrant Article 41 Entitled “Appropriate for CPA/Transfer of Funds to Conservation Fund for Future Open Space Purchases”: Ms. Zappala stated that the Conservation Commission listened to the Finance Committee and requested the amount necessary to bring the Conservation Fund up to \$250,000. The only time the Conservation Fund was used in the past was the Wiswall property purchase. The Fund would be used to place a deposit on property or to do appraisal work. There is no current plan for the purchase of any land for conservation. \$250,000 is the amount that the Conservation Commission seeks based on a review of the amount in the Conservation Fund of other towns similar to Needham. Mr. Rosenstock moved that the Finance Committee recommend adoption of May Town Meeting Warrant Article 41 Entitled “Appropriate for CPA/Transfer of Funds to Conservation Fund for Future Open Space Purchases”. Mr. Zimbone seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate May Town Meeting Warrant Article 39 Entitled “Appropriate for CPA/Windows/Energy Improvements for Six 40B Housing Units”: Mr. Rosenstock moved that the Finance Committee recommend that Town Meeting not adopt May Town Meeting Warrant Article 39 entitled “Appropriate for CPA/Windows/Energy Improvements for Six 40B Housing Units”. Ms. Zappala stated that the home was purchased in 1994. It is a 40B house where 6 mentally disabled adults live. The house was funded by HUD. It is low income housing under Community Preservation Committee (CPC) guidelines. Ms. Zappala stated that the question is whether we, as a Town, should use CPA dollars for private entities. Mr. Rosenstock stated that Nehoiden Glen is for sale. Will a non-profit that needs money to upgrade the facilities apply for CPA funding and be able to make a profit? Can a non-profit apply for funds for maintenance? Mr. Brightman stated that the income guidelines for affordable housing beg the question of who is deserving of charitable dollars. On the other hand, people with mental disabilities need a home to live. Mr. Zimbone stated that maintenance funds can not be applied for. What can be applied for in the case of affordable housing is the “support” of the affordable housing. Mr. Rosenstock stated that governmentally subsidized housing built by non-profits is required to have reserves set up to take care of maintenance. Mr. Zimbone seconded Mr. Rosenstock’s motion. Mr. Rosenstock stated that there is a slippery slope with funding non-profit entities to maintain buildings when the Town does not maintain its own buildings. Mr. Rosenstock would like to see Needham Housing Authority property maintained rather than properties owned by private entities. Mr. Rosenstock asked whether private citizens could be funded. Mr. Zimbone stated that relying on the “support” provision is going down a slippery slope with maintenance funding. Mr. Rosenstock stated that a developer in Newton received \$5 million of CPA funds in “support” of affordable housing in exchange for a commitment that he would increase the low income housing stock. Mr. Escalante asked whether Town funds should be used for privately owned properties, whether profit or non-profit. Mr. Creem stated that the distinction that should be drawn is whether it is State owned property. Needham Housing Authority housing would qualify but not privately owned entities. Mr. Reilly stated that he is not bothered by the slippery slope argument. The questions are whether the entity that seeks the funding is a viable operation and whether the expenditure of CPA funds in the manner requested is a

wasteful use of the funds. Mr. Creem stated that the Charles River Center is a viable entity. It generates funds from fundraisers. He has not heard why the Charles River Center could not fit the requested upgrades within its budget. Ms. Zappala suggested that the Finance Committee request that the CPC provide a policy for this type of expenditure. Included in the request to the CPC would be a definition of what constitutes “support” and how the CPC will prioritize requests. Ms. Zappala stated that, in the end, she would rather see these units be upgraded to be better housing units than see more housing units. Mr. Rosenstock stated that the CPC had already said that it would look at every proposal on a case-by-case basis. Mr. Escalante stated that if the Finance Committee wants results, it needs to vote “no” then move to reconsider once it gets an answer. Mr. Rosenstock stated that this request is for support of a non-profit, not support of 40B housing. Mr. Creem stated that he expected that this Article would succeed at Town Meeting. Mr. Zimbone stated that whoever presents the Finance Committee’s point of view would have to state that the Finance Committee is very much in support of the Charles River Center and the people who live in the unit, and that the Finance Committee vote is not about the Charles River Center but about the CPC having extended the concept of “support” too far. Mr. Taggart stated that he would vote in favor of the motion. Mr. Reilly stated that he would not hinge the Finance Committee decision on the definition of “support”. Mr. Rosenstock’s motion to recommend that Article 39 not be adopted was approved by a vote of 6-2 (Mr. Reilly and Ms. Zappala voting against the motion).

