Needham Finance Committee
Minutes of Meeting of August 23, 2023

The meeting of the Finance Committee was called to order by Chair Louise Miller at approximately 6:02 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconference.

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

Others present:
David Davison, Assistant Town Manager/Finance Director
Dan Gutekanst, Superintendent of Schools

Request for Reserve Fund Transfer – Finance Committee

Ms. Miller stated that she and Ms. Mizgerd had met with financial consultants with the goal of getting more information regarding capital planning. Ms. Mizgerd stated that the Finance Committee was requesting funds for a consultant to provide an executive summary of the existing facility financing plan, and to create a model to be able to explore different scenarios to help the Committee understand the how different approaches would affect debt capacity and affordability. Ms. Fachetti asked whether the consultant would produce a report. Ms. Mizgerd stated that an executive summary of the facilities financing plan would be produced, but that there was not expected to be a further written report. The consultant would be answering questions raised by the committee regarding "what-if" scenarios. Ms. Miller noted that the Finance Director did not work for the Finance Committee and has limited time, and that it is better that the Finance Committee work with an independent consultant for this project.

MOVED: By Mr. Levy that the Finance Committee approve of the request to transfer $20,000 from the FY 2024 Reserve Fund to the Finance Committee expense line. Mr. Connelly seconded the motion. The motion was approved by a roll call vote of 8-0.

Update on School Theater/Auditorium Upgrades - Potential Future Reserve Fund Transfer

Dr. Gutekanst stated that he has been working with Mr. Dulong, Director of Building Maintenance, and Carys Lustig, Director of Public Works, to address issues with the school auditorium and theater facilities. They had performed some electrical work in April and realized that because of the regular use of the space, the upgrading work should not be delayed and needed to be done during the summer when school was not in session. The work was scheduled to be done in time for the first week of school. The estimated cost of the work is $240K, though it is possible there may be $40K in savings. The School Department can pay out of its current budget appropriation, but Dr. Gutekanst wanted to alert the Finance Committee that they may need to request a Reserve Fund Transfer eventually to cover this unbudgeted expense. Ms. Miller stated that the budget is, of course, not depleted at this point in the fiscal year. She stated that there should be some discussion of how to handle this since the expense crosses more than one department. Dr. Gutekanst explained that Building Maintenance cleans and maintains the School buildings and oversees minor construction projects while capital projects are handled by the PPBC.

Mr. Healy stated that since it is early in the fiscal year, it would be wise to wait to see what happens before considering a Reserve Fund Transfer for this expense. Mr. Coffman stated that there is a list of School auditoriums capital needs in Ms. Gulati's memo, and asked if those projects were all planned. Dr. Gutekanst stated that was the list of work to the three School auditoriums was recommended in a feasibility study. Some of the items are needs and others are improvements. There has not yet been a discussion about these recommendations and that no plans have been made.

Mr. Connelly asked if all of the repairs in the current project will be done in time for school. Dr. Gutekanst stated that the work is on schedule. They may still need to have an inspection when school starts, but the project is in good shape. Mr. Connelly stated that it would be best to track the School Department's budget in the first quarter and second quarter to see if there are budgetary savings that can cover this expense. He stated that it is important for the work to be done and the safety inspections happen right away and the budget issues can be addressed later in the winter or spring. Dr. Gutekanst agreed. Ms. Miller stated that there was discussion of using FY23 end-of-year funds previously, but that could not be done because of the timing. She stated that there needs to be consideration of which budget is paying for the work. She stated that the School Department budget has a lot of money and, given the amount of excess funds each year, there may be funds to cover this cost. However, it is important that the end-of-year funds are not used for projects that are in the capital plan. Dr. Gutekanst stated that he did not intend for this to work out in this way, but it turned out the work needed to be done quickly during the summer.

Update on Foster Property Purchase

Ms. Miller stated that the Special Town Meeting warrant includes a non-binding resolution regarding the property purchase. The plan is to build 70 housing units of which 5% would be affordable. The Department of Housing and Community Development (DCHD), which approves of affordable housing projects, did not approve of this project as an affordable housing project. Therefore, the developer cannot develop the plan as of right unless it complies with the zoning restrictions. The Select Board would like to amend the zoning to allow the proposed project to move forward and is proposing the resolution to get a sense of Town Meeting's position. She stated that the Finance Committee is fortunate to have two months to discuss this. She proposed that the Committee come up with any questions it has for the Select Board regarding the property purchase well in advance of the Special Town Meeting.

