

**Needham Finance Committee
Minutes of Meeting of February 16, 2011**

The meeting of the Finance Committee was called to order by the Chair, Richard Zimbone, at approximately 7:00 pm in the Charles River Conference Room at the Public Services Administration Building (Temporary Town Hall.)

Present from the Finance Committee:

Richard Zimbone, Chair; Matthew Borrelli, Vice Chair

Members: Richard Creem, Richard Lunetta, Richard Reilly, Steven Rosenstock, Lisa Zappala

Also Present:

David Davison, Assistant Town Manager/Director of Finance

Steve Popper, Director of Construction & Renovation

Connie Barr, Chair, School Committee

Marianne Cooley, Vice Chair, School Committee

Jan Howard, Chair, Community Preservation Committee

Mark Gluesing, Vice Chair, Community Preservation Committee

Patricia Carey, Staff Liaison, Community Preservation Committee

Citizen Requests

No citizens requested to speak.

Approval of Minutes

MOVED: By Mr. Reilly that the minutes of February 7, 2011, be approved as most recently distributed. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

**Discuss, Vote as Appropriate: March Special Town Meeting Warrant Article 1:
Appropriate for Parking and Access Improvements – Pollard School**

Mr. Popper handed out a memorandum showing frequently asked questions regarding the Pollard School Improvement project. The information will be posted on the Town and School Department websites. Mr. Popper discussed a Planning Board meeting the prior night. Mr. Popper believes that the Planning Board does not have any problems with the project, though they are concerned about the impact to the neighborhood. One Board member did question the need for a \$1.2 million project, though it is not within the Board's purview to comment on the cost or whether Town Meeting should approve a project. He has raised this issue with the Town Manager and plans to discuss it with the Chair of the Planning Board.

Mr. Popper stated that his handout shows the plans for work at Pollard and the additional parking and new access road. He handed out a memorandum from the architect showing that the cost estimate is \$1.2 million, which includes the allocation that has already been approved. The construction cost is \$1,020,030, the soft costs are \$164,970, and the additional testing and

inspections amount to \$15,000. Mr. Popper noted that renovation of the parking area is necessary because the parking lot is not A.D.A. accessible, so \$665,000 of the cost is not discretionary. In response to a question from Mr. Zimbone, Mr. Popper confirmed that if there were no additional parking on the tennis courts and on the access road, the project cost would be \$665,000 less than the current estimate, or \$335,000. Mr. Rosenstock asked whether snow banks along the road might make it inaccessible to buses. Mr. Popper stated that the plan is to remove snow from all the paved surfaces entirely, and not to leave snow banks on the sides. Mr. Borrelli stated that he supports the projects, but noted that at the November Town meeting, people were concerned about whether the plan was well thought out, and whether it was too expensive. While the plan is now well-considered, he asked whether it provides sufficient parking for the long term. Mr. Popper stated that they originally considered adding a retaining wall, which would cost \$170,000 and provide an additional 23 parking spaces. They looked at the parking needs, and found that for the interim year, there will be a shortfall. People will need to figure out parking on-site, or use carpools, which will be encouraged by providing preferred parking spaces. The plan provides sufficient long-term parking, including for visitors. Mr. Borrelli noted that the FAQ document stated that many, but not all, of the long term parking and traffic needs are met. Mr. Popper stated that he will check that, but he believes that the needs will be met, and that the lot off Harris St. will be less compacted. Mr. Reilly suggested that the section of the document that discusses the number of additional parking spaces should be edited because it appears that there is a mathematical error. Mr. Rosenstock asked whether it would make sense to leave the parking on the tennis court, and to add new courts elsewhere. Mr. Popper stated that it is more expensive to build new courts than the cost of reestablishing the temporary parking area as tennis courts.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Draft March Special Town Meeting Warrant Article 1: Appropriate for Parking and Access Improvements – Pollard School. Mr. Borrelli seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Discuss, Vote as Appropriate: March Special Town Meeting Warrant Article 2: Restoration of Charles River Treatment Facility Well

Article 2 will be discussed after the Department of Public Works receives the consultant's report on the project.

