

**Needham Finance Committee
Minutes of Meeting of October 13, 2010**

Mr. Zimbone, Chair, called the meeting of the Finance Committee to order at approximately 7:03 p.m. in the Charles River Conference Room at the PSAB Building (temporary Town Hall).

Present from the Finance Committee:

Richard Zimbone, Chair, Matthew Borrelli, Vice Chair

Members: John Connelly (arrived 7:07 pm), Richard Creem, Richard Lunetta, Richard Reilly (arrived 7:20 pm), Steven Rosenstock, Lisa Zappala

Also Present:

James Healy, Co-Chair, Senior Center Exploratory Committee

Chip Laffey, Director of Facility Operations

Carys Lustig, Administrative Analyst, Operations Division

John Bulian, Chair, Board of Selectmen

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Director of Finance

Dan Gutekanst, School Superintendent

Michael Greis, Member, School Committee

Bill Paulson, Member, School Committee

Steve Popper, Director of Construction and Renovation

Citizen Requests:

There were no citizen requests to address the Finance Committee.

Approval of Minutes

There were no comments or corrections for the September 29, 2010 minutes that had been previously distributed.

MOVED: By Mr. Borrelli that the Minutes of September 29, 2010, be approved as submitted. Mr. Lunetta seconded the motion. The motion was approved by a unanimous vote of 6-0 (Mr. Connelly and Mr. Reilly had not yet arrived.)

**Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 10:
Appropriate for Pollard School Roof Replacement**

Mr. Laffey introduced the article, stating that in 2008, he observed that there were many leaks throughout the Pollard School building and that the existing roof had been replaced in the late 1980s or early 1990s and was out of warranty. He had a roofing assessment done, and made a request for repairs in his capital budget, and the repair work is included in the 5 year Capital Improvement Plan. With the current opportunity for partial reimbursement through the MSBA program covering certain repairs, the Town is moving forward with roof repairs immediately. The Town filed the MSBA application, though there is an issue as to whether the project can be

completed by December 31, 2011, as required by the program. If the article is approved by Town Meeting in November, the work would start in spring of 2011 and finish by the end of 2011, or in the spring of 2012. The application stated that they would lock in the price by spring of 2011, whether or not the work would be completed on time. Ms. Lustig reported that the Town disclosed in the application that if there is a problem with finishing the actual work after the December 31 deadline, that they would separate the project into two stand-alone parts, with one covering all the work completed by December 31. In response to a question from Mr. Connelly, Mr. Laffey stated that the work would be done when the school is not in session, and that the work cannot be fast-tracked because of many technical details such as working around the HVAC system. Ms. Fitzpatrick noted that summer 2011 has more time than usual because of how the school calendar worked out. In response to a question from Mr. Borrelli, Mr. Laffey stated that the roof will have a 15 year warranty if inspected per warranty requirements and will have a much higher R-factor for improved energy conservation. Mr. Rosenstock asked why the article requests \$3.5 million when the Capital Improvement Plan shows the cost at \$2.7 million. Mr. Laffey stated that the request is extremely high because of the timing. There is only one chance to get the project qualified for the MSBA funding, so there would be no opportunity to adjust the request. Mr. Davison stated that the \$2.7 million was based on estimates from the employees of a roofing company, and that he suggested the \$3.5 million to be safe, although it is significantly higher than inflation.

In response to a question from Mr. Zimbone, Mr. Davison responded that if the MSBA approved the project, and covered 40% of the cost, that would be 40% of the actual cost of the work. Ms. Zappala asked whether they needed to get approval of the whole \$3.5 million to qualify for the MSBA program. Mr. Davison stated yes, because to have to adjust the application could cause an unnecessary distraction.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Draft Special Town Meeting Article 10: Appropriate for Pollard School Roof Replacement. Mr. Creem seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 7-0 (Mr. Reilly had not yet arrived.)

Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 2: Transfer of Property – MBTA Commuter Lots

Ms. Fitzpatrick outlined a proposed agreement between the Town and the MBTA to swap the parking lot by the Needham Heights train station owned by the MBTA for the Upper Hersey lot owned by the Town. The use of the Heights property would be restricted to municipal use and the MBTA would retain an easement for pedestrians and 85 commuter parking spaces. Also, the Town would agree to plow and maintain spaces in the Town Center lot, which is owned in part by the Town, and in part by the MBTA, and the MBTA would collect parking fees and police the spaces. Whether the Town will receive part of the revenue for the Town Center spaces has not been agreed upon.

