

**Needham Finance Committee  
Minutes of Meeting of April 14, 2010, Open Session**

The meeting of the Finance Committee was called to order by the Chair, Lisa Zappala, at approximately 7:03 pm in the PSAB Building (temporary Town Hall.)

Present from the Finance Committee:	Lisa Zappala, Chair	
	Rick Zimbone, Vice Chair	
	Matthew Borrelli	Richard Creem
	Richard Lunetta	Richard Reilly
	Steven Rosenstock	Michael Taggart (arrived 7:35 pm)

Also Present:

- Kate Fitzpatrick, Town Manager
- David Davison, Assistant Town Manager – Finance Director
- Jeanne McKnight, Chair, Planning Board
- Ronald Ruth, Vice Chair, Planning Board
- Steve Levin, President, Continental Wingate Development
- Roy Cramer, Attorney for Continental Wingate
- Roger MacDonald, Director of Management Information Systems
- Louise Miller, DPW, Asst Purchasing Agent/Office Manager
- David Tobin, Town Counsel
- Dan Gutekanst, Superintendent, School Department

**Citizen Requests:** There were no citizen requests to address the Finance Committee.

**Draft Special Town Meeting Article 1: Amend Zoning By-Law to Create Elder Services District, and Article 2: Map Change to Create Elder Services Zoning District**

Ms. Zappala stated that the first article would form the elder services district and the second article would map out that district. Ms. McKnight stated that Continental Wingate Development wants to create a contingency care retirement community at this site. They were referred to the Planning Board by the Board of Selectmen. After two nights in closed meetings, the Planning Board was asked to sponsor this article to avoid the need for signatures and a petition to include the article in the warrant. The Planning Board agreed because they have a generally positive view of the article, though the Planning Board has not yet voted its support.

Ms. McKnight explained that the new retirement community would be located at a site on the corner of Gould St. and Highland Ave. where there is an existing nursing home on two acres. Those two acres would be combined with five abutting acres to form a seven-acre site. The existing nursing home would be expanded to have a different layout, with more private rooms, but the same number of beds. The area is now zoned for 2 family homes on 80 feet of frontage. There will be an increase in the assessed value of the property. In town, North Hill is currently the only option for this type of retirement community.

Ms. Zappala stated that the potential increase in tax revenue seems favorable, but the committee also needs to ensure that the proponents have considered what infrastructure improvements might be needed due to the change, to make sure the town does not end up paying. Ms. McKnight stated that the traffic engineer did not find a need to change traffic patterns, as the number of additional employees would not change the level of service needed at the intersection. She further stated that any mitigation needed, such as for additional sewage, could be imposed during the special permitting process.

Mr. Levin stated that they expected the added property value to be in the range of \$15-\$17 million. Mr. Cramer noted that the presently assessed value of the 5-acre vacant lot is \$764,000. The fully-built project would obviously be worth much more. Mr. Levin added that no offsite mitigation for traffic issues is needed, that all services (such as trash pickup and snow removal) would be performed by them at the site. Also no additional school children are expected.

In response to a question from Mr. Rosenstock, Mr. Levin stated that the nursing home would maintain 142 skilled nursing beds, but semi-private rooms would be converted to private rooms. There would also be 24 beds in an Alzheimer's Unit. Expected age there would be 75+. Mr. Lunetta commented that one would expect more emergency services needed. In response to a question from Mr. Reilly, Mr. Levin stated that there would be no additional skilled nursing beds, but there would be 64 additional assisted living units, 40 regular, and 24 for dementia needs. They expect no needs that are out of the ordinary for emergency services such as ambulances. Mr. Reilly asked that they provide statistics that support that.

Mr. Ruth stated that there is a clear benefit to the town. They need permission at Town Meeting to change the zoning to allow for a more intensive use before they can apply for a special permit. That process will be very detailed, but this part is less specific as it is for zoning. The question now is: how appropriate is this site for more intensive use? While the exact figures are not known, the assessment value will certainly increase, and there will be a substantial tax benefit to the town.