Remaining March Special Town Meeting Issues

MOVED: By Mr. Creem that the Finance Committee make a recommendation at Town Meeting regarding any matter in the Special Town Meeting Warrant for which no action has been taken. Mr. Rosenstock seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Community Preservation Committee Proposals: (1) Window and Door Replacements in Three Group Homes; (2) Redevelopment and Expansion of Linden/ Chambers/ High Rock Properties; (3) Conservation of Historic Documents

Ms. Howard stated that there were originally four warrant articles, though one was not needed. The three remaining articles would allocate: (1) \$140,000 for window and door replacements in three homes in the Charles River Center residential facility; (2) \$50,000 for conceptual planning for the redevelopment and expansion of certain Needham Housing Authority properties; and (3) \$20,000 to the Town Manager for the historic preservation of items from the 1902 time capsule. A public hearing of the Community Preservation Committee is scheduled for March 9. The Committee may also vote on the projects at that meeting, time permitting. Ms. Howard stated that the proponents have all met with the CPC. Mr. Zimbone asked whether any concerns have been raised. Ms. Howard stated that the proposals are all straightforward. The second issue, the redevelopment project is the most interesting. The housing authority wants to look at the property they have, and determine the best way to develop it. There are approximately 500-600 very small single family houses. Mr. Gluesing stated that the houses were built for single seniors. In another area, duplexes were built to create more housing with more space inside, and the housing authority will explore that idea here. The NHA has \$50,000 of its own money, and this would add \$50,000. They have put out an RFP, and hope to select a designer soon.

Mr. Creem stated that he likes to ensure that whenever there is a non-Needham entity, such as Charles River Center in the first proposal, that other sources of funding have been exhausted and that the CPC is the last resort. Ms. Howard stated that the proponent has asked for funds from NStar and the state but available funds are designated for single family homes, not not-for-profit group homes such as these. Ms. Howard agreed that she is satisfied that they have looked elsewhere for funding. Mr. Gluesing stated that the Charles River Center has had one request for funding denied, and two others are pending. Mr. Gluesing stated that the CPC recognizes that the Charles River project can be broken down into separate parts. There are three separate quotes for the different homes. Last year, the furnaces were replaced. Ms. Howard stated the prices are not dependent on the three parts being in a bundle. However, the price of any part would likely increase if they wait a year. In response to a comment from Mr. Reilly, Mr. Gluesing stated that they believe the work is not eligible for a grant as part of a stimulus plan, but will make sure.

Request for Reserve Fund Transfer: Unemployment

Mr. Davison explained that the reserve fund transfer request is for \$100,000 to be transferred to the unemployment benefit line because the state has already assessed the Town more than the originally budgeted amount. The Human Resources Department oversees and audits the assessments. Unlike the private sector, unemployment benefits for cities and towns are not covered by unemployment insurance, but are self-funded. The state assesses communities based on payments made. Many factors can affect the Town's liability. If a claimant did not work the entire previous year for the Town, then the Town is assessed on a pro rata basis. The Town challenges many of the assessments.

Similar to the recent reserve fund transfer for legal expenses, this request may potentially not be enough to cover the total for this item for the year. The federal government has extended some unemployment benefits, which impacted the Town. The Town spent the following on unemployment: \$108,000 in FY10, \$40,000 in FY09, \$60,000 in FY08 and \$90,000 in FY07.

Mr. Davison projects the Town will need approximately \$170,000 more than the budgeted amount for the balance of this fiscal year.

Mr. Reilly and Mr. Rosenstock raised questions about the number of claims, the number of claims challenged, and how many challenges were successful. Mr. Reilly also asked about the rate of termination for cause. Mr. Davison stated that he would follow up. He stated that challenges are successful when: the claim has nothing to do with the town; the look-back period is too far; the claim is not justified (often dismissal for cause); or the claimant is working. He stated that when a challenge is successful, the Town gets a credit against later assessments, not money returned. In response to a question from Ms. Zappala, Mr. Davison stated that the \$100,000 request is based upon legitimate claims.

