

Needham Finance Committee
Minutes of Meeting of March 6, 2024

The meeting of the Finance Committee was called to order by Chair Louise Miller at approximately 7:00 pm in the Great Plain Room at Needham Town Hall, also available via Zoom teleconferencing.

Present from the Finance Committee:

Louise Miller, Chair, Carol Smith-Fachetti, Vice-Chair

Members: Karen Calton, Barry Coffman, John Connelly, James Healy, Joshua Levy, Paul O'Connor

Others present:

David Davison, Deputy Town Manager/Director of Finance

Cecilia Simchak, Assistant Director of Finance

Heidi Frail, Select Board, HONE Advisory Group Co-Chair

Ron Ruth, HONE Advisory Group member

Liz Lee, School Committee (remote)

Barry Dulong, Director of Building Maintenance (remote)

Anne Gulati, School Finance Director (remote)

Citizen Requests to Address the Finance Committee

None

Approval of Minutes of Prior Meetings

None

HONE Presentation

Ms. Miller welcomed Ms. Frail and Mr. Ruth to give an update on the HONE Advisory Group progress on implementing the MBTA Communities Act in Needham.

Ms. Frail indicated that they did not have the final maps or the fiscal impact analysis available at this time. Public engagement activities have pushed the timeline back. The MBTA Communities Act requires all MBTA communities and adjacent communities to provide zoning for additional housing with multi-family housing allowed as of right without seeking a special permit from the Planning Board. The site plan review may require a project to go before the Planning Board.

Requirement of the State law for local zoning are:

- Provide for at least one district of reasonable size in which multifamily housing is permitted as of right.
- Cannot have age-restrictions and shall be suitable for families with children.
- Must have a minimum gross density of 15 dwellings per acre.

- A portion of the district must be located within .5 miles from a commuter rail station.
- Commuter rail communities, including Needham, have a deadline to comply by December 31, 2024.

The MBTA act is not about affordable housing but about addressing the supply of housing. It is not a housing production act but does require zoning in place to allow for denser housing units. This process is separate from Chapter 40B and is not about affordable housing. The act is intended to produce market rate housing. There may be an affordability component of an inclusionary zoning percentage that HONE recommends for eventual passage with the article.

What is actually constructed is up to the developer and market demand. The housing types include multifamily construction like two-family houses, town houses, cottage courts, condominiums, apartments etc.

Needham's MBTA Communities Requirements includes an area of 50 gross acres, zoning to allow for a total of 1,784 units by right, an average of 15 dwelling units per acre and 90% to be located within ½ mile from station areas.

The number of units was determined by the State to be 15% of Needham's current available housing units. Ms. Miller noted the reference for this would be helpful information in future presentations. The unit size is 1,000 sqft.

It is anticipated that at the end of the process HONE will be able to report on how many dwellings currently exist in the districts, how many the zoning would allow and what the net potential new dwelling units would be.

Ms. Frail reviewed the membership of HONE and its charge. A third and final public hearing on the MBTA act is scheduled for March 28, 2024 and the build-out, projections and analyses of fiscal, school enrollment and infrastructure impacts will be provided then.

The HONE is also considering zoning elements that are not included under the MBTA Communities Act. For instance, the MBTA has a requirement that all parcels included in the compliance map need to add up to be at least five contiguous acres. HONE will be recommending a list of additional parcels that they have identified that would be appropriate to include in a rezoning which they will be presenting to the Planning Board for consideration but not as part of the MBTA Communities Act submission. This would most likely occur at different times.

It was noted that Town of Needham property, if included in the proposed zoning area, will not contribute to the 1,784-unit requirement.

The 2007 Needham Housing Plan and the 2021 Needham Housing Plan highlighted that Needham's housing is deficient and included proposed zoning changes.

Mr. Healy indicated that he doesn't like the State telling Needham what to do. He would rather that the effort was initiated by the Town to solve the Town's identified housing issues.

Ms. Fachetti indicated that there seems to be some confusion between the Needham Housing Coalition, a private citizen group, and the HONE Advisory Group. Ms. Frail reported that the Needham Housing Coalition do not have a representative on HONE but are in frequent communication and make suggestions and comments regarding the effort. HONE will start educational meetings with Town Meeting members by district to explain the plan. Ms. Frail noted that it was good to be aware of the confusion and will do what can be done to clear the confusion. Ms. Frail also reiterated that all residents are able to comment on the process.

The timeline was reviewed. Ms. Frail wanted to stress that the process didn't just start with HONE Advisory Group. There was a 2007 Needham Housing Plan and a 2021 Needham Housing Plan that stressed that Needham had a housing deficit and the unaffordability of housing. The HONE was created in September 2024. Two community engagement workshops have been held: one on November 9, 2023 and one on January 18, 2024. Ms. Frail summarized the workshops. The third community engagement workshop is scheduled for March 28, 2024 at 7PM in Powers Hall and all are invited.

At the March 28 workshop, HONE anticipates that two proposals will be presented one with limited zoning changes to bring the Town into compliance with MBTA Communities and the second with additional zoning changes to authorize multifamily housing to a greater degree than is necessary to simply achieve compliance with MBTA Communities. The deliverables for the workshop include maps and zoning parameters for each proposal, likely build out estimates, fiscal impact on school enrollment, tax revenue, infrastructure, operating and capital expenses, input from Town Departments, economic feasibility analysis for inclusionary zoning percentage and illustrations of potential build out.