Discuss and Vote as Appropriate May Town Meeting Warrant Article 40 Entitled “Appropriate for CPA/High Rock Homes”: Mr. Rosenstock moved that the Finance Committee recommend adoption of May Town Meeting Warrant Article 40 entitled “Appropriate for CPA/High Rock Homes”. Mr. Brightman seconded the motion.

Discussion: Mr. Rosenstock stated that by further subsidizing the acquisition of the High Rock homes, more people will qualify for low-income housing and these will be added to the 40B housing stock in Town. Mr. Zimbone questioned why there was any urgency to changing the price of the units, since 15 of 20 properties were sold over a period of six months. Mr. Taggart and Mr. Escalante questioned the vagueness of the wording of the Article. Mr. Rosenstock stated that the Finance Committee could suggest that the Article be amended that state the purpose for which the funds can be used. Mr. Rosenstock’s motion was approved by a vote of 7-0-1 (Mr. Escalante abstained).

Discuss and Vote as Appropriate May Town Meeting Warrant Articles 13 and 14 Entitled “Accept Provisions of M.G.L. Chapter 59 Section 5 (41C) and Accept Provisions of M.G.L. Chapter 59 Section 5 (41A)”: Article 13 would allow an increase to the income for seniors eligible for a tax exemption and would lower the age at which they could qualify. Mr. Davison reported that Mr. Davis, Assessor, stated that there may be an increase in exemptions from all tax exemption provisions for a total amount to the Town of \$12,285. Currently, the total amount of tax exemptions for seniors is \$29,370. Mr. Davis projected that, if Article 13 is approved by Town Meeting, the total amount of tax exemptions would be \$41,655. There is a sufficient amount in the overlay to cover the projected increased tax exemptions. Mr. Escalante clarified that, if

the amount comes from the overlay, then the overlay available for appropriation or for Free Cash decreases.

Mr. Rosenstock moved that the Finance Committee recommend adoption of May Town Meeting Warrant Article 13, entitled "Accept Provisions of M.G.L. Chapter 59 Section 5 (41C)". Ms. Zappala seconded the motion. Discussion: none. The motion was approved by a vote of 7-1 (Mr. Escalante dissented).

Article 14 is a tax deferral provision, not an exemption provision. The threshold income for tax deferral is \$40,000 to be indexed on the Senior Circuit Breaker. Mr. Davison stated that there is some language change in the final draft of the Warrant. The Finance Committee will discuss the Article after it has received the changed language.

Discuss and Vote as Appropriate May Town Meeting Warrant Article 50 Entitled "Appropriate for Athletic Facility Maintenance": The Finance Committee had voted at its March 18 meeting to postpone the discussion of this Article until after a vote on the Cash Capital article. There was a discussion whether there is a notice problem if Article 50 was not noticed as a discussion and vote item. Mr. Creem stated that he is not concerned about any notice issue. Mr. Creem moved to postpone further discussion and vote Article 50 to a time certain, namely, Monday April 6th, as the first item of business. Ms. Zappala seconded the motion. Mr. Zimbone moved that the Finance Committee further discuss and vote Article 50 as the second item of business after the discussion with the Town Meeting Study Committee. There was a discussion of the timing of the postponement of discussion. Mr. Zimbone withdrew his motion. Discussion: Mr. Rosenstock stated that the Finance Committee could discuss Article 50 even if it is not included on the agenda. Mr. Taggart stated that discussion of Article 50 is not on the posted agenda, but that it is technically covered by the wording of the motion on March 18 of the Finance Committee to postpone the discussion of the Article. The minutes of March 18, however, have not been published. Mr. Brightman agreed with Mr. Taggart. Mr. Creem's motion passed by a vote of 5-3 (Mr. Brightman, Mr. Creem, Mr. Escalante, Mr. Reilly, and Mr. Taggart voted in favor of the motion; Mr. Rosenstock, Ms. Zappala, and Mr. Zimbone voted against the motion).

Discuss and Vote as Appropriate May Town Meeting Warrant Article 16 Entitled "Changes to the General Wetlands Protection ByLaw": Mr. Zimbone moved that the Finance Committee recommend adoption of May Town Meeting Warrant Article 16 entitled "Changes to the General Wetlands Protection ByLaw". Mr. Rosenstock seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Mr. Zimbone moved to adjourn the meeting of the Finance Committee at approximately 10:10 pm. Mr. Rosenstock seconded the motion. The motion was approved by unanimous vote: 8-0.

Respectfully submitted,

Louise Miller
Executive Secretary