In response to a question from Mr. Zimbone, Ms. McKnight stated that North Hill is currently zoned as A2, apartment zoning. He expressed concern that there may be follow-up rezoning from other facilities in town. Mr. Ruth explained that there are strings attached to this zoning, such as age restrictions, that would not be particularly inviting for other facilities.

In response to a question from Mr. Rosenstock, Mr. Cramer stated that there is a restriction of the ratio of floor to space of 1, so that if they use 1/3 of the lot for the footprint of a building they could go up a maximum 3 floors. Mr. Rosenstock stated that the allowance of 0.5 cars per unit seemed small. Mr. Levin stated that the people in assisted living are mostly 75+ and do not drive. Mr. Ruth added that they do not want to over-prescribe parking needs as larger paved areas lead to runoff and environmental and drainage issues. The Planning Board likes to keep parking requirements minimal.

In response to a question from Mr. Reilly, Mr. Levin confirmed that there will be 5 affordable housing rental units. In response to a question from Mr. Borrelli, Ms. McKnight said that it is possible children could live there because unless they limit the community solely to people over a certain age, then they must allow anyone under the age limit, regardless of how young.

Ms. Zappala stated that in situations such as this where there is a developer-specific article, the Finance Committee relies on the Planning Board to ensure that any additional costs to the town from the project are covered during the special permit process. She asked the Planning Board whether they agreed that any additional infrastructure changes, such as to streets or sewer, will be covered during the permitting process and paid for by the developer. Mr. Ruth agreed and stated that at Town Meeting, the Planning Board will describe the permitting process and the conditions that would be placed on the permit in this case. Ms. Zappala stated that the Finance Committee does not generally vote to recommend an article like this without a Planning Board recommendation. Ms. McKnight stated that the Board voted to sponsor the article, and that she did not expect any changes, and would be extremely surprised if they did not vote to support the article.

Mr. Borrelli asked whether abutters were concerned about this district. Ms. McKnight stated that some have come forward, concerned about the higher density of use. They live in two-family homes on Chestnut St. backing up to the area. Mr. Levin stated that they have reached out to the abutters, tried to meet their concerns, and have another meeting scheduled. Other abutters are Muzi and railroad tracks, and other industrial and commercial properties and some townhomes. Mr. Cramer noted that under current zoning this property could have 16 units of two-family homes.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of Draft Special Town Meeting Article 1: Amend Zoning By-Law to Create Elder Services District, and Article 2: Map Change to Create Elder Services Zoning District, subject to the approval of the articles by the Planning Board at their next meeting. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0-1, with Mr. Taggart abstaining, having arrived during the discussion.

### **Discuss and Vote Draft Special Town Meeting Warrant Article 8: Appropriate for General Fund Cash Capital**

Mr. Davison handed out a memorandum he had written to the Town Manager regarding this article. Article 8 calls for an appropriation of \$691,185 for General Fund Cash Capital. There are 2 funding sources: \$415,900 from the Reserve Fund, and \$275,285 from the Public Facilities budget, due to an expected \$1.1 million surplus from energy savings. He suggests four uses, two of which are internal, and two of which require Town Meeting acts: transfers to the General Fund Cash Capital in the amount of \$275,285 and to the Capital Facilities Fund in the amount of \$415,900.

Mr. Borrelli expressed concern about funding \$60,000 for the Microsoft Office 2007 upgrade when possibly an inexpensive patch could help, and when the 2010 version is due to be released soon, possibly making the 2007 version obsolete. Mr. MacDonald stated that the 2010 version is sufficiently different from the currently used 2003 version that the transition would be difficult for users, and create a significant amount of extra work. Switching from 2003 to 2007 will allow then to get the whole town to one level easily and quickly (some users are using the 2000 version) and will make in town operations better. In response to a question from Mr. Borrelli, Mr. MacDonald stated that there are no compatibility issues between 2003 and 2007, but did not know whether there were between 2007 and 2010.

Mr. Borrelli asked whether the \$60,000 upgrade was a good value, using a cost/benefit analysis. Mr. MacDonald said that it would be a great benefit, requiring less desktop support and freeing the department up to handle systems issues. Mr. Creem asked whether there were additional hardware needs for the upgrade. Mr. MacDonald replied that the hardware already needing upgrades is being replaced, but machines using Office 2003 can be upgraded without hardware changes. In response to a question from Ms. Zappala, he stated that computers being purchased now are having the 2003 version installed. Mr. Borrelli asked whether it would be worthwhile to wait to see if the 2010 version is better before doing the 2007 upgrade. Mr. MacDonald stated that would mean another year of struggling with users, and that they would really need to wait a couple of years to see how 2010 is working. The town is not using cutting-edge technology. He said he would look into compatibility issues, but that in some cases you have to upgrade the next version anyway, and cannot skip over a version. In response to a question from Mr. Rosenstock, Mr. MacDonald stated that the \$60,000 is only licensing. In some cases they are upgrading memory of equipment, but that is inexpensive. Ms. Zappala asked for assurance that for \$60,000, they are getting everything they need. Mr. MacDonald stated that there is money from a different budget for any needed hardware.

Mr. Reilly asked about the DPW equipment in Article 8. Ms. Miller stated that the Riding Turf Mower is 21 years old, unusable, and that parts are not available. The field renovator is 11 years old and used daily from March-November, and has maintenance issues. The vacuum sweeper needs replacement, and regulations require a certain amount of sweeping each year. Mr. Davison stated that two pickup trucks need replacing, but one was funded in the annual warrant as a primary priority, and the one here is funded as a secondary priority because funding is now available. Mr. Zimbone noted for Brook and Culvert Maintenance, \$25,000 was approved in the current cash capital recommendation and an additional \$75,000 is here. \$1,500,564 was recommended by the Finance Committee for appropriation in the annual cash capital article. Items that were zeroed were pulled out and put here. Mr. Davison said that there will be \$2,412,149 total in cash capital if everything in the articles is appropriated at Town Meeting. Mr. Zappala noted that some money should be left for Free Cash.

Mr. Rosenstock asked Mr. Davison if he knew how much Free Cash would be available. Mr. Davison said that it is premature since total tax collections and next year's state budget are unknown. He would know by mid-May. He did confirm that local receipts

are on target, and given the slowdown in filling open positions, the town can withstand a cut in local aid. He expects Free Cash will be in the \$3-4 million range, but did not yet know if it would be closer to \$3 or \$4 million. He felt that at least \$245,000 or 3.1% of the Public Facilities budget would be turned back at year end. He was comfortable that these allocations would not be setting the town up for anything out of the ordinary.

Mr. Zimbone noted that the \$1.1 million in expected energy savings is based on 13 months of savings, so it is conservative. There may be an additional amount of up to \$200,000 in savings that would float back to Free Cash. Mr. Rosenstock stated that the Cash Capital appropriations are a good use of such funds, as they can be spent when they are needed and could be deferred if necessary. He said that it was a tough year, but pleased that the town is still able to take care of its infrastructure.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Draft Special Town Meeting Warrant Article 8: Appropriate for General Fund Cash Capital in the amount of \$691,185 as described in the article. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-1, Mr. Taggart dissenting.

#### **Discuss and Vote as Appropriate: Draft Special Town Meeting Article 14: Amend the 2010 Sewer Enterprise Fund Budget**

Ms. Zappala stated that the article proposes to take money out of retained earnings to cover overages in certain line items. Mr. Davison stated that it would amend the Sewer Enterprise Fund budget to use \$193,000 in earnings to cover expenses incurred or expected to be incurred through June 30, 2010 because of the two major storms in March. The storms have caused significant volume increase in the sewer system, which has exceeded the sewer capacity and caused damage to some individuals' properties. The costs have included equipment rental and repairs, cleanup at specific sites and pump stations, and 24 hour monitoring at Reservoir B. Two pumps burned out, and need replacement. They are requesting FEMA funds which would arrive in late June or early July, and will be used to replenish Free Cash.

Ms. Miller noted that the overage here is an estimate of the amount they will go over budget, but that the actual storm costs are actually much higher- in the range of \$600,000-\$800,000. There has been significant overtime, rental fees, extra fuel costs, and the purchase of Haz Mat suits.

Mr. Davison stated that there has been significant Fire Department overtime, but the town has asked them to hold off asking for a Reserve Fund transfer for now. Mr. Davison also stated that the retained earnings fund is carrying a balance of \$3 million and that \$1 million was planned for the Reservoir B project, but that has been postponed.

Mr. Borrelli asked if the planned improvements to the sewer drainage, specifically the I & I project, would have greatly reduced the problems from these storms. Mr. Davison replied: yes, that addressing the "inflow" portion of the project would have alleviated

much of this. However, he noted that if the sewers were built to handle the full amount of volume from these kinds of storms, they would be too large to function properly for ordinary use.

Mr. Reilly pointed out that the changes requested actually add up to \$194,000.

MOVED: By Mr. Rosenstock that the Finance Committee recommend adoption of Draft Special Town Meeting Article 14: Amend the 2010 Sewer Enterprise Fund Budget in the amount of \$194,000 (as corrected.) Mr. Borrelli seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

### **Discuss and Vote Draft Special Town Meeting Warrant Article 13: Appropriate for Portable By-Pass Pumps**

Mr. Davison stated that this request is to purchase two high capacity pumps. The pumps at Reservoir B are not working, and they need to by-pass them and use other pumps to keep the sewer moving. They are now renting and need to rent for 6 months. The cost of purchasing two portable pumps is not much more (\$30,000) than renting but that after purchasing pumps, they would be available when needed. The pumps cannot run for 24 hours straight, so they need two. A primary one run by electricity and a second diesel-powered one, which requires someone to oversee it at all times.

In response to a question from Mr. Rosenstock, Mr. Davison stated that the article will have an emergency preamble at Town Meeting. He also stated that usually a few times a year, the town has needed to rent by-pass pumps, and that they have recently lost a portable pump. The requested pumps would work at all four pump stations. Ms. Miller stated that they are currently paying approximately \$8,000 per month for pump and hose rental.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Draft Special Town Meeting Warrant Article 13: Appropriate for Portable By-Pass Pumps. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

### **Request for Reserve Fund Transfer**

The request is for \$77,000 to be transferred from the Reserve Fund to cover additional legal costs. Mr. Davison stated that he expected legal costs to be lower, but that several recent actions have caused significantly increased legal costs. First, relating to the golf course, there was an inquiry from the Inspector General concerning events in the clubhouse. However, it turned out that the clubhouse is on private property, not town property, so there was no basis for the claim. Second, there was unexpected litigation relating to the high school project. Additionally, there have been individuals who have been persistently raising legal issues regarding regulatory matters that have required additional legal work. Also, the town has needed to use Special Counsel costing

approximately \$17,000 for cable re-negotiations and labor issues. Mr. Reilly noted that there were legal expenses for the high school and cable negotiations in the FY 2011 budget. Mr. Tobin stated that they are in mediation for the high school issues, and that will go on into next year. Mr. Reilly asked whether the issue here is that costs have risen, or it is the timing of the costs. Mr. Tobin relied that total costs are increasing. He stated that the high school renovation legal costs are \$26,000 more than expected. Mr. Tobin stated that the same individual has been suing the town. He said that the golf course issue has cost approximately \$21,000 this year. In response to a question from Mr. Reilly, Mr. Tobin stated that the total legal costs relating to golf course issues are in the six-figure range. Mr. Rosenstock noted that this year legal costs have been \$340,000.