Mr. Connelly indicated he was most interested in learning what the potential cost to the Town would be to accommodate a large increase in enrollment of students in the school system that may happen as a result of the zoning. Mr. Ruth indicated that the development would be a cash positive endeavor.

Ms. Miller requested a copy of the scope of work for the consultants hired by HONE.

The remaining timeline was reviewed. The HONE will finalize their recommendations in April 2024, the proposed zoning will be sent to the State in May 2024 for a 90-day review, the Planning Board will finalize the Zoning Article in August and September, the plan will be presented at the October 2024 Special Town Meeting and the Final State Review will occur in December 2024.

Annual Town Meeting Articles for the FY2025 Budget Update

DPW Budget

Ms. Miller had reviewed the budget with Mr. Davison and made sure that the numbers reconciled. As a result, there were some small adjustments made to the budget. While removing \$100,000 for Town-owned land surveys from the DPW requested budget, an expense line was

found to be overstated by \$20,000. The budget has been reduced by that additional \$20,000. A misplaced amount of \$325 was moved from salaries to expenses. The Finance Committee's Snow and Ice line item was correctly stated as \$441,845. The Town Manager's proposed budget included an amount of \$424,845 due to a transposition error.

MOVED: By Mr. Healy that the Finance Committee revise the budget recommendation for the Department of Public Works to the revised amount of \$21,900,901. Mr. Levy seconded the motion. The motion was approved by a vote of 8-0.

Finance and Schools Technology

Ms. Miller explained that the municipal IT budget comes to a total of \$1,656,283 in the proposed FY2025 budget plus \$248,000 for the 24/7 service for public safety that has been included in a warrant article. The questions for the budget are: (1) should there be a stand-alone IT budget line item within the school budget, (2) should the \$248,000 be in the IT operating budget line item or be in the warrant article since it is not a one-time cost, (3) should there be a separate IT line that includes municipal and school IT that would not be fungible with other school funds. All the information needed to answer these questions has not yet been provided.

Mr. Levy noted that operationally combining the departments and budgetarily combining the departments are not the same thing.

Ms. Miller noted that the goal is to not have the municipal IT line, needed by the Town for technology, be subsumed into the school budget.

It was a general consensus that it would be desirable to have a separate IT line that includes municipal and school IT budgets operated under the direction of the School Department.

A detailed Memorandum of Understanding (MOU) is being worked on that the School Committee and Select Board will be asked to sign that will lay out what services the Town will expect from the School Department and what the School Department agrees to provide. It has not been provided yet.

A vote on the issue can be taken at the meeting next week. Ms. Miller will get in touch with the School Department to discuss whether the School Committee would be willing to transfer that portion of the School Department budget that is for technology to a separate combined technology line.

Ms. Miller noted that the technology budget for FY2025 includes a one-time expenditure, which is a reallocation of the \$20,000 found in the error in the DPW budget which is recommended to fund the requested printer for the Town Managers office, which would improve productivity.

Future Debt

Ms. Miller said that the consultant that the Town hired has ghosted the Town. She asked Mr. Davison to provide information from December 2022 and has started to fill out the future debt schedule for the debt within the levy. There were changes last year during Town Meeting and there are changes for FY2025. She asked which scenarios the Finance Committee would like to see for the proposed school projects. The Committee had all of the scenarios presented in a prior debt schedule. The \$300M project for Pollard, the first phase of which is in the warrant will be included.

Mr. Healy would like to see as much future debt that is being discussed included in it as placeholders so future project can be analyzed against the 3% and 10% and what the impact on the debt schedule would be if all the projects are to go forward. Mr. Levy would like to see the large projects like Pollard approximately \$300M, Mitchell approximately \$100M and DPW Complex estimate with a time horizon.

Ms. Miller will take Mr. Davison's assumption of 7% on the interest rate. One of the other assumptions will be to not fund fire service equipment. Because Free Cash has not been certified yet for FY25, the schedule will show the FY25 equipment funded within the 3% and what the debt service would look like without the equipment. Ms. Miller believes the Town can pay cash for them all if the capital improvement fund is used as a mechanism to smooth out the cash capital. There may be other opportunities for use of the capital improvement fund as well in future years.

Ms. Miller will work on it and make it as simple as possible. The one Mr. Connelly used last year was good and made a good presentation at Town Meeting.

Updates

The Select Board is creating a Climate Action Committee, and they are looking for a Finance Committee appointee to the committee. The role would be to try and understand what the financial impact of the proposals would be on Town finances. Mr. Coffman volunteered to be the Finance Committee appointee.

Ms. Miller is currently the Finance Committee appointee to the Town By-law & Charter Review Working Group. She reported that the committee has met, and they are holding on making any timeline for reviewing the charter at this time. Right now, they are looking at by-law reviews every 10 years on years that end in 5. This would mean next year would be the first review. The goal is to look at by-laws and make sure everything is conformed review old by-laws that need to be updated.

In anticipation of being elected as Town Clerk in April she asked for a volunteer to take her place and Ms. Calton volunteered.

An Executive Secretary has been hired. Molly Pollard accepted the offer and is scheduled to start March 20th.

The next meeting is scheduled for March 13, 2024.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Mr. Connelly seconded the motion. The motion was approved by a vote of 8-0, at approximately 8:14 p.m.

Documents: FY2025 Department Budget Requests, HONE Presentation dated 3-6-24, Budget Spreadsheet prepared by Ms. Miller, Climate Action Committee information

Respectfully submitted,

Kathryn Copley
Administrative Specialist