This issue has come about because the Town had been leasing commuter parking lots from the MBTA and receiving parking revenue, but the lease has expired. The lease was very beneficial

to the Town, and was an agreement made by the MBTA years ago because there was resistance to bringing the trains in. The MBTA told the Town that they wanted to assume the management and revenue of their lots. They were also interested in putting the Upper and Lower Hersey lots under the same management.

Mr. Rosenstock asked whether the fact that the Board of Selectmen voted in favor of the Heights lot site for the senior center impacted their view of this swap. Ms. Fitzpatrick stated that this property is better suited for constructing a Town building

Mr. Davison stated that most of the commuter parking lots are owned by the MBTA, and they do not wish to continue leasing them to the Town. It is impractical for the Town to do the enforcement and policing work in the lots it owns, the Upper Hersey lot and part of the Town Center lot. Also, the MBTA wanted improvements done to the Town Center lot, which would cause the Town to lose money since the lease period would be too brief for the Town to amortize and not lose money. Mr. Davison said that the Town is going to lose some revenue because the MBTA is taking back the management of their spots, however the Town will save the cost of managing the spots.

Mr. Reilly asked if the senior center article does not pass, what will be the revenue impact of the changes. Mr. Davison reported that the MBTA owns most of the commuter lots, and when they take over management, the Town will no longer receive revenue. Also, since the Town is asking the MBTA to manage some of its spaces, they will take some revenue. Mr. Davison stated that the revenue impact will be significant, approximately \$100,000 net loss, but that it has nothing do with the land swap.

Mr. Zimbone asked whether the Town would be moving forward with the land swap if the Heights lot was not chosen for the senior center, and why. Ms. Fitzpatrick confirmed that the Town would want to make the swap, since it wants to get out of the parking business, and also the Town would want the property for any Town building.

Mr. Rosenstock asked whether the Town could keep the Upper Hersey lot and have the MBTA maintain it. He also asked whether the Upper Hersey site might be more valuable. Ms. Zappala stated that the Heights lot seems to have more value to the Town. Ms. Fitzpatrick stated that possibly the Upper Hersey lot could possibly be more lucrative if kept for parking revenue, but that the Heights property is even more valuable to the Town as property available for a future building.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Draft Special Town Meeting Article 2: Transfer of Property – MBTA Commuter Lots. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a unanimous vote of 8-0.

Discuss Senior Center issues with SCEC

Mr. Zimbone stated that the Finance Committee had heard from other groups and was interested in hearing directly from the Senior Center Advisory Committee about the process of reaching the

recommendation made to the Board of Selectmen, which was accepted. He stated that the SCEC deserves tremendous appreciation from the Town for taking on its difficult task, and that everyone is happy with the job that was done, despite some trying times. He noted that the focus has been on the location of the proposed senior center, but the Finance Committee needs to look at the financing options, as well as the size of the building.

Mr. Healy agreed that the SCEC did a great job. The SCEC came from a broad spectrum of people in Town and came to the conclusion that the Town sorely needs a senior center. They worked hard and acted as a committee to make compromises, knowing it was not possible to please everyone. Residents came out for hearings on each location, but the Heights location was the one where people came out mostly in favor of the site.

Mr. Healy stated that with the exception of the sites that were dropped from consideration, the other three sites were very positive choices. The SCEC ranked Ridge Hill third in part because there were concerns about the distance. At Greene's Field, some committee members felt there were political concerns with the site. They also considered expansion potential, which was not possible at the Rosemary or Emery Grover sites. Mr. Zimbone asked whether they were considering expansion beyond 20,000 square feet, or from a smaller space up to 20,000 sf. Mr. Healy said they considered both options. The SCEC felt that 20,000 sf met the programming needs of a senior center, and found that other communities with a similar population of seniors built a similar size senior center.

Mr. Zimbone asked what the SCEC felt if the choice were either to have the full 20,000 sf with an override, or to have less than 20,000 sf. Mr. Healy stated that if it could be done without an override, a smaller building may be acceptable. He felt there is room for compromise as shown at the meeting with the Council on Aging, but that the people involved would not agree to a smaller building without knowing the specific size.

Mr. Healy stated that the issue of getting CPA funding is more difficult than it sounds. He stated that Emery Grover would be a \$10.5 million project, and even with \$2.5 million from the CPA, it would still cost \$8 million. At Ridge Hill, there was no CPA cash available, it would have to be borrowed, and the money has not yet been borrowed for the Town Hall project. Mr. Healy stated that he did not think CPA would have made a difference, because the Town would still need to come up with the same amount of money.

