Needham Finance Committee
Minutes of Meeting of March 29, 2023

The meeting of the Finance Committee was called to order by Chair John Connelly at approximately 7:05 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconference.

Present from the Finance Committee:
John Connelly, Chair; Louise Miller, Vice Chair
Members: Karen Calton, Barry Coffman, Carol Fachetti, Carli Hairston, James Healy, Joshua Levy, Richard Reilly

Others present:
David Davison, Assistant Town Manager/Finance Director
Adam Block, Chair, Planning Board
Lee Newman, Director, Planning and Community Development
Carys Lustig, Director of Public Works
Thomas Ryder, Public Works, Assistant Town Engineer
John Regan, Public Works, Fleet Supervisor

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 March 8, 2023, be approved as distributed, subject to technical or typographical corrections. Mr. Healy seconded the motion. The motion was approved by a vote of 8-0. (Mr. Coffman had not yet arrived.)

2023 Annual Town Meeting Warrant Articles

Annual Town Meeting Warrant Articles: Discuss and/or Vote

Article 6: Appropriate for Small Repair Grant Program

Mr. Connelly stated that the program had been discussed during the budget hearing and a memo was provided that identified and described the program expenditures. There were no further questions.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant Article 6: Appropriate for Small Repair Grant Program in the amount of $50,000. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 9-0.

Article 17: Zoning - Accessory 3-Car Garage Use in Single Residence B, General Residence, Business and Industrial Districts

Mr. Block stated that, currently, 3-car garages are allowed only by special permit in the districts named in the article. Although the special permit applications are typically granted, there are often delays in the design review process because of the need to reach consensus, which can cause unnecessarily cost to the applicants. This article would allow 3-car garages in Single Residence B, General Residence, Business and Industrial districts as of right, subject to certain design and setback requirements. Mr. Connelly asked if this article would have a financial impact to the Town. Mr. Block stated that he did not see any significant financial impact, though it would likely ease the burden on board members and staff. Ms. Miller asked how many 3-car garages in Town have a direct ramp access to the basement. Mr. Block stated that the Town has not audited the number or type of 3-car garages. Mr. Connelly stated that the Finance Committee can only speak to Town Meeting about an article if it finds that there is a discernable financial impact, and he does not see that in this case. Mr. Levy stated that the article will allow larger garages as of right. Mr. Reilly stated that the point of the article is that the garages are allowed anyway after the process, but this will only decrease the burden of the process. Mr. Levy asked whether 4-car garages will be allowed. Mr. Block stated that 4 car garages will be allowed in Single Residence B by special permit, and are allowed in Single Residence A district by right. Mr. Newman stated that this article would change nothing about Single Residence A.

MOVED: By Ms. Miller that the Finance Committee take no position with respect to 2023 Annual Town Meeting Warrant Article 17: Amend Zoning By-Law – Accessory 3-Car Garage Use in Single Residence B, General Residence, Business and Industrial Districts due to a lack of financial impact. Mr. Healy seconded the motion. The motion was approved by a roll call vote of 9-0.

Article 18: Zoning – Amend Zoning By-Law - Accessory Dwelling Units (ADUs)

Mr. Block stated that Needham currently allows ADU's of up to 850 square feet for certain family and caregivers. In the three years that ADUs have been allowed, about 12 have been permitted. This article would expand the circumstances under which ADUs would be allowed to help meet a goal of diversifying the housing stock. It would allow ADUs to be rented out which could provide additional income to homeowners, and would also allow ADUs to be used by child care providers rather than just adult care. The maximum size of ADUs would be increased to 900 square feet. ADUs internal to the house would be allowed by right rather than being required to be processed through the special permitting process. ADUs would be allowed in detached buildings by special permit. Mr. Block stated that a number of local towns have allowed ADUs in detached structures, and it seems to benefit seniors, young families, or the local work force. Ms. Fachetti asked if there are statistics regarding the experience of other towns. Mr. Block stated that the Massachusetts Area Planning Commission (MAPC) has not performed an audit of ADUs. He stated that ADUs would likely be few in number. Lexington was one of the first to allow them about 20 years ago, and they have approximately 60 total, or about 3 added per year, which is consistent with Needham's experience.