Mr. Lunetta asked whether there is an insurance carrier that could provide a stop-loss or other coverage against a year of big claims. Mr. Davison stated he did an analysis several years ago when there was a year of high unemployment costs, and found at that point it would have cost the town \$300,000 to \$400,000 annually. Even in times like this, it is financially advantageous to self-insure.

In response to a question from Mr. Rosenstock, Mr. Davison stated that unless Congress extends the current benefits, the effects of the extension will not extend into FY12.

MOVED: By Mr. Rosenstock, that the Finance Committee approve the Reserve Fund Transfer Request in the amount of \$100,000 to budget line 5, Unemployment Compensation. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

Finance Committee Updates

Mr. Zimbone reported that a ninth Finance Committee member, Gary McNeill, was appointed by the Town Moderator. He will be sworn in soon.

Mr. Zimbone stated that he attended a Green Communities Study Committee meeting. Mr. McNeill also sits on that Committee. The main issue of discussion was the proposed stretch code. They will need to examine the costs and benefits, aside from the environmental benefits, of becoming a green community. Mr. Zimbone will look at it from a financial perspective. Mr. Rosenstock stated that the Committee should look into what money might be available if the Town becomes a green community. Mr. Creem stated it would be important to ask if there will be additional burdens placed on the building department. Mr. Zimbone stated that the Building Inspector was at the meeting, and stated that being a green community would add some additional work, similar to having an enhancement to an existing regulation. Mr. Zimbone stated that the stretch code would likely affect PPBC work, as well as certain renovation work. Building changes may trigger additional ADA, stretch code, or environmental standards.

Mr. Zimbone stated the becoming a green community requires an energy reduction for the Town. Designated towns must reduce energy usage by 20% from some base year. There is a push to bring this before Town Meeting this spring. The stretch code is already a provision in the

Annual Town Meeting warrant. Mr. Creem stated that there would need to be a public hearing, as it could affect every homeowner. Mr. Borrelli asked about how the green community designation would affect the senior center project. Mr. Zimbone stated that it might affect design, and would certainly affect construction. In response to a question from Ms. Zappala, Mr. Zimbone stated that about 50 to 60 communities have adopted the green community program. Mr. Zimbone stated that the program is overseen by the state's Green Communities Division. A representative from the division is planning to come to one of the Committee's meetings.

Mr. Reilly stated he read an interesting article about a study by the Massachusetts Taxpayers Foundation about OPEB. Massachusetts is reported to be one of the places with higher benefits and higher costs for state and local employees. Mr. Davison stated that there are state requirements that make these benefits more expensive in Massachusetts in than other places. Mr. Reilly stated that he plans to do an analysis of the issue.

Mr. Creem reported that at a meeting the previous night, the Board of Selectmen authorized two agreements with the MBTA: (1) the land swap of the Heights Parking Lot in exchange for the Upper Hersey Lot; and (2) a contract for the use and occupancy of 36 spaces in Needham Center, under which the Town could convert the spaces from commuter use to municipal use. Transportation policy issues were also discussed.

Ms. Zappala, Mr. Lunetta and Mr. Reilly agreed to participate in the Needham Education Foundation's annual Spelling Bee.

Adjourn

MOVED: By Mr. Rosenstock, that the meeting be adjourned, there being no further business. Mr. Zappala seconded the motion. The motion was approved by a vote of 6-0, at approximately 8:30 p.m. (Mr. Borrelli had left at 8:03 pm)

Documents: March Special Town Meeting Warrant, Draft dated February 8, 2011; Public Facilities Department- Construction Memo: Frequently Asked Questions regarding Pollard School Classroom Modification Project, dated January 25, 2011 (revised February 16, 2011); Memorandum from Bargmann Hendrie to Steve Popper dated January 24, 2011

Respectfully submitted,

Louise Mizgerd
Executive Secretary

Approved March 2, 2011