Mr. Rosenstock stated that he has strong concerns about the Town financing another capital item at this time. He does not find that there is \$5 million available given the Town's infrastructure and capital needs. Further, he does not like the idea that people want to get a senior center without paying more for it. Mr. Healy stated that residents are paying taxes for it, and that the Town needs to decide whether items in the capital plan can be moved aside for the senior center. He feels the senior center is a top priority.

Mr. Creem asked what Mr. Healy relied on for his statement that building at the Emery Grover site would cost \$10.5 million. Mr. Creem stated that the Emery Grover Feasibility Study showed on pages 72-74 that the total cost of doing the project at that site would be \$8.6 million, and after

CPA funding of \$2.5 million, the total would be \$6.024 million. Mr. Healy stated that he believed those figures had been updated, and would follow up.

Mr. Lunetta stated that the SCEC was charged by the Board of Selectmen to make recommendations concerning a senior center. He asked why the SCEC feels the need to build a senior center. Mr. Healy responded that they looked at studies relating to issues associated with seniors such as Alzheimer's and hoarding behavior, and the studies showed that many problems were reduced where there was a senior center with formal programming that help people better retain skills and to socialize and function in the community. Workers at senior centers in other communities told the SCEC that the numbers of shut-ins and calls to social service by seniors were reduced where there was a senior center. Mr. Lunetta asked whether intergenerational interactions were shown to be beneficial. Mr. Healy stated that studies showed that such interactions were good, but the experiences of other communities were mixed. Mr. Lunetta asked whether a multi-use building serving more than one cohort would be acceptable given the financial considerations. Mr. Healy stated that the main objection with that is that it would be a bigger process and take longer to reach a consensus. They did not examine that issue since they were charged with only looking into a senior center. He added that a senior center is a necessity, like a school, and should not be viewed as an amenity. He felt that if there were an override that did not pass, it might never be possible to fund the project within the levy, since the voters had said no.

In response to a question from Mr. Reilly about fundraising, Mr. Healy stated that the fundraisers have set a goal of \$1.5 million, but expect they can raise \$800,000 - \$1 million.

Mr. Zimbone then thanked Mr. Healy for coming, and for the time and hard work spent on the SCEC.

Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 11: Appropriate for Senior Center Feasibility and Design

Mr. Zimbone stated that senior center financing was discussed at the Board of Selectmen's meeting, and that Ms. Fitzpatrick had presented informational slides. Ms. Fitzpatrick stated that she is updating the information, and will forward it when it is ready.

Mr. Bulian stated that there are three ways to fund the senior center project: (1) fund completely through an override; (2) fund partially through an override, partially from within the levy, with additional support from fundraising; or (3) through fundraising, some funding within the levy, and other creative means. He stated that the Board wants to see better estimates and spatial considerations that will be the result of the design process. The Board voted unanimously to move forward with the design, and the senior center is the top priority. Mr. Bulian stated that he does not support an override, but is not afraid of it either. He has experience and believes a well-organized campaign with a well-defined plan can get people's support.

Mr. Zimbone stated that the article covers the feasibility and design of the project, and asked what amount are they asking for. Ms Fitzpatrick stated that Steve Popper and George Kent stated that they would need 10% of the project cost, or \$620,000 for the study and design. They

stated that they could reduce that figure by 20% by excluding the construction supervision costs. Mr. Popper told them that he felt that \$500,000 would be sufficient.

Mr. Zimbone asked about the time frame. Ms. Fitzpatrick stated that the work could be done in early February or March, but not in time to request funding the project at the Annual Town Meeting or at the May Special Town Meeting. Mr. Zimbone asked about the scope of the project. Ms. Fitzpatrick stated that there are 2 issues: the size of the building and the final cost. She said they will design the building for the appropriate programs. The PPBC will work through the details.

Ms. Fitzpatrick said that in her statement to the Board of Selectmen the previous night, she felt that there could be some savings. At Greene's Field, a 16,000 sf building would be \$6.9 million, and a 20,000 sf building would be \$7.8 million. She sees 3 funding options: (1) an override, which is the least complex; (2) a partial override with partial funding from within the levy; or (3) all funding within the levy, which would be most complex. She can reprioritize the FY2012 capital needs. By doing that, and using fundraising grants, she might be able to get to \$7.8 million. She said that the Town needs to move forward with the design in order to answer many remaining questions.