Mr. Block stated that there are three limiting factors to the creation of detached ADUs: the cost of building a structure, the strict building codes, particularly if the Town adopts the new net zero energy requirements, and the dimensional regulations of the lot. Mr. Connelly asked why they were seeking to increase the allowed size of ADUs. Mr. Block stated that the state has encourages municipalities to allow ADUs, and the guidance to sizes is 250 to 900 square feet. He stated that the additional 50 square feet would be a small amount but could make a significant different in the layout of the unit.

Ms. Fachetti asked if there was a limit on the number of occupants and how the various provisions would be enforced. Mr. Block stated that the Building Commissioner would be responsible for investigating any reports of problems. Ms. Newman stated that there is a maximum of 5 unrelated people living in total living any ADU and primary house. Mr. Reilly noted that the article specifies a maximum of 3 people can live in an ADU.

Mr. Reilly expressed concern that the provision allowing for leasing the ADU could in effect change the zoning in an area from single family to multi-family housing. Mr. Block stated that under the regulations, everything about the ADU needs to be subordinate to the primary house. He stated that a lease term must be no less than 6 months to prevent short-term rentals. Mr. Reilly stated that Section 3.15.3.3 of the by-law provides that the Building Commissioner shall not deny a permit for an ADU solely because it does not meet the standards for maintaining the appearance of a single-family property. He felt that there could be a significant impact if people in large houses move into an ADU and rent out the main house to large families with school children. Ms. Newman stated that the provision does not mean that the permit cannot be denied, but rather that it cannot be denied by the Building Commissioner alone because there is a process with the Design Review Board. Mr. Coffman stated that the question is whether the provisions will materially impact the population. Mr. Reilly stated that it seemed it would not materially affect the population since there is a maximum of 3 people in an ADU. Ms. Newman confirmed that only one ADU can be permitted per property.

Ms. Miller stated that she does not see how it achieves the goal of increasing affordable housing. Mr. Block stated that it would create housing stock that is less expensive, and also would allow homeowners to offset their own costs with some rental income. There is often no opportunity to downsize and buy a less expensive property. Ms. Miller stated that the proposed by-law does not explicitly prohibit short term rentals. Mr. Connelly stated that two of the provisions work together to create the requirement that a lease must be at least 6 months. Mr. Block added that there is an affirmative requirement to inform the Building Commissioner of a lease. Ms. Hairston stated that she would like the regulations to call out more clearly that there is a 6-month requirement for leases. She asked what the expected impacts of the changes were on the Town with respect to population and other factors such as parking. Mr. Connelly asked that they specify each of the financial impacts on the Town including the positive impacts to the Town as well as the impacts on public services including schools, water, sewer, roads, and the enforcement burden on the Building Commissioner. Mr. Block stated that if the homeowner adds space, then the assessed value of the home will increase which will benefit the Town. This financial benefit may take some time to be realized. He stated that they have not quantified the impact on the Town's public works and public safety functions or of other factors in part because they cannot quantify how many ADUs they expect, and there is no goal to create a specific number. He stated that because of the many limiting factors to creating ADUs, he does not expect a significant number of units or a significant impact on public safety roads or schools. Mr. Connelly stated that he does not expect precision. He asked whether they considered limiting the number of ADUs allowed in Town. He stated that if there is no way to quantify the potential negative effects, it does not make sense to be open to an unlimited number of ADUs. Ms. Newman stated that across the state, there are not a great number of ADUs being created in places where they are allowed. Ms. Hairston stated that an upper limit makes sense.

Mr. Levy asked if they know the percentage of ADUs that are rented out versus not rented in other towns. Mr. Block stated that he did not know the answer. There have been no statistics compiled on ADUs and how many are rented. Mr. Levy asked if they could be made into a condo's with separate ownership. Mr. Block stated that would not be allowed. Ms. Fachetti asked if it seemed likely that there would be subsequent requests for expansions of ADUs. Mr. Block stated that he does not know if people will want to allow ADUs of 1000 square feet at some point or if they would want to allow separate ownership of units. He stated that the homeowner must live in one of the two living units on a full-time basis at all times. Only one unit can be rented.