Mr. Connelly stated that he did not understand why this resolution is being proposed when there is a process for making zoning changes that starts with the Planning Board. That Board develops zoning proposals and changes, and holds public discussions and hearings. It is unclear why that process is not happening in this case. Mr. Healy stated that he is disappointed in the proposal. He stated that the Finance Committee has stated from the start that it was illogical to consider this an affordable housing project since the number of affordable units is nowhere near the required amount. It seems like the Select Board is looking for another way to help the developer without giving adequate consideration to the neighbors who stood up at Town Meeting to object to the plans. Mr. Healy requested all of the communications including memos, emails, contracts and documents exchanged between DCHD and the Town, including employees and officials, discussing this matter. Ms. Fachetti agreed with Mr. Connelly and Mr. Healy and added that for the past 18 months, the Town has been working on an affordable housing plan and that this flies in the face of that planning in order to get some acreage for open space.

Ms. Hairston asked what the purpose of a nonbinding resolution would be. Ms. Miller stated that the reason would be to avoid spending unnecessary resources on a zoning change that Town Meeting would not view favorably. She stated that it would also give the Town a potential opportunity to have a vote on record in favor of the concept, although the details of the proposed zoning change would not be yet determined. Ms. Miller stated that the Finance Committee should send questions to the Select Board and invite a member of the Board to explain the reasoning. She noted that the Finance Committee voted unanimously not to support the purchase of the property. Mr. Coffman stated that the Finance Committee's vote not to support the property purchase was based on two issues: the economics of the deal, and also the lack of process. He stated that he would like to ask whether the Planning Board has had any input regarding the potential zoning change. He stated that the Select Board wants to preserve the land but no developer wants to develop the area as affordable housing. If they are not required to do an affordable project, the developer will build McMansions. Mr. Healy stated that in that case, the project would total 5-6 individual homes rather than 70 units. Mr. Connelly stated that they could find another developer. Mr. Healy noted that any developer would need to get DCHC approval for an affordable housing project.

Mr. Connelly asked whether it was the the Town or the developer that came to the conclusion that it would not be economically feasible to develop the property with more than 5 affordable units. He requested that the Town provide the analysis or other supporting information for that conclusion. Mr. Connelly also asked that the Town explain whether the proposed zoning might be considered "spot zoning" and therefore inappropriate for the area.

Mr. Levy stated that when the proponents were presenting information on the property purchase, they explained that at that time, the focus was on the acquisition of the land, and that later the Town would address the issue of land use. He stated that he hoped that they are now in a better position to provide land use information. He requested that the Town provide information that is similar to the study that would normally be provided to support a zoning change. Mr. Healy stated that the information provided last year regarding the property acquisition was minimal and provided only two days prior to last fall's Special Town Meeting. Mr. Healy requested copies of all documented communications between the developer and the Town from October 22, 2022 (two days before the Special Town Meeting) to the current date regarding the proposed purchase of the Foster property.

Ms. Miller stated that this is one transaction with two parts: the development and the property acquisition. Since one of the parts failed, the certification necessary for the transaction cannot happen and the Town cannot move forward with the property purchase. Mr. Connelly stated that there is $2.5 million of funding that was encumbered for this purchase that cannot be used for other capital projects. Mr. Levy asked that the Town describe at what point the Select Board would consider rescinding the debt authorization for the property purchase. Ms. Fachetti requested that the Planning Board be involved in the discussion with the Select Board on this issue. Ms. Miller stated that she would work on scheduling that. Mr. Healy asked that the Town provide any communications between or among the Select Board, Town Manager, and/or Planning Board on this issue.

<u>Committee Updates</u>

Ms. Miller stated that she attended a Chairs meeting with the chairs of the Select Board and the School Committee. The Town submitted a Statement of Interest to the MSBA for both the Pollard and Mitchell Schools. The MSBA is planning a visit to Pollard School in early October, which is part of their normal process to identify projects that the MSBA will partner with and help fund. The MSBA will not decide which districts they will invite to continue in the process until their meeting in December.

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 roll call vote of 8-0 at approximately 6:45 p.m.

Documents: Request for Reserve Fund Transfer – Finance Committee – dated August 23. 2023; Email from MSBA to Superintendent of Schools dated August 9, 2023; Memo from School Operations & Finance Director A. Gulati to Superintendent D. Guteskanst re: Theater Rigging Repairs; dated July 5, 2023; Memo from Superintendent D. Guteskanst to School Finance & Operations Director A. Gulati regarding Intent to Submit Request for Reserve Fund Transfer, dated August 18, 2023; October 30, 2023 Special Town Meeting Warrant (8-23-23 draft).

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved September 27, 2023