Mr. Zimbone asked about the \$5 million for a senior center indicated to be available in the Facility Financing Plan. Mr. Davison presented a spreadsheet comparing the planned funding of different projects in the Facility Financing summaries of October 2009 and September 2010 and the FY 2011- FY 2016 Capital Improvement Plan. The Pollard roof project has changed because the roof work was pulled out of a larger planned project in and fast-tracked to try to qualify for a state funding program. Mr. Connelly commented that the entire project had been estimated at \$4.3 million, and now the roof alone is expected to be \$3.5 million, showing the cost of putting off work. Ms. Fitzpatrick noted that the roof cost will be refined after the assessment work is done. The work at Pollard for moving in students from Newman now has specific expected costs. The financing plan for a senior center now shows that \$5 million could be generated within the levy with a small negative contingency in one year.

Mr. Zimbone asked whether in light of recent the Town's bond financing at lower rates, the estimates of 5.0%, 5.5% and 6.0% in the financing plans seem to be realistic. Mr. Davison stated that there is a correction each year as bonds are issued and estimates become actual figures. He looks at the coupon rate for each year, while interest rates tend to swing. The immediate rate will be lower than 5.0% or 5.5%, but the rate would not drop by much if forecasting out several years. He reiterated that if changing the interest rate is driving the affordability of the project, then it should not be considered affordable.

In response to a question from Mr. Borrelli, Mr. Davison stated that the financing of the Fire Engine was changed, and it was to be purchased with cash. Mr. Davison also stated that the global financial software change was included in the earlier plans, but has been pulled from the recent financing plan as outsourcing is being considered along with timing for implementation. Mr. Reilly asked whether the cumulative reduction of \$1.2 million in the roadway funding from the figures shown in the CIP was accurate. Mr. Davison said that each year left over

contingency money is shifted to roads, so the financing figure often differs. In FY2010, \$1.1 million was projected for roadways, and the final allocation was \$1.6 million.

In response to a question from Mr. Rosenstock, Mr. Davison stated that financing plan shows funding only for items that are recommended by the Town Manager and the Board of Selectmen in the capital improvement plan. Mr. Rosenstock asked whether the Town has the money to cover the needs shown in the ongoing assessments at the Mitchell and Hillside Schools, and whether that was a priority. Ms. Fitzpatrick stated she will be able to determine the needs and priorities only when the assessments are done. The priority is to make the schools last until FY2016 or FY2018. Ms. Fitzpatrick stated that the senior center is also a priority of the Town.

Mr. Zimbone asked whether the senior center design can be slimmed down by limiting it in scope or detail, rather than pay \$500,000 for design when the project funding is uncertain. Ms. Fitzpatrick stated that they have already taken out as much as they can. She added that the design won't "go bad" even if the funding does not happen right away. Mr. Connelly asked what would be deliverable from the \$500,000. She said that the project would be ready to bid, but the PPBC would have more detail. She expects to go to bid in early winter.

Mr. Connelly stated that expected costs can be determined at 3 points: after schematic drawings, after design development, and after the completed design. He stated that he is in favor of the article, that \$500,000 is appropriate, and that the design work needs to be done to understand the project. He is not necessarily supportive of funding it within the levy, and is thinking now that an override would be best.

Mr. Rosenstock asked whether there would be language in the warrant about financing the construction. Ms. Fitzpatrick said that she had not written it. Mr. Bulian stated that Denise Garlick will be addressing this article at the Special Town Meeting and will likely address funding the project. Mr. Rosenstock stated that these issues need to be addressed from the start. Mr. Zimbone stated that he will address this article on behalf of the Finance Committee and will certainly address the funding issues.

Ms. Fitzpatrick stated that there will be an amendment to this article which is considered substantive, so that amendment will be presented at Town Meeting. Mr. Zimbone stated that the Finance Committee expects to wait to vote whether to recommend this article at Town Meeting.

**Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 9:
Appropriate for Facilities Improvements and Repairs/Pollard School**

Mr. Gutekanst stated that work proposed in this article would prepare Pollard for the immediate needs of the younger students who will be coming over from Newman temporarily, and will also solve long range problems with respect to parking and the modulars. Certain changes such as changing out bathroom fixtures and adding partitions for occupational therapy in the modulars are only to accommodate special needs and younger students coming from Newman, but many changes will have long term usefulness. The plan will solve existing parking issues and provide 60 additional parking spaces in the back by extending the lot further into the hill. A new entrance from Dedham Ave. will be added, and traffic will be one-way out to Bradford Rd. The

changes will solve long-term and short-term needs. Mr. Greis stated that a large part of the cost is to level the parking lot site. Mr. Popper stated there are currently only 29 spaces. It is important to take parking off the nearby streets. They are currently doing borings, and anticipate there will not be ledge, since there was no ledge when part of the hill was cleared for the existing lot.