Mr. Reilly stated that he is uncomfortable going forward with these changes with no basis on which to judge the impact of the leasehold provision on the Town. Mr. Block stated that he spoke to planning boards and select boards in other communities and the answer was that there were so few ADUs that there was no impact on the schools. Mr. Reilly stated that if there is not much demand for ADUs, then pulling out the provision that allow leasing would not frustrate a market. Mr. Levy asked if it seemed that there is more risk with the rented units. Mr. Reilly stated that he feels that there is more potential for a major impact through the rental portal versus having family or a child care provider living there. The latter two categories have self-limiting aspects to them Mr. Connelly stated that the School Department has said that school enrollment increases have been experienced in Needham and not in other towns because people move to Town specifically for the schools. He feels that the number of units should not be unlimited. Mr. Reilly noted the one bedroom unit maximum for ADUs is a limiting factor since the Schools' demographer has said that one-bedroom units do not tend to have many school children.

Mr. Connelly stated that there is certainly a potential for a financial impact of this article, so the Committee should take a position. He is concerned that there is not a way to determine the positive versus the negative financial impact. He will be voting against this as a Finance Committee member for this reason, and from a public policy perspective. Mr. Reilly asked if his position would change if the lease provision were removed. Mr. Connelly stated that he might look at it differently. Mr. Reilly stated that there is an argument that if other towns are doing it, Needham should keep up. Mr. Levy noted that ADUs might increase the value of a property, though the impact on the schools is not known.

MOVED: By Mr. Reilly that the Finance Committee recommend that Town Meeting <u>not</u> adopt 2023 Annual Town Meeting Warrant Article 18: Zoning – Amend Zoning By-Law - Accessory Dwelling Units (ADUs). Ms. Calton seconded the motion.

Discussion: Mr. Coffman stated that there are constraining factors that work against mass creation of ADUs. He feels that the primary purpose is to help people who might be forced out of their homes. However, he recognizes that without a tangible financial analysis it is hard to understand the effects. He stated that he does not expect that this would open a floodgate, but he feels a smaller step might be better without better information than anecdotes. Mr. Block asked if he would feel similarly if only attached space could be rented. Mr. Coffman stated that this happening anyway under the table and that the real issue is whether it would affect the schools, which are at a tipping point. He would want to see more concrete information. Ms. Fachetti stated that she appreciated the intent, but the Town is facing expanded development due to the MBTA's regulations, and would want to have some limitation on the number of allowable units. Mr. Healy stated that he feels that this may be creating de facto multi-family housing in single family areas which would not be fair to homeowners.

Vote: Mr. Reilly's motion was approved by a roll call vote of 8-1, with Mr. Levy dissenting.

Article 19: Amend Zoning By-Laws - Corrective Zoning Amendments

Mr. Block described the changes and stated that the changes are all corrective in nature. He does not think that there is any financial impact to the changes.

MOVED: By Mr. Healy that the Finance Committee take no position with respect to 2023 Annual Town Meeting Warrant Article 19: Amend Zoning By-Laws - Corrective Zoning Amendments, Business and Industrial Districts due to a lack of discernible financial impact. Ms. Fachetti seconded the motion. The motion was approved by a roll call vote of 9-0.

Article 20: Amend Zoning By-Law – Single Residence B and General Residence Side Setback

Mr. Block stated that he anticipated that this article would have no financial impact. The article would clarify language in a 2017 by-law the resulted from the large house review. It specifies the requirement to include a two-foot offset in a wall longer than 32 feet in order to avoid building massing along a lot line.

MOVED: By Mr. Healy that the Finance Committee takes no position with respect to 2023 Annual Town Meeting Warrant Article 20: Amend Zoning By-Law – Single Residence B and General Residence Side Setback due to a lack of discernible financial impact. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 9-0.

Article 10: Appropriate for Town-Owned Land Surveys

Mr. Connelly stated that the Committee was provided information on the Town Parcel Survey Program after the prior discussion and asked if there were further questions. Mr. Levy stated that he felt that having the surveys would be a "nice to have" rather than something truly needed since there are no pressing needs being addressed. Mr. Connelly stated that he would like to see the project completed so that it does not go on forever. He felt that they did a good job explaining the program and what they will do, and the end is in sight. In response to a question from Mr. Reilly, Mr. Ryder stated that the $350K total included this work and future work.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 10: Appropriate for Town-Owned Land Surveys in the amount of $100,000. Mr. Coffman seconded the motion. The motion was approved in a roll call vote of 6-3, with Ms. Miller, Mr. Levy and Mr. Healy dissenting.

Article 11: Appropriate for Fleet Refurbishment

Ms. Miller stated that she met with the DPW and the Finance Director and discussed the vehicles that needed refurbishment at great length. The funding will be used to refurbish specific vehicles in the fleet which include General Fund and Sewer Fund program equipment. She stated that they discussed changing the life cycles of the vehicles again in order to extend the use in order to replace equipment as needed. They discussed potentially including these costs in the operating budget since they are an annual expense, but that will be considered next year.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 11: Appropriate for Fleet Refurbishment in the amount of $150,000. Mr. Levy seconded the motion. The motion was approved in a roll call vote of 9-0.

Article 25: Appropriate for General Fund Cash Capital (focus on Fleet Program)

Ms. Miller stated that she reviewed with the DPW each of the vehicles being replaced, except the Fire vehicle. The replacement cycle of most vehicles is 10 years, but there are some issues with vehicles that need to be replaced in the building inspection department. There was discussion of delaying replacement, but the vehicles need replacement. They are comfortable with the estimated cost, though there are currently significant fluctuations in the market. They talked about the other vehicles being replaced, the vehicles that would be purchased as replacements, and why. Ms. Miller stated that they replace approximately 10% of vehicles each year. She thinks it is a sustainable plan. Mr. Reilly pointed out that five of the vehicles were for Building Department, personnel and suggested that they would not be transporting significant equipment. He asked if they considered having building inspectors use personal vehicles with reimbursed mileage. Mr. Davison stated that vehicles can incur damage at construction sites, and many are secured and would not allow an unmarked vehicle. Ms. Lustig noted that they are enforcement agents and do not want their personal vehicles known. Mr. Healy stated that insurance requirements are different for personal and business use, so the Town must supply vehicles.

Mr. Healy noted that the $5,936,607 was being appropriated from free cash, and asked how much free cash was available. Mr. Davison stated that $15 million is estimated to be available for appropriation. If all of the propose appropriations are authorized, that would leave $800K to roll over into next year’s free cash. Mr. Healy asked if the amount used for operating needs is within the Town guidelines. Mr. Davison stated that approximately $3 million is being used for the operating budget which is within the guidelines.

Mr. Davison stated that there are two Fire Department vehicles included in the cash capital article; an ambulance and an SUV. There will be a new ambulance, and the vehicle that is currently Rescue 3, a 2016 vehicle, will be disposed of. The Town keeps 4 front time ambulances and 1 for training, for a total of 5.   There will also be a replacement SUV. The new Tahoe will go to the Chief, and the current Chief’s vehicle will go to the Deputy Chief, with newer vehicles being moved down the line. A 2013 Explorer will be disposed of.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 25: Appropriate for General Fund Cash Capital in the amount of $5,936,607. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 9-0.

Article 26: Appropriate for Fire Ladder Truck

Ms. Miller recused herself and left the room at 8:35 pm.

Mr. Connelly asked what happens to the Fire Truck being replaced. Mr. Davison stated that they will see what the trade-in value is when the new vehicle is ready and if not favorable, they will auction it. He stated that they have had success with selling vehicles at auction which often provides a better value to the taxpayers. He stated that any amount received for the vehicle will be a receipt for the Town and that amount is not credited against the expense in this article. Mr. Healy noted that this estimate is 4-5 months old, and it could take up to 2 years to get a vehicle after ordering one, so it will be important to lock in the price, which will only go up.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 26: Appropriate for Fire Ladder Truck in the amount of $2,000,000. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 8-0 (Ms. Miller had recused herself and left the room and did not participate in the vote).

Ms. Miller returned to the meeting at 8:40 pm

Article 30: Appropriate for Sewer Enterprise Fund Cash Capital

In response to a question from Mr. Reilly, Mr. Davison stated that after this expenditure, the Sewer retained earnings balance will be a few hundred thousand dollars. Ms. Miller noted that the Sewer Enterprise Fund keeps the balance lower.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 30: Appropriate for Sewer Enterprise Fund Cash Capital in the amount of $584,461. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 9-0.

Article 31: Appropriate for Water Enterprise Fund Cash Capital

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 31: Appropriate for Water Enterprise Fund Cash Capital in the amount of $771,633. Ms. Miller seconded the motion. The motion was approved in a roll call vote of 9-0.

Article 32: Appropriate for Water System Improvements - South St.

Mr. Davison stated that the funding sources in the final article: $2.5 million from Water Enterprise Fund retained earnings and $4 million debt. The Town has been saving Water retained earnings for big projects like this. In response to a question from Ms. Miller, Mr. Davison stated that the Town will be seeking funding from the MWRA if it can qualify. The balance of the Water retained earnings will be $2.9 million if all proposed expenditures are approved at Town Meeting. Mr. Davison stated that they will leverage the project to get additional MWRA funding if possible. Ms. Lustig stated that there are significant water main issues in the area.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 32: Appropriate for Water System Improvements - South St.in the amount of $6,500,000. Ms. Miller seconded the motion. The motion was approved in a roll call vote of 9-0.

Special Town Meeting Warrant Articles

Article 10: Public, Educational, and Governmental (PEG) Access and Cable Related Fund Acceptance; and
Article 11: Appropriate for PEG Programming

Mr. Davison suggested that it would be easiest to address these two companion articles together. He stated that Needham Cable Channel is funded through a fee from cable providers that provides funding for government and educational cable access channels. Under a Select Board license from over 50 years ago, the funding has been provided from the cable company directly to the local cable channel. The DOR has since reinterpreted the process and concluded that the community should collect the fees and appropriate the money. The Town is creating this fund for the incoming funds. However in the first year, because of the timing of the receipt, funds will need to be appropriated from another source. He stated that these funds will only be paid out when the incoming funds are received. This year they will pay from free cash, but in future years it will be a transfer from this fund. The amount in the final article will be $671,850, based upon the prior year's receipts. He stated that if more funds come in, the Town will amend the amount at the fall Special Town Meeting. He stated that any amount of this year's appropriation will return to free cash if it is not spent. Ms. Miller stated that the Town is appropriating the amount in Article 11 to itself so this amount is available to pay this amount out when the cable funds come in.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 10: Public, Educational, and Governmental (PEG) Access and Cable Related Fund Acceptance; and adoption of Article 11: Appropriate for PEG Programming in the amount of $671,850. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 9-0.

Article 12: Establish Opioid Settlement Stabilization Fund; and
Article 13: Appropriate to Opioid Settlement Stabilization Fund

Ms. Miller stated that this will allow the Town to automatically put the settlement funds into a stabilization fund. The funds can be taken out only with an appropriation from Town Meeting. Mr. Davison stated that the funds will be automatically reserved in the fund for the specified purposes, and would need a 2/3 majority vote of Town Meeting to be appropriated. He stated that the amount in Article 13 which will be directed into the fund is the amount of settlement funds received to date. The fund will be created in Article 12, and then the funds already on hand can be put into it. Future amounts received will go directly into the fund.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2023 Annual Town Meeting Warrant Article 12: Establish Opioid Settlement Stabilization Fund; and adoption of Article 13: Appropriate to Opioid Settlement Stabilization Fund in the amount of $217,288. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 9-0.

<u>Updates</u>

Vote on articles not yet voted:

MOVED: By Mr. Healy that the Finance Committee's recommended position for all articles in the Annual Town Meeting Warrant that have not yet been voted be reported as "Recommendation at Town Meeting" in the printed warrant. Mr. Reilly seconded the motion. The motion was approved in a roll call vote of 9-0.

Mr. Reilly stated that one of the CPC's stated factors in their revised statement for consideration of the grant requests is "worthiness." He stated that that is not good guidance and suggested that they be encouraged to find a different term.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a roll call vote of 9-0 at approximately 9:05 p.m.

Documents: 2023 Annual Town Meeting Warrant, 3-24-2023 draft; May 2023 Special Town Meeting Warrant, 3-24-23 draft; Memorandum to Finance Committee from Lee Newman, Director of Planning and Community Development dated January 9, 2023, Re: Small Repair Grant Program Work Items; Town Parcel Survey Program description.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved April 4, 2023