MOVED: By Mr. Creem that the Finance Committee approve the Reserve Fund Transfer to the account set forth in the Request for Reserve Fund Transfer handout (\$77,000 to TM line 13B). Mr. Reilly seconded the motion.

In response to a question from Mr. Rosenstock, Mr. Davison stated that approximately \$150,000 is left in the Reserve Fund, but that he expects requests for approximately \$50,000, including a Fire Department request for a transfer to cover storm-related overtime pay. This would leave \$100,000 with no apparent need for the rest of the year, which he felt should suffice.

The motion was approved by a vote of 8-0.

### **Discuss and Vote Draft Special Town Meeting Warrant Article 15: Appropriate to Capital Facility Fund**

Mr. Davison stated that \$100,000 could be transferred to the Capital Facility Fund without difficulty. Mr. Creem stated that he strongly advocates moving the funds to the Capital Facility Fund, because there is not as much opportunity to put money into this fund, and the town should do it when it can. He strongly believes that given the capital needs coming down the road, including building maintenance, replacement, and capital equipment needs, and that the \$100,000 transfer is very appropriate.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Draft Special Town Meeting Warrant Article 15: Appropriate to Capital Facility Fund in the amount of \$100,000, subject to the approval of the Board of Selectmen. Mr. Zimbone seconded the motion.

Mr. Davison stated that he would change the language of the current draft article to include the specific amount.

The motion was approved by a vote of 8-0.

### **Approve Minutes of April 7, 2010**

Ms. Zappala stated that a revised version of the April 7 minutes had been distributed by e-mail showing changes from original draft. Mr. Rosenstock noted that there was a typographical error on page 2; “form” should be changed to “from.”

MOVED: By Mr. Reilly that the Finance Committee approve the latest distributed version of the Minutes of April 7, 2010, with the typographical error fixed. The motion was seconded by Mr. Lunetta. The motion was approved by a vote of 8-0.

**Discuss and Vote Draft Special Town Meeting Warrant Article 9: Appropriate for Pollard School Improvements, as amended**

The committee reviewed the draft warrant article, as amended since the last meeting. Ms. Fitzpatrick distributed a handout showing the text of the Article Information that would accompany the article in the warrant.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Draft Special Town Meeting Article 9: Appropriate for Pollard School Improvements. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

**Vote Draft Special Town Meeting Warrant Article 10: Appropriate for CPA-Purchase of Land**

MOVED: By Mr. Creem that the Finance Committee make a recommendation at Town Meeting with respect to Draft Special Town Meeting Warrant Article 10: Appropriate for CPA- Purchase of Land. Mr. Reilly seconded the motion. There was no discussion. The motion was approved by a vote of 8-0.

**Move into Executive Session**

MOVED: By Mr. Creem that under Chapter 39, Section 23B of the Massachusetts General Laws, the Finance Committee enter into executive session under exceptions 3 and 6:

- (3) To Discuss Strategy with Respect To Collective Bargaining or Litigation, if an Open Meeting May Have a Detrimental Effect on the Bargaining or Litigating Position of the Governmental Body; To Conduct Strategy Sessions in Preparation for Negotiations with Non-Union Personnel; and To Conduct Collective Bargaining Sessions or Contract Negotiations with Non-Union Personnel;
- And
- (6) To consider the purchase, exchange, lease or value of real property, if such discussions may have a detrimental effect on the negotiating position of the governmental body and a person, firm or corporation;

and not to return to open session prior to adjournment. Mr. Zimbone seconded the motion. The motion was approved unanimously with the following votes: Ms. Zappala: Aye; Mr. Creem: Aye; Mr. Borrelli: Aye; Mr. Lunetta: Aye; Mr. Reilly: Aye; Mr. Rosenstock: Aye; Mr. Taggart: Aye; Mr. Zimbone: Aye.

Respectfully submitted,

Louise Mizgerd,  
Executive Secretary