Mr. Zimbone asked whether the changes would be sufficient to handle the traffic that may be coming in with the younger students. Mr. Popper said that there still needs to be a traffic study to show exactly what is needed, but that it is included in the design fee. In response to a question from Mr. Connelly, Mr. Popper stated that they have discussed this with the Planning Board Chair, but have not yet gone before the Committee since this project has come about very quickly and they need time to develop the planning details. Mr. Gutekanst added that he and Mr. Popper are planning to have a community information session soon to get feedback.

In response to a question from Mr. Rosenstock, Mr. Gutekanst stated that the modulars will have fixtures that will need changing and possible removal of partitions after the Newman students leave, but other changes will continue to benefit Pollard. Mr. Popper stated that there is no issue with the sprinkler system requirements since there is no additional space.

Ms. Zappala stated that usually these projects have separate funding requests for design and construction. Mr. Popper stated that this is not typical, but not unusual either, and that there are time constraints with this project. Ms. Zappala asked whether there is a cushion, and whether \$1.2 million is enough. Mr. Popper stated that there is contingency money in the budget, but not much of a cushion, and they are keeping the budget tight. Mr. Zimbone asked if this is not approved, then what will they do. Mr. Gutekanst stated that they must relocate the students, and will have to seriously consider how to make other modifications. If it does not pass, there may be a loss of students in the programs. The preschool is fee paying and it supports the special needs program. The preschool may lose fees if the program is uncertain and people turn elsewhere. The problems with Pollard neighbors and buildings will also remain if there is no funding for this project. Ms. Zappala asked whether they considered moving older students to avoid the costs of retrofitting the bathroom fixtures. Mr. Gutekanst stated that the older students would actually put more pressure on the building because they would use more of the core facilities such as the cafeteria and gym. Also, Newman cannot handle the preschool traffic during the construction there.

Ms. Zappala expressed concern that this involves a lot of money, and it was not planned for, and could be viewed as an expensive parking lot. Mr. Gutekanst stated the project goes a long way toward addressing needs at Pollard regarding access, busing, and pedestrian access. Mr. Greis added that the needs were there and known, though the costs had not yet been determined. Mr. Popper stated that there are huge safety issues at Pollard right now, and that this project will resolve them. Mr. Rosenstock stated that this is another example of unforeseen capital needs. He expressed concern if the project costs more than \$1.2 million. Mr. Popper said that the estimates are based on schematics, and he is comfortable enough to bring it forward. Mr. Greis stated that it is possible to cut back during the project and save some money, though it would not be a linear relationship, simply by reducing the amount of additional parking.

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

Finance Committee Updates

Mr. Creem reminded the Committee about the ATFC annual meeting on October 23 the Tri-County Regional Vocational Technical School in Franklin and encouraged members to attend. He will be moderating a panel on the new open meeting law.

Mr. Borrelli stated that the School Committee met with Chip Laffey and he presented that there are energy savings at the Eliot School, the High School and Hillside. There was discussion later in the meeting regarding technology, and it is anticipated that the request for technology will double from last year. Mr. Zimbone stated that he also attended the meeting and that the energy savings were positive, especially in terms of energy usage. The technology request will include a new 8th grade laptop pilot program.

Mr. Reilly stated that he will be unable to be at the meeting on October 20, but wanted to comment on the senior center project. The SCEC stated that the whole project has been based on compromises, but there seems to be no willingness to compromise on the financing. Instead of either an override or fully funding it within the levy, why not patch together a compromise with some funding from the levy, some from an override and some through fundraising. Mr. Zimbone stated that all the options are being considered. Mr. Connelly commented that the project should be done right, and not forced for \$5 million.

Mr. Zimbone stated that the committee will meet on October 20 to discuss and hopefully vote eight more articles, so that the Finance Committee positions can be printed in the warrant. The following meeting will be a wrap up on Wednesday, November 3. Town departmental budget meetings start Saturday, November 6.

Adjournment

MOVED: By Mr. Connelly, that the meeting be adjourned, there being no further business. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0, at approximately 10:04 p.m.

Documents: Draft November Special Town Meeting Warrant dated October 8, 2010; FY2011-2015 Town of Needham Capital Improvement Plan; Pollard Roof bid document 2008; Emery Grover Building Feasibility Study, August 6, 2010; October 14, 2010 Comparison Table of Financing and Capital Plans; Diagram of Proposed Changes to Pollard School Parking, Entrances, and Modular Classrooms

Respectfully submitted,

Louise Mizgerd,

Executive Secretary

Approved October